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 Store is $508,300 to $633,420. This includes $45,000 that must be paid to the franchisor or affiliate.

The total investment necessary to begin operation of 3 to 5 Stores under an Area Development Agreement is $538,300 to $693,420. This includes $75,000 to $105,000 that must be paid to the franchisor or affiliate.

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, 2026

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.

4. **Unopened Franchises.** The franchisor has signed a number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.

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 3255 Wilshire Blvd., Ste. 1420, Los Angeles, California 90010. Our telephone number is (213) 251-0001. Our agents for service of process are disclosed in EXHIBIT "A" (for franchise registration states) and EXHIBIT "B" (for other states). We do not do business under any names other than our legal name, Boba Time, Inc., and our tradename, 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 have owned and operated Stores in California since 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.

If we award you a franchise, you must sign the form of franchise agreement attached to this Disclosure Document as EXHIBIT "C" (the "Franchise Agreement"). We refer to the franchised business you purchase as your "Business" or your "Store". The Franchise Agreement grants you a license to use certain service marks, trademarks, trade names and logos, including BOBA TIME®, IT'S BOBA TIME® and related logos (collectively, the "Marks"). The Marks also include our distinctive trade dress used to identify a Store or the products it sells. The Franchise Agreement also grants you a license to use our system that was developed for the operation of a Store (the "System"). Our confidential Brand Standards Manual (the "Manual") describes the operational aspects of a Store. You will operate your Store as an independent business using the Marks, the System, the information in the Manual, and the support, guidance and other methods and materials we provide.

Area Development Rights

If you satisfy our criteria for multi-unit developers, we may (but need not) offer you the right to sign the form of Area Development Agreement attached to this Disclosure Document as EXHIBIT "D" (the "ADA"). The ADA grants you the right and obligation to develop, open and operate multiple Stores within a defined "development

territory" according to a predetermined "development schedule". You must develop, open and operate all of the Stores listed in the development schedule. We only grant area development rights to franchisees who commit to develop, open and operate a minimum of 3 Stores. You must sign a separate franchise agreement for each Store you develop. Each franchise agreement will be our then-current form of franchise agreement, which may be different than the form of 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 comply with minimum wage laws that apply to businesses generally. Some states have enacted minimum wage laws specific to the food and beverage industry. California's Fast Food Minimum Wage law (AB 1228) applies to employees working in fast food restaurants that are part of a chain meeting certain criteria. AB 1228 establishes minimum standards for wages, working hours and other working conditions, including health and safety standards and training. Other states may enact similar legislation in the future

You must 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 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.

Franchise Director – Daniel Heo

Since October 2015, Daniel Heo has served in various capacities with us in Los Angeles, California, including: (a) Franchise Director (July 2019 to present); and (b) 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.

Accounting Manager – Joanne Lee

Joanne Lee has served as our Accounting Manager since March 2024 in Los Angeles, California. From August 2022 to February 2024, she was an Accounting Manager for SM Brand Marketing in Los Angeles, California. From March 2021 to July 2022, she was a General Manager for CJ Foodville USA in Commerce, California. From June 2012 to February 2021, she was an Accounting Manager for Lotte International America Corp. in Los Angeles, 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. 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.

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 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 you commit to develop under the ADA. We anticipate most area developers will purchase the right to develop between 3 and 5 Stores, which results in development fees ranging from $30,000 to $60,000. You 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 the ADA due to your default, you are not 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 [2, 3]	DUE DATE	REMARKS
Royalty Fee	5% of Gross Sales	Day of each week that we specify (currently Wednesday) for Gross Sales generated during prior reporting period	Our current reporting period runs from Monday through Sunday. We may change the reporting period and royalty fee due date upon 30 days' prior notice. We may request that you provide us with weekly Gross Sales reports.

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
Brand Fund Fee	2% of Gross Sales	Same as royalty fee	We deposit this fee into a Brand Fund. You have no voting rights pertaining to the administration of the Brand Fund, the creation or placement of advertising, or the amount of the brand fund fee. We do not require you to spend any minimum amount of money on local marketing (but we recommend you spend a reasonable amount).
Training Fee	$350 per person per day, plus Travel Expenses for onsite training (we provide a maximum of 6 hours of training per day)	10 days after invoice	Payable for each person who attends (a) initial training after you open (new Managing Owner or manager) or optional initial training for your 2nd or subsequent Store, (b) refresher or supplemental training (we generally do not charge for this training unless conducted by a vendor or other 3rd party), (c) remedial training, (d) repeat training after failing prior attempt or (e) additional training you request. You must also reimburse our Travel Expenses if we provide training onsite at your Store (excluding pre-opening onsite training).
Conference Registration Fee	Up to $400 per person per day	10 days after invoice	We may hold conferences to discuss matters affecting franchisees. Attendance is mandatory unless (a) we designate attendance as optional 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, you must still pay the registration fee (we will send you a copy of materials distributed at the conference).
Technology Fee	Up to $500 per month (not currently imposed)	10 days after invoice or as otherwise specified by us	Includes amounts you pay us or our affiliate for Technology Systems, including (a) amounts you pay for proprietary items (b) amounts we collect from you and remit to third parties and (c) an administrative fee for managing the technology platform and negotiating/managing relationships with various licensors of the technology. It does not include amounts you pay to third parties.
System Program Fees	Up to $500 per month per program (not currently imposed)	10 days after invoice or as we otherwise specify	You must participate in all client loyalty, gift card and membership programs we establish and pay required fees and program contributions to us or a third party to administer the program. The fees listed in this row only apply if we collect the fees.
Product Purchases	Varies by item purchased (not currently applicable)	At time of purchase	In the future, we or our affiliate may serve as a supplier for goods or services you purchase. If this occurs, we will provide a price list upon request.
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.
Relocation Fee	$3,000	At time we approve request to relocate	Covers site selection and development support we provide if you relocate.
Renewal Fee	$10,000	At time you sign renewal agreement	Imposed if you renew your franchise rights by signing a renewal Franchise Agreement.
Transfer Fee	*[Franchise Agreement]* $10,000	At time transfer request submitted	You pay the transfer fee for all Transfers other than Permitted Transfers. We need not refund the transfer fee if we deny your Transfer request. We

TYPE OF FEE [1]	AMOUNT [2, 3]	DUE DATE	REMARKS
	[ADA] $10,000		may also charge the buyer a $2,000 initial training fee. If our broker finds the buyer you must also reimburse all commissions we pay the broker.
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 any fees and other amounts we pay them for the inspection.
Reimbursement of Reinspection Costs	All Travel Expenses and other costs we incur to inspect your Store	10 days after invoice	Imposed if we inspect your Store to verify that you cured 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 breach a mandatory standard or operating procedure (including submission of required reports) and fail to cure within the time period we require. We may impose an additional $500 fee every 48 hours the breach remains uncured after we impose the initial fee. We will deposit these fees into the Brand Fund.
Late Fee	$100 plus default interest at lesser of (a) 18% per annum (prorated on daily basis) or (b highest rate allowed by applicable law	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 interest is limited to 10% per annum in California.
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 our costs (examples include failure to pay suppliers, maintain insurance or meet quality standards).
Management Fee	Commercially reasonable fee (not to exceed 10% of Gross Sales) plus Travel Expenses	10 days after invoice	If you fail to cure a Franchise Agreement default or the Managing Owner dies, we can designate a person to manage your Store until your cure the or replace the Managing Owner.
Indemnification	Amount of our damages, losses or expenses	10 days after invoice	You must indemnify us for losses and expenses we incur due to your operation of the Store or breach of the Franchise Agreement.
Attorneys' Fees and Costs	Amount of attorneys' fees and costs we incur	Upon demand	You must reimburse all attorneys' fees and costs we incur relating to your breach of the Franchise Agreement or any related agreement.

Notes:

1. Nature and Manner of Payment: All fees are nonrefundable, uniformly imposed and payable to us. You must sign the ACH Authorization Form attached to the Franchise Agreement permitting us to electronically debit your designated bank account for all amounts owed to us and our affiliates (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 sufficient funds are available for withdrawal before each due date. You are responsible for all taxes imposed 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 terms have the meanings below:

"***Brand Fund***" means the brand and system development fund we currently administer to promote public recognition of our brand and improve our System.

"***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 Transfer: (a) between existing owners; or (b) by the owners to a new business entity that is 100% owned and controlled by the transferring owners. It does not include a Transfer described in (a) or (b) that results in the Managing Owner owning less than 20% of the franchised business.

"***Technology Systems***" means all information and communication systems we designate, including computer and 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, applications 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; (b) the Store's assets (other than the sale of fixtures or equipment in the ordinary course); (c) an 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 U.S. Consumer Price Index (CPI). We may periodically review and increase these fees up to the increase in the 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.

ITEM 7 ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	AMOUNT	METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
Initial Franchise Fee [2] (assumes 1st Store)	$45,000	Lump sum	At time you sign Franchise Agreement	Us

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Initial Training Expenses [3]	$0 to $3,000	As incurred	During training	Hotels, restaurants and airlines
Lease Deposit & Rent [4] (3 months)	$24,000 to $40,000	Lump sum	Monthly (with security deposit paid before opening)	Landlord
Build Out & Improvement [5]	$269,500 to $309,500	As incurred	Before opening	Contractors, suppliers, designer and architect
Exterior Signage [6]	$4,890 to $9,140	Lump sum	Before opening	Suppliers
Decorating, Furniture & Furnishings	$4,000 to $9,000	As incurred	Before opening	Suppliers
Kitchen Equipment [7]	$76,700 to $94,700	As incurred	Before opening	Suppliers
Technology Systems [8]	$22,240 to $25,240	Lump sum	Before opening	Suppliers
Initial Supply of Inventory [9]	$22,570 to $23,740	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	$5,000 to $10,000	As incurred	Before opening	Utility companies and government agencies
Professional Fees [11]	$0 to $3,500	Lump sum	Before opening	Lawyers & accountants
Insurance (3 months)	$1,000 to $2,000	Lump sum	Before opening	Insurance companies
Additional Funds [12] (3 months)	$37,400 to $53,600	As incurred	As incurred	Suppliers, employees and us
Total [13]	$508,300 to $633,420			

The table below estimates the initial investment for the purchase of area development rights for 3 to 5 Stores:

YOUR ESTIMATED INITIAL INVESTMENT				
TYPE OF EXPENDITURE [1]	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
Development Fee [14]	$30,000 to $60,000	Lump sum	At time you sign ADA	Us
Initial Investment to Open Initial Store	$508,300 to $633,420	This is the total estimated initial investment in the table above.		
Total [13]	$538,300 to $693,420			

Notes:

1. Financing and Refunds: We do not offer direct or indirect financing for any of these items. No amounts paid to us are refundable. We are not aware of any amounts paid to third-party suppliers that are refundable, although your landlord may refund your security deposit at the end of the lease if 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. 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 send to training; (b) the distance they must travel; and (c) the level and quality of accommodations, travel and dining selected.

4. Lease Deposit & Rent: This estimate assumes you lease your premises. Rent varies depending on factors such

as the size and location of the premises and local market conditions. We expect most Stores will range in size from 1,200 to 1,500 square feet with rent ranging from $6,000 to $10,000 per month. 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 estimate in the table includes 1 month's security plus 3 months' rent. Some franchisees may choose to purchase the real estate.

5. Construction: Construction and leasehold improvement costs vary widely based on factors including:
   - the size and condition of the leased space
   - whether the premises is first- or second-generation retail space
   - the extent and nature of existing leasehold improvements
   - the amount of landlord contributions, if any, towards leasehold improvement costs (a "TI Allowance")
   - demolition and construction costs and prevailing wage rates in the local market

   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 $19,500 fee imposed by our designated supplier of interior design and architectural services.

6. Exterior Signage: This includes your estimated cost 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.

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

8. Technology Systems: This includes your initial cost to purchase and set up your Technology Systems, including: (a) the computer and POS system, low voltage security/camera system (including DVC and cameras), music/sound system and associated installation costs ($13,240 to $15,240); and (b) 5 Digital Menu Boards ($9,000 to $10,000).

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.

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.

11. Professional Fees: This includes the estimated fees for professionals you may choose to hire in order to:
    - assist you in reviewing this Disclosure Document and negotiating your Franchise Agreement
    - advise you regarding local laws and regulations applicable to your Store
    - form a business entity
    - set up your books, records and accounts
    - develop a business plan and budget for the development and operation of your Store

    These services are optional but highly recommended.

12. 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. Your initial 3 months of rent

and insurance premium are separately stated in the table above. These figures are estimates based on: (a) the experience of our management team in developing, opening and operating company-owned Stores in California since 2003; and (b) the experience of our franchisees in developing, opening and operating franchised Stores.

13. 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.

14. Development Fee: Item 5 discusses how the development fee is calculated. This initial investment estimate assumes you commit to develop either 3 Stores (low estimate) or 5 Stores (high estimate). If you purchase the right to develop more than 5 Stores, your development fee will increase. This estimate does not include your costs to develop any Store other than the first Store you develop under the ADA.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source Restricted Purchases and Leases - Generally

You must purchase or lease certain source-restricted goods and services for the development and operation of your Store. "Source-restricted" means 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). The Manual includes our specifications and supplier list. We have formulated (and may modify) our specifications based upon our experience in operating and franchising Stores. We may notify you of changes to our specifications and suppliers by email, updates to the Manual or other means of communication.

Supplier Criteria

Our criteria for evaluating suppliers include standards for: (a) quality, performance, design, appearance and price of the product or service; and (b) dependability, production capabilities, reputation and financial strength 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 wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us: (a) a written request for approval; (b) product samples for testing purposes; and (c) all additional information we request. The supplier must agree to comply with our minimum insurance, indemnification, reporting and confidentiality requirements for system suppliers and allow us to periodically inspect their facility. We will notify you of our decision within 30 days after we receive all required information and product samples. We may periodically reinspect approved products and suppliers and revoke our approval if they fail to meet our then-current criteria. You must reimburse all costs we incur to evaluate products and suppliers you propose.

Current Source-Restricted Purchases and Leases

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

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). You must use best efforts to ensure your landlord signs the Lease Addendum 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.

Design and Construction Services

You must use the supplier 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 and the specifications in the Manual. Your general contractor must be appropriately licensed and bonded (if required by applicable law).

Fixtures, Furnishings and Décor

All fixtures, furnishings and décor must meet our standards and specifications. You may only 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 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 Technology System components must be purchased from approved or designated suppliers. Other components may be purchased from any supplier of your choosing. We may require you to purchase certain services relating to the establishment, use, maintenance, monitoring, security or improvement of Technology Systems from approved or designated suppliers. With respect to certain Technology Systems, you must purchase the specific system that we designate.

Signage

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

Inventory

All 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 marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use. You must purchase branded marketing materials only from us or other suppliers 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 we require (whether in the Franchise Agreement or in the Manual) from licensed insurance carriers rated A or better by Alfred M. Best & Company, Inc., including the 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

Policy Type	Minimum Coverage
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. Each policy must be endorsed to: (a) name us and our owners, officers and directors as additional insureds; (b) waive all subrogation rights against us; and (c) provide us with 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy.

Purchase Agreements

We currently attempt to negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of franchisees. As of the date of this Disclosure Document, we have negotiated purchase agreements (including pricing terms) with suppliers for 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. 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.

Currently there are no purchasing cooperatives but we may establish 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 we negotiate.

Franchisor Revenues from Source-Restricted Purchases

Neither we nor any affiliate of ours is currently a supplier for goods or services purchased by franchisees. However, we may designate ourselves or an affiliate as an approved or designated supplier in the future, in which case we and our affiliates may generate a profit from these purchases. There are no approved or designated suppliers in which any of our officers own 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 your purchases and leases. We have no obligation to pass these amounts through to you or use them in any particular manner. As of the issuance date of this Disclosure Document, we receive the following rebate based on franchisee purchases:

- supplier of custom print supply products (i.e., certain branded products such as cups, seals, straws, etc.) pays us a rebate calculated as 5% of the purchase price

Our total revenue during the fiscal year ended December 31, 2025 was $9,357,824.82. During that year, we received $59,683.31 in revenue as a result of franchisee purchases or leases (all from rebates from the purchase of custom print supply products), which represents 0.64% of our total revenue 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: 7.1 & 7.2 ADA: 4.3	Item 7 & Item 11
b. Pre-opening purchases/leases	FA: 7.3, 11.8 & 15.1 ADA: Not Applicable	Item 5, Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	FA: 7.3 & 7.4 ADA: 4.3	Item 6, Item 7 & Item 11

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
d. Initial and ongoing training	FA: 5 ADA: Not Applicable	Item 6 & Item 11
e. Opening	FA: 7.4 ADA: 4.1	Item 11
f. Fees	FA: 4.2, 5.4, 5.5, 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
g. Compliance with standards and policies/Operating Manual	FA: 6.1, 7.1, 7.3, 10.3, 11 & 17.1 ADA: 4.3	Item 11
h. Trademarks and proprietary information	FA: 17 ADA: 2	Item 13 & Item 14
i. Restrictions on products/services offered	FA: 11.2 ADA: Not Applicable	Item 16
j. Warranty and client service requirements	FA: 11.14 ADA: Not Applicable	Not Applicable
k. Territorial development and sales quotas	FA: Not Applicable ADA: 4.1	Item 12
l. Ongoing product/service purchases	FA: 11.8 ADA: Not Applicable	Item 8
m. Maintenance, appearance and remodeling requirements	FA: 11.9 & 11.11 ADA: Not Applicable	Item 11
n. Insurance	FA: 15.1 ADA: Not Applicable	Item 6 & Item 7 & Item 8
o. Advertising	FA: 10 ADA: Not Applicable	Item 6, Item 7 & Item 11
p. Indemnification	FA: 18 ADA: Not Applicable	Item 6
q. Owner's participation/ management/staffing	FA: 8 ADA: Not Applicable	Item 11 & Item 15
r. Records/reports	FA: 15.2 & 15.3 ADA: Not Applicable	Item 6
s. Inspections/audits	FA: 16 ADA: Not Applicable	Item 6 & Item 11
t. Transfer	FA: 19 ADA: 7	Item 17
u. Renewal	FA: 4 ADA: 4.5	Item 17
v. Post termination obligations	FA: 21 ADA: Not Applicable	Item 17
w. Non-competition covenants	FA: 14 ADA: Not Applicable	Item 17

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
x. Dispute resolution	FA: 22 ADA: 10	Item 17
y. Franchise Owner Agreement (brand protection covenants, transfer restrictions and financial assurance for owners and spouses)	FA: 9 & ATTACHMENT "D" ADA: Not Applicable	Item 17

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 Store, we will:

1. License you the Marks necessary to begin operating your Store. (§2)
2. Provide access to our Manual which will help you establish and operate your Store. The Manual includes 65 pages. The Table of Contents is attached to this Disclosure Document as EXHIBIT "E". (§6.1, 11.1 & 24.8)
3. Evaluate sites you propose for your Store, as discussed below under "Site Selection". (§7.1)
4. Provide our written specifications for goods and services you must purchase to develop, equip and operate your Store and a list of suppliers. 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 you purchase. (§7.3 & 11.1)
5. Provide generic prototype plans for a Store, as discussed below under "Site Development". (§7.3)
6. Evaluate your Store's design and buildout, as discussed below under "Site Development". (§7.3 & 7.4)
7. Provide an initial training program, as discussed below under "Training Program". (§5.1)

During the operation of your Store, we will:

1. Send a corporate trainer to your Store to provide up to 10 days of onsite training and assist you with the opening of your Store. (§5.1)
2. Provide our guidance and recommendations to improve the operation of your Store. (§6.2)
3. Provide periodic training programs, as discussed below under "Training Program". (§5.2)
4. Maintain a corporate website to promote our brand and a local webpage to promote your Store, as discussed below under "Advertising and Marketing". (§6.5)
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 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. (§11.6)

During the operation of your 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)

2. Develop new recipes, menu items and merchandise for sale at your Store. (§6.7)
3. Negotiate purchase agreements with suppliers to obtain favorable pricing. We may also purchase items in bulk and resell them to you at our cost plus shipping and a reasonable markup. (§6.6)
4. Hold periodic conferences to discuss relevant business and operational issues such as industry changes or new recipes, menu items, merchandise, technology or marketing strategies. (§5.5)
5. Create a franchise advisory council as discussed below under "Advisory Council". (§12)
6. Provide additional training or assistance you request, as discussed below under "Training Program". (§5.2)

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

Training Program (§5)

Initial Training Program

We will provide an initial training program for the Managing Owner and up to 1 other person. These individuals must successfully complete initial training 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.

Initial training includes approximately 14 days of franchise management and operations training at our corporate headquarters located in Los Angeles, California (or any other training location we designate) ("Management Training") and approximately 10 days of onsite training at your Store ("Onsite Training"). Part of Management Training may also take place at a company-owned Store. Onsite Training is an informal program where we monitor your operations and assist you with the opening of your Store.

If you are purchasing your 2nd or subsequent Store: (a) Management Training is optional; and (b) we are not required to provide Onsite Training (if we choose to do so, Onsite Training will not exceed 5 days).

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. We do not charge for training materials. 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. Management Training currently covers the following topics:

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

SUBJECT	HOURS OF CLASSROOM TRAINING	HOURS ON THE JOB TRAINING	LOCATION
Total	17	43	

Post-Opening Training Programs

We may offer periodic refresher or supplemental training courses for your Managing Owner and managers. We may designate each course as mandatory or optional. Any new Managing Owner or manager you appoint or hire must successfully complete Management Training prior to managing your Store. If we inspect your Store and determine you are not operating in compliance with the Franchise Agreement or Manual, we may require that your Managing Owner and managers attend remedial training relevant to the operational deficiencies we observed. You may also request additional training, which we may (but need not) provide.

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 23 years of experience in the industry. Esther may be assisted by other corporate store trainers who will all have at least 6 years of experience with the It's Boba Time System.

Training Fees and Costs

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). 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 who attends: (a) Management Training after you open (new Managing Owner or manager); (b) Management Training for your 2nd of subsequent Store (including pre-opening Management Training); (c) retraining (after failing a prior attempt); (d) remedial training; (e) refresher or supplemental training (we generally do not charge for this training unless conducted by a 3rd party such as a vendor or manufacturer); or (f) additional training you request. You must also reimburse all Travel Expenses we incur to provide onsite training or assistance (excluding pre-opening Onsite Training). You are responsible for all wages and Travel Expenses that you and your trainees incur for training.

Site 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 identify and obtain our approval of the site for your Store within 180 days after signing the Franchise Agreement. We may terminate your Franchise Agreement if you fail to meet this deadline or if we cannot agree on a site.

Your Store must be located in the Site Selection Area identified in the Franchise Agreement and conform to our minimum site selection criteria. You must send us a complete site report that includes all information we require about your proposed site. We try to approve or disapprove sites within 15 business days after receiving the site report. Our failure to approve a site within the 15 business-day period constitutes our disapproval. We consider the following factors when reviewing proposed sites:

- visibility, size, condition and characteristics of the building
- traffic counts and traffic patterns
- accessibility and availability of parking
- general location and character of neighborhood
- existence and location of competitive businesses
- residential population and daytime population (including workers)
- lease terms
- various economic indicators

If you sign an ADA, we must approve the site for each Store you develop applying our then-current site selection

criteria.

We do not help you negotiate your lease.

Site Development (§7.3, 7.5 & 11.11)

We 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 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 and the requirements of the Manual. You must purchase (or lease) and install the Technology Systems, equipment, fixtures, signs and other items 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 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). 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 9 to 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 the landlord
- the amount of time needed to secure financing, insurance, licenses and permits
- the condition of the 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 hire staff and complete training

Advertising and Marketing (§10)

You must participate at your own expense in all advertising, promotional and marketing programs we require. 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.

Our Advertising Obligations

We have no obligation to conduct advertising for the franchise system. However, we may periodically create advertising and marketing materials for your use. We may: (a) use the Brand Fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; or (c) contract with third-party suppliers to create advertising or marketing materials that you may purchase.

Your Advertising Obligations

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 but we must approve them prior to use. 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.

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 for your Store that will be linked to our corporate website and list information about your Store we deem appropriate, such as address, contact information and hours of operation. We can modify or discontinue our website and/or your Store's 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) bearing our Marks; (b) 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 administrator 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, distributing or administering advertising and marketing materials and programs
- conducting and administering promotions, contests or giveaways
- public and consumer relations and publicity
- brand development
- administering a call center for consumer inquires
- sponsorships and charitable and nonprofit donations and events
- research and development of technology, products and services
- website development and search engine optimization
- development, maintenance and promotion of an ecommerce platform
- development and implementation of quality control programs
- conducting market research
- reimbursing us for costs we incur to host franchisee conferences
- changes and improvements to the System
- fees and expenses charged by advertising agencies we engage to provide marketing services
- collecting and accounting for brand fund fees and preparing financial accountings of the Brand Fund

- any other programs or activities we deem appropriate to promote or improve the System reimbursing us for administrative, overhead and other expenses we incur to administer the Brand Fund, including compensation paid to our personnel for time spent working on Brand Fund matters

We direct and have complete control over all advertising programs paid for by the Brand Fund, including the creative concepts, content, materials, endorsements, frequency, placement and media used. 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, 2025 we spent the marketing funds in the following manner:

Allocation of Marketing Expenditures (2025)				
Use of Funds	**Production**	**Media Placement**	**Administrative Expenses**	**Other***
Percentage Allocation	25%	20%	33%	22%

* 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. 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 or new products or services. We would consider 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 or abusive manner, as determined by us in our discretion. As a member, you would be entitled to all voting rights and privileges granted to other council members. 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.

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

You must purchase and use all Technology Systems we designate. 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 Flex for Kitchen with 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)
- Pronto Router
- Toast Cash Drawer – TC200/TX200W
- Toast Cash Drawer Under Counter Mounting Brackets – TC200/TC200W
- Toast Printer (Without Power Supply)
- Toast Printer with Power Supply
- Toast Tap (On Counter)

The computer system will generally be used for 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 $13,240 to $15,240. You must pay the licensor of your POS system a monthly subscription fee that is currently $309 to $321 per month ($3,708 to $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 $309 to $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.

Computer System Maintenance and Changes

You must maintain the computer system in good condition at your cost. We may require that you upgrade, update or otherwise change your computer system and other Technology Systems to conform to our then-current specifications. There is no contractual limitation on the frequency or cost of these updates, upgrades or changes.

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 Store

The Franchise Agreement grants you the right to operate one Store from a site we approve. You must identify a site for your Store within the Site Selection Area described in 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 Store within the Site Selection Area (but outside any territory assigned to another Store); (b) comply with our then-current site selection and development requirements; (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 $3,000 relocation fee at the time we approve your request to relocate; and (e) open your Store at the new site and resume operations within 30 days* after closing your Store at the former site.

* 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 reopen at the new site.

Description of Territory (Franchise Agreement)

We will grant you a territory that will be determined in the following manner:

- If your Store is located in a Captive Venue (defined further below in this Section), your territory is limited to premises of your Store and you do not receive any territory beyond your Store's premises
- If your Store is located in an urban area (but not in a Captive Venue), your territory consists of the geographic area within a ¼-mile radius from your Store
- If your Store is not located in a Captive Venue or in an urban area, your territory consists of the geographic area within a 1-mile radius from your Store

The determination of whether an area qualifies as an "urban area" is 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.

Description of Development Territory (ADA)

If you acquire area development rights, we will grant you a development territory that will be described in 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 minimum or maximum size for a development territory. We determine the size of your development territory based on the number of Stores you commit to develop. You must sign a separate Franchise Agreement for each Store you develop. All Stores you develop must be located in your development territory. We must approve the site for each Store you develop under our then-current site selection criteria.

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 that uses our Marks and is located in 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 that uses our Marks and is located in your development territory other than: (a) any Store located in 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.

We reserve the right to develop and operate, and license 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 unrelated to the Store. Examples of Captive Venues include Stores that are located within:

- 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 company or system that sells goods or services the same as or similar to the goods or services sold by Stores, and the outlets of the acquired or acquiring company may be converted into BOBA TIME® stores even if located in your territory or development territory, if applicable (an "Acquisition").

Alternative Channels of Distribution

We reserve the right to sell, and license others to sell, competitive or identical goods and services (either under the Marks or 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 stores that do not operate under the Marks (e.g., grocery stores or convenience stores)
- sales made at wholesale
- onsite sales made at a customer's home or place of business
- sales through catering or delivery service
- sales through kiosks or mobile food trucks

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 your territory and development territory, if applicable, as long as you: (a) comply with all policies and procedures in the Manual governing extra-territorial marketing; and (b) do not engage in targeted marketing directed into a territory assigned to another Store (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 another Store's territory is not "targeted marketing" if: (a) you use reasonable efforts to limit the circulation or distribution of the advertising to areas in your territory; and (b) most recipients of the advertising are located in your territory and there is only incidental circulation or distribution in another Store's territory. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual. Examples include direct mail sent to addresses in a given territory, digital advertising sent to devices with IP addresses registered in a given territory and conducting promotional events in 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 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 "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 or development territory, if applicable.

Additional Franchises and Territories

We do not grant options, rights of first refusal or similar rights to acquire additional territories or franchises, other than your right and obligation to develop the prescribed number of Stores within your development territory if you sign an ADA.

Competitive Businesses Under Different Marks

Neither we nor our affiliates currently intend to operate or franchise another business under a different trademark that sells products or services similar to those sold by a Store, but we reserve the right to do so.

ITEM 13 TRADEMARKS

We own the following Marks that have been registered on the Principal Register of the United States Patent and Trademark Office:

REGISTERED MARKS		
Mark	**Registration Number**	**Registration Date (Renewal Date)**
IT'S BOBA TIME	4273426	January 8, 2013 (July 23, 2022)
IT'S BOBA TIME	6952539	January 17, 2023
BOBA TIME	4229643	October 23, 2012 (July 23, 2022)
BOBA TIME	6952540	January 17, 2023
	6952541	January 17, 2023
it's bobatime	7478834	August 20, 2024

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

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.

You must notify us immediately if you discover an infringing use (or challenge to your use) of the Marks. We will take the action we deem appropriate. We are not required to take any action if we do not feel it is warranted. You may not control any proceeding or litigation involving our Marks.

The Franchise Agreement does not require that we: (a) protect your right to use the Marks; (b) protect you against claims of infringement or unfair competition arising out of your use of the Marks; or (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 Marks or if the proceeding is resolved in a manner unfavorable to you.

There are 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; (b) pending infringements, oppositions or cancellations; (c) pending material litigation matters involving any of the Marks; (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 our Manual, website or marketing materials, we do claim a copyright to these items.

During the 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

We own all ideas, improvements, inventions, marketing materials and other concepts you develop relating to a Store. We 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. You must comply with all applicable data protection laws and our data processing and data privacy policies in the Manual.

We provide access to our confidential information through the Manual, training programs and other periodic support and guidance. You may use this information solely to develop and operate your Store. All information in the Manual is confidential. You may not disclose our confidential information to anyone other than your employees, on a need-to-know basis, without our prior permission. All your employees and representatives must sign the Confidentiality Agreement attached to the Franchise Agreement before you give them access to our confidential information.

You must promptly notify us if you discover an unauthorized use of our proprietary information or copyrighted materials. We are not required to act, but will respond as we deem appropriate. You may not control any proceeding or litigation involving allegations of unauthorized use of our proprietary information or copyrighted materials. We have no obligation to indemnify you for any expenses or damages you incur as a result of any such proceeding or litigation. There are no infringements known to us at this time.

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

Owner Participation

You must designate an owner with overall responsibility for the management and operation of your Store (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) have binding decision-making authority on matters involving the Store; (c) successfully complete all training programs we require; (d) dedicate full-time efforts to the Business; and (e) at all times hold at least a 20% ownership interest in the franchise 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 Management Training prior to managing your Store.

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". By signing the Franchise Owner Agreement, the owner (or spouse of the owner) agrees to: (a) comply with all brand protection covenants (except to the extent prohibited by law), covenants that protect our intellectual property and transfer restrictions set forth in the Franchise Agreement; and (b) guarantee the franchisee's financial obligations.

Managers

You may hire managers to assist the Managing Owner with onsite management and supervision of the Store. Any person you hire as a manager must successfully complete all training programs we require and sign a Confidentiality Agreement. 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. The Managing Owner must monitor and supervise each manager to ensure the Store is operated in compliance with the Franchise Agreement and Manual. We do not require that the manager own any equity interest in the franchise.

ITEM 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We must approve all goods and services you sell. You must offer all goods and services we require. You may not sell any goods or services we have disapproved. At any time, we may change the goods and services you sell and you must comply with the change. We may require you to participate in a gift card or other customer loyalty program in accordance with our policies and procedures.

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 franchise term	FA: 1 (definition of Term) & 4.1	Term is equal to 10 years.
	ADA: 1 (definition of Term)	Term expires on the opening date listed in the development schedule for the last Store you are required to develop.
b. Renewal or extension of the term	FA: 4	If you meet our conditions for renewal, you can enter into 2 consecutive successor franchise agreements. Each renewal term is 5 years. The parties may mutually agree to further renewals but neither party is obligated to do so (subject to state law).
	ADA: 4.5	No renewal rights.
c. Requirements for you to renew or extend	FA: 4.1 & 4.2	You must: not be in default; give us timely notice; sign then-current form of franchise agreement; sign general release (subject to state law); pay renewal fee; remodel Store and upgrade furniture, fixtures and equipment to current standards; 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.
	ADA: 4.5	You may not renew or extend the term of the ADA.
d. Termination by you	FA: 20.1	You can terminate if we default and fail to timely cure.
	ADA: Not Applicable	You can terminate under any grounds permitted by law.
e. Termination by us without cause	FA: 20.3	We can terminate without cause if you provide your written consent.
	ADA: 8.2	
f. Termination by us with cause	FA: 20.2	We can terminate if you default.
	ADA: 8.1	
g. "Cause" defined - curable defaults	FA: 20.2	You have the following cure periods: (a) 24 hours for health or safety hazards; (b) 10 days for financial defaults; (c) 20 days for loss of a required license or permit; and (d) 30 days for any other default (other than a default described below under "non-curable defaults").
	ADA: 8.1	You have 30 days to cure any default, other than defaults described below under "non-curable defaults".

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
h. "Cause" defined - non-curable defaults	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; abandonment; certain criminal convictions or administrative enforcement actions; violation of material law; acts that may adversely affect reputation of System or Marks; material misrepresentations; 2nd underreporting of Gross Sales by 2% or more; unauthorized Transfers; unauthorized use of our intellectual property; breach of brand protection covenant, Franchise Owner Agreement or legal compliance representation; failure to notify us of a matter described in §15.6; termination of lease due to your default; 3 or more default notices in a 12-month period; or termination of any other agreement between you (or your affiliate) and us (or our affiliate) due to your default. However, termination of an ADA due to breach of the development schedule is not grounds for termination of any Franchise Agreement that is otherwise in good standing.
	ADA: 8.1	If we terminate a franchise agreement due to your default, we may terminate the ADA without opportunity to cure.
i. Your obligations on termination/ non-renewal	FA: 21.1	Obligations include: remove trade dress and alter premises to eliminate resemblance to a Store; cease use of intellectual property; cancel fictitious names; return Manual and branded materials; assign telephone numbers, listings and domain names; comply with data retention policies; and pay amounts due (also see "r", below).
	ADA: Not Applicable	The ADA does not impose any post-term obligations on you.
j. Assignment of contract by us	FA: 19.1	No restriction on our right to assign.
	ADA: 7.1	
k. "Transfer" by you – definition	FA: 1 (definition of Transfer) & 19.2	Includes ownership change or transfer of contract or assets.
	ADA: 1 (definition of Transfer) & 7.2	
l. Our approval of transfer by you	FA: 1 (definition of Permitted Transfer), 19.2 & 19.3	You may engage in a Permitted Transfer (defined in Note 2 in Item 6) without approval. We must approve other Transfers but will not unreasonably withhold approval.
	ADA: 1 (definition of Permitted Transfer), 7.2 & 7.3	
m. Conditions for our approval of transfer	FA: 19.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); obtain required licenses and permits; assume your obligations under Business contracts; sign then-current form of franchise agreement for remaining term or, at our option, assume your Franchise Agreement; and remodel Store and upgrade furniture, fixtures and equipment to current standards within 1 year of Transfer or such shorter period of time we specify. You must: notify in advance if you intend to offer your Store for sale; be compliant with Franchise Agreement; assign lease (if applicable); pay transfer fee (subject to state law); subordinate transferee's ongoing payments owed to you (if any) to transferee's payments owed to us; provide 2 weeks of onsite training to transferee at no cost; and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
	ADA: 7.2	Transferee must: meet our qualifications; successfully complete training (or arrange to do so); and sign then-current form of area development agreement for remaining term or, at our option, assume your ADA. You must: be compliant with Franchise Agreements and ADA; assign all Franchise Agreements to same purchaser unless we agree to contrary (or we instruct transferee to sign then-current form of franchise agreement); comply with transfer provisions in Franchise Agreements; pay transfer fee (subject to state law); and sign general release (subject to state law). We must notify you that we will not exercise our right of first refusal.
n. Our right of first refusal to acquire your business	FA: 19.5	We can match any offer for your business.
	ADA: 7.5	We can match any offer for your area development rights.
o. Our option to purchase your business	FA: 21.2	We have the option to purchase your Store at the expiration or termination of the Franchise Agreement.
	ADA: Not Applicable	The ADA does not include a purchase option.
p. Your death or disability	FA: 19.4	Within 1 year, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers. We may designate a manager to operate the Store prior to Transfer.
	ADA: 7.4	Within 1 year, interest must be assigned by estate to an assignee in compliance with conditions for other Transfers.
q. Non-competition covenants during the term of the franchise	FA: 14.3	No involvement in a competing business.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
r. Non-competition covenants after the franchise is terminated or expires	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.
	ADA: Not Applicable	The ADA does not impose any noncompetition covenants.
s. Modification of the agreement	FA: 24.3 & 24.8	Requires writing signed by both parties (except we may unilaterally change Manual or reduce scope of restrictive covenants). Other modifications to comply with state laws.
	ADA: 12.7	
t. Integration/ merger clause	FA: 24.8	Only the terms of the Franchise Agreement and ADA (if applicable) and their attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document, 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 (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.
	ADA: 12.7	
u. Dispute resolution by arbitration or mediation	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: 10	
v. Choice of forum	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: 10	

THE FRANCHISE RELATIONSHIP		
PROVISION	**SECTIONS IN AGREEMENT**	**SUMMARY**
w. Choice of law	FA: 24.1 ADA: 12.1	Subject to state law, California law governs, except laws and public policies of your state govern enforcement of 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 2023 TO 2025				
Outlet Type	**Year**	**Outlets at the Start of the Year**	**Outlets at the End of the Year**	**Net Change**
Franchised	2023	61	76	+15
	2024	76	86	+10
	2025	86	93	+7
Company-Owned	2023	6	4	-2
	2024	4	3	-1
	2025	3	3	0
Total Outlets	2023	67	80	+13
	2024	80	89	+9
	2025	89	96	+7

TABLE 2 - TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR) FOR YEARS 2023 TO 2025		
State	**Year**	**Number of Transfers**
California	2023	6
	2024	3
	2025	7
Total	2023	6
	2024	3
	2025	7

TABLE 3 - STATUS OF FRANCHISED OUTLETS FOR YEARS 2023 TO 2025								
State	**Year**	**Outlets at Start of Year**	**Outlets Opened**	**Terminations**	**Non-Renewals**	**Reacquired by Franchisor**	**Ceased Operations - Other Reasons**	**Outlets at End of Year**
Arizona	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
California	2023	61	15	0	0	0	0	76
	2024	76	10	0	0	0	1	85
	2025	85	6	0	1	0	0	90
Nevada	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Texas	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Totals	2023	61	15	0	0	0	0	76
	2024	76	11	0	0	0	1	86
	2025	86	8	0	1	0	0	93

TABLE 4 - STATUS OF COMPANY-OWNED OUTLETS FOR YEARS 2023 TO 2025							
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	2023	6	0	0	0	2	4
	2024	4	0	0	0	1	3
	2025	3	0	0	0	0	3
Totals	2023	6	0	0	0	2	4
	2024	4	0	0	0	1	3
	2025	3	0	0	0	0	3

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2025			
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**
California	19	8	1
Total	19	8	1

Notes:

1. In 2024, 1 outlet in Los Angeles, California closed due to force majeure. The franchisee remains in the system and is currently relocating the outlet.

2. In 2025, 2 Franchise Agreements were terminated for 2 unopened outlets in Florida.

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, 2025. 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, 2025, December 31, 2024 and December 31, 2023 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 Street, 21st Floor
New York, NY 10005
Phone: (212) 416-8222

Agents for Service of Process:
Secretary of State
99 Washington Avenue
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
PO BOX 41200
Olympia, WA 98504-1200

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

ATTACHMENT "A" Deal Terms
ATTACHMENT "B" Form of Site Approval Notice
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ATTACHMENT "D" Franchise Owner Agreement
ATTACHMENT "E" ACH Authorization Form
ATTACHMENT "F" Confidentiality Agreement

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 not defined above 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".

"*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, or our affiliate or parent, 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).

"*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: (a) sales through direct marketing, such as over the Internet or through catalogs or telemarketing; (b) sales through stores that do not operate under the Marks, such as grocery stores or convenience stores; (c) sales made at wholesale; (d) onsite sales to customers, such as sales to employee groups at a business site or sales to customers in their homes; (e) sales through catering or delivery service; and (f) sales through kiosks or mobile trailers.

"*Anti-Terrorism Law*" means Executive Order 13224 issued by the U.S. President (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 Laws 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) Know-How; (b) Business Data; (c) information in the Manual or comprising the System; (d) terms of Definitive Agreements and any amendments thereto; and (e)

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 are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. 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 possessed by you or an Owner, without obligation of nondisclosure, before we disclosed the information to you or the Owner; (c) is independently developed by you or an Owner 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 the information to you or an Owner without breaching a confidentiality covenant imposed on such third party.

"*Confidentiality Agreement*" means the Confidentiality Agreement attached as ATTACHMENT "F".

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate claim or 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 related to any of the foregoing, including Franchise Owner Agreements.

"*Dispute*" means any Claim or dispute between the parties that involves or relates to a Definitive Agreement, the offer or sale of franchise rights or the relationship between the parties.

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

"*Equity Interest*" means a direct or indirect ownership or other beneficial interest in a business or Entity.

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

"*Force Majeure*" means acts or circumstances 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 notifies the other party of the Force Majeure event; (b) the non-performing party is without fault and could not have prevented the delay or failure with reasonable precautions; (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 attached as ATTACHMENT "D".

"*Franchisee Entity*" means an Entity 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 you and your Owners must sign pursuant to §4.2 in connection with a franchise renewal or §19.2 in connection with a Transfer.

"*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: (a) generated from all goods and services sold from or in connection with your Store, including from on-premises dining, take-out, delivery and catering; or (b) that otherwise relate to 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; (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 calculation of Gross Sales relating to: (a) proceeds from the sale of gift cards; and/or (b) qualifying purchases and redemptions by members under loyalty or membership programs.

"*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, an Owner, an employee or any other Person.

"*Indemnified Parties*" means and includes 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 a 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) actual or suspected 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: 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 laws, rules, regulations and ordinances as well as judgments, decrees, orders, advisory opinions, directives, interpretive statements and releases issued by Governmental Authorities.

"*Losses*" means and includes: costs, expenses and liabilities; actual, compensatory, exemplary, punitive and other damages (including damage to reputation or goodwill); fines and penalties; settlement amounts; judgments; attorneys' fees; experts' fees; court costs; Travel Expenses and other costs associated with investigating or defending a Claim.

"*Management Training*" means our then-current franchise operations and management training program.

"*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 described in §11.1 for the operation of a Store.

"*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.

"*Onsite Training*" means the pre-opening Onsite Training program we provide for your first (1st) Store.

"*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 an Equity Interest in the Business or Franchisee 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 Transfer: (a) between existing Owners; or (b) by the Owners to a new Franchisee Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include a Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Business or Franchisee Entity.

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

"*Post-Term Restricted Period*" means, with respect to an Owner, the two-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity; *provided, however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Post-Term Restricted Period means the one-year period after the earlier to occur of: (a) the termination, expiration or Transfer of this Agreement; or (b) the date on which the Owner no longer owns an Equity Interest in the Business or Franchisee Entity.

"*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 (e.g., as a director, officer, employee, manager, consultant, creditor, representative, agent or in any similar capacity) in a Competing Business, other than owning less than 5% of the Equity Interests in a Competing Business that is a publicly-traded company; (b) disparaging or otherwise making negative comments about us, our affiliate, the System or any Store (this provision does not prohibit disclosure of truthful information to Governmental Authorities); (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.

"*Reportable Event*" means any event or occurrence described in §15.6 that you must report to us.

"*Restricted Territory*" means the geographic area within a 25-mile radius from: (a) your Store (including your Store's premises); and (b) all other Stores that are open or under construction when the Post-Term Restricted Period begins; *provided, however*, that if a court of competent jurisdiction determines the foregoing Restricted Territory is too broad to be enforceable then Restricted Territory means the geographic

area within a five (5) mile radius from your Store (including your Store's premises).

"*Site Approval Notice*" means the Site Approval Notice attached as ATTACHMENT "B".

"*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 store we authorize to operate under the Marks and use our System.

"*Successor Agreement*" means our then-current form of IT'S BOBA TIME® Franchise Agreement you must sign pursuant to §4.2 in connection with a renewal of 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 all information and communication technology systems we specify from time to time, including computer and point-of-sale systems, webcam systems, telecommunications systems, AI Technology, security systems, music systems and similar systems, together with the associated hardware, software and related equipment, applications 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.

"*Third-Party Technology*" means any Technology Systems (or components thereof) that are owned by Persons who are not affiliated with us.

"*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) your Business assets, excluding the sale of furniture, fixtures or equipment in the ordinary course; or

(e) an Equity Interest in the Business or Franchisee Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

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

2. GRANT OF FRANCHISE. We hereby grant you the right, license and obligation to own and operate one (1) Store using our Intellectual Property from the site we approve. As a franchisee, you will establish and operate a specialty juice and snack bar that operates under 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. TERRITORY.

3.1. Territory Description. We will grant you a territory (your "Territory") that will be determined as follows:

(i) if your Store is located in a Captive Venue, your Territory is limited to premises of your Store

(you do not receive any territory beyond your Store's premises);

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

(iii) if your Store is not located in a Captive Venue or in an urban area, your Territory consists of the geographic area within a one (1)-mile radius from your Store.

The determination of whether an area qualifies as an "urban area" is made on 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 your Territory in accordance with our then-current territory guidelines and criteria.

3.2. **Territory Designation**. If we approve the site for your Store before signing this Agreement, we will describe your Territory in Part D of ATTACHMENT "A". Otherwise, we will describe your Territory in the Site Approval Notice we send to you within 15 business days after we approve your site pursuant to §7.1. Within five (5) business days after we send you the Site Approval Notice, you must sign and date the franchisee acknowledgment section and send us a copy for our records. Our approval of the site and designation of your Territory is immediately effective and binding on you at the time we issue the Site Approval Notice even if you do not send us a signed acknowledgment.

3.3. **Territorial Protections & Limitations**. During the Term we will not develop or operate, or license a third party to develop or operate, a Store that is located in the Territory except as otherwise provided in this Section with respect to Captive Venues and Acquisitions. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Stores within Captive Venues that are located in your Territory; (b) engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to BOBA TIME® outlets, even if those outlets are located in your Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Territory through Alternative Channels of Distribution.

4. TERM AND RENEWAL.

4.1. **Generally.** This Agreement grants you the right to operate your Store only during the Term. You may renew your franchise rights by signing a Successor Agreement for a five (5) year renewal term. You may enter into a maximum of two (2) Successor Agreement(s). The parties may agree to further renewals after expiration of the second (2nd) renewal term, but neither party is obligated to do so (unless required by applicable Law, in which case the same renewal terms and conditions set forth in this Agreement shall apply to subsequent renewals). In order to sign a Successor Agreement you must satisfy all renewal conditions specified in this Agreement or the Successor Agreement you wish to renew, as applicable. The Successor Agreement shall be the current form of franchise agreement we use to grant franchises as of the expiration of the Term or renewal term, as applicable, the terms of which may vary materially and substantially from the terms of this Agreement. If this Agreement is a Successor Agreement, the Term of this Agreement and your remaining renewal rights, if any, shall be governed by your original franchise agreement.

4.2. **Renewal Requirements.** In order to renew, you and the Owners (as applicable) must:

(a) send us a notice of your intent to enter into a Successor Agreement not less than 270 days nor more than one (1) year before the expiration of the Term or renewal term, as applicable;

(b) not be in default under any Definitive Agreement when you send the renewal notice or sign the Successor Agreement;

(c) sign the Successor Agreement and all ancillary documents we require franchisees to sign;

(d) sign a General Release;

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

(f) remodel the Store (these remodeling costs will not exceed $80,000, subject to CPI adjustments in accordance with §13.6) and upgrade all furniture, fixtures and equipment to conform to our then-

current standards and specifications; and

(g) extend the term of your lease for the duration of the renewal term.

If we elect not to renew or offer you the right to renew, we will send you a notice of non-renewal at least 180 days before the expiration date that sets forth the basis for our decision. If you object to our non-renewal notice or dispute the basis for our decision, you must send us a notice of objection that sets forth the basis for your objection. Failure to send us an objection notice within 30 days after you receive our non-renewal notice constitutes your consent to the non-renewal of your franchise. Our failure to send you a non-renewal notice at least 180 days before the expiration date constitutes our offer to renew your franchise subject to your compliance with the renewal conditions set forth above.

4.3. **Interim Term.** If you do not sign a Successor Agreement but continue to operate your Store after the Term expires, we may either treat this Agreement as: (a) expired as of the Term expiration date with you operating 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 notice of termination of the Interim Term. All your obligations remain in full force and effect during the Interim Term as if this Agreement had not expired, and all obligations imposed on you upon expiration of the Term will take effect upon termination of the Interim Term.

5. TRAINING AND CONFERENCES

5.1. **Initial Training.** The Managing Owner and up to one (1) additional manager must attend and successfully complete our franchise operations and management training program ("Management Training") before you open your Store. As part of initial training, we send a representative to your Store for up to 10 days to provide onsite training and assist you with the opening of your Store ("Onsite Training"). We are only required to provide Management Training and Onsite Training for the first (1st) Store you develop. If this is your second (2nd) or subsequent Store: (a) Management Training is optional; and (b) Onsite Training will not exceed five (5) days (if we choose to conduct Onsite Training, which will be at our option).

5.2. **Post-Opening Training.** Any new Managing Owner or manager appointed or hired after your Store opens must successfully complete Management Training prior to managing your Store. We may offer periodic refresher or supplemental training courses for your Owners and managers. We may designate each course as mandatory or optional. If we determine your Store is not operating in full compliance with this Agreement or the Manual, we may require that your Managing Owner and managers attend remedial training relevant to your operational deficiencies. We may, but need not, provide additional assistance or training requested by you at a mutually convenient time.

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

5.4. **Training Fees and Expenses.** We provide our preopening initial training program at no additional charge. We may charge a training fee of up to $350 per Person per day for any Person who attends: (a) Management Training after your Store opens; (b) pre-opening Management Training for your second (2nd) or subsequent Store (this training is optional); (c) retraining (after failing a prior attempt); (d) remedial training; (e) additional training you request; or (f) refresher or supplemental training. You must also reimburse all Travel Expenses we incur for onsite training (excluding pre-opening Onsite Training we provide pursuant to §5.1). You are responsible for all wages and Travel Expenses you and your personnel incur to attend training.

5.5. **Conferences.** We may hold periodic conferences to discuss business and operational matters relevant to Stores. Attendance 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. We may charge you a conference registration fee of up to $400 per Person per day. You are still responsible for the conference registration fee if you fail to attend a required conference without a waiver. You are also responsible for 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 Manual during the Term. The Manual will help you develop and operate your Store. The information in the Manual is confidential and proprietary and may not be disclosed to third parties without our prior approval.

6.2. **General Guidance.** We will periodically review and evaluate your Store and reports you submit to us and provide our guidance and recommendations on ways to improve the 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 them. You must implement all required corrective measures in the time and manner we specify.

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

6.5. **Website.** We currently maintain a corporate website for our brand. We will also create and host a local webpage for your Store that will: (a) be linked to our corporate website; and (b) list information about your Store that we deem appropriate, 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 your Store's webpage and domain name. We may change or discontinue our website and/or your Store's webpage at any time.

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

6.7. **New Developments**. We may, but need not, create new menu items, recipes, retail products, merchandise or other goods or services for sale at your Store. You must comply with any minimum inventory stocking requirements in the Manual.

7. ESTABLISHING YOUR BUSINESS

7.1. **Site Selection**. You must identify and obtain our approval of the site for your Store within 180 days after the Effective Date. The site must be located in the Site Selection Area and conform to our minimum site selection criteria. You must send us a complete site report that includes all documents, information, photos and video we require. We may accept or reject each site you propose in our commercially reasonable judgment. We try to notify you of our decision within 15 business days after we receive all requisite materials. Your site is deemed disapproved if we do not issue our approval within the 15 business-day period. If we approve the site for your Store before signing this Agreement, we will list the address of your approved site in Part C of ATTACHMENT "A". Otherwise, we list the address of your approved site in the Site Approval Notice. Our approval of a site is not a representation or warranty of any kind, express or implied, of the suitability of the site for a Store. It only means 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). You must use best efforts to ensure your landlord signs the prescribed form of Lease Addendum attached to this Agreement as ATTACHMENT "C". If your landlord refuses to do so 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.** 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 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 we designate to provide architectural and interior design services. Your architect must prepare detailed construction plans that: (a) are consistent with our prototype plans; (b) satisfy all required standards and specifications in the Manual; and (c) comply with all Laws (including the Americans with Disabilities Act), building codes, permits 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 in the Manual. You must also purchase (or lease) and install all equipment, fixtures, signs and other items 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 must send us a written notice identifying your proposed opening date at least 30 days before opening. We may conduct a preopening inspection of your Store. You must make all changes and modifications we require before you open. You may not open your Store prior to receipt of our written authorization to open. We will not issue our authorization to open before:

(a) the Managing Owner successfully completes our initial training program;

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

(c) you purchase all required insurance policies and provide evidence of coverage;

(d) we review and approve the construction, build-out and layout of your Store; and

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

7.5. **Relocation.** You may relocate your Store with our prior 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 assigned to another Store); (b) comply with §7.1 through §7.4 with respect to your new Store (excluding the one-year opening period); (c) deidentify your former Store in accordance with §21.1(g); (d) pay us a $3,000 relocation fee at the time we approve your request to relocate; and (e) open your Store at the new site and resume operations within 30 days after closing your 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 must designate an Owner with primary responsibility for the management and operation of your Store (the "Managing Owner"). The Managing Owner must: (a) be approved by us; (b) have binding decision-making authority on matters involving your Store; (c) successfully complete all training programs we require; (d) dedicate full-time efforts to the Business; and (e) at all times own at least 20% of the Equity Interests in the Business or Franchisee Entity, 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.

8.2. **Managers.** You may hire a manager to assist the Managing Owner with onsite management of the Store. Any Person you hire as a manager must successfully complete all training programs we require and sign a Confidentiality Agreement. Either the Managing Owner or a trained manager must be onsite at your Store during normal business hours. The Managing Owner must 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 the Store to ensure full compliance with this Agreement and our system standards. You will hire, train and supervise employees to assist you with the proper operation of the Store. You must pay all associated wages, commissions, benefits, worker's compensation premiums and payroll taxes (and other withholdings required by Law). 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 Entity name (not our Marks or a fictitious name) on employee applications, paystubs, pay checks, employment agreements and similar documents. We do not control the hiring or firing of your employees. You have sole authority and responsibility for all employment-related decisions, including hiring, promotion, hours worked, rates of pay, benefits, work assignments, training and working conditions. We do not provide guidance or advice on these matters. You must ensure each employee signs 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-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 may, but need not, designate a Person (an "Interim Manager") to manage your Store if either: (a) you fail to appoint an approved replacement Managing Owner, who has successfully completed Management Training, within 30 days after your Managing Owner ceases to perform the responsibilities of a Managing Owner for any reason; or (b) you fail to cure a material breach before the expiration of the cure period. 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); and (b) reimburse all Travel Expenses incurred by the Interim Manager. The Interim Manager has no liability to you except for gross negligence or willful misconduct. We have no liability to you for an Interim Manager's actions unless we are grossly negligent in appointing the Interim Manager.

9. **FRANCHISEE ENTITY**. You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us 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). Each Owner of the Franchisee Entity, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

10. **ADVERTISING & MARKETING.**

10.1. **Brand Fund.** We administer a brand and system development fund to promote public awareness of our brand and improve our System. On each royalty fee due date, you must pay us a brand fund fee equal to 2% of Gross Sales generated during the immediately preceding reporting period. We may use the fund to pay for any of the following in our sole discretion:

(a) developing, administering or distributing advertising and marketing materials and programs;

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

(c) public and consumer relations and publicity;

(d) brand development;

(e) administering a call center for consumer inquires;

(f) sponsorships and charitable and non-profit donations and events;

(g) research and development of technology, products and services;

(h) website development and search engine optimization;

(i) development, maintenance and promotion of an ecommerce platform;

(j) development and implementation of quality control programs and customer satisfaction surveys;

(k) conducting market research;

(l) changes and improvements to the System;

(m) reimbursing us for costs we incur to host franchisee conferences;

(n) fees and expenses charged by advertising agencies we engage to provide marketing services;

(o) collecting and accounting for brand fund fees and preparing financial accountings of the fund;

(p) any other programs or activities we deem appropriate to promote or improve the System; and

(q) direct or indirect labor, administrative, overhead and other expenses incurred by us and/or our affiliates relating to any of these activities, including salary, benefits and other compensation of any of our (and any of our affiliate's) officers, employees or independent contractors based 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 marketing or advertising activities. Any surplus 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. We will prepare, and make available to you upon request, an annual statement of fund operations, including deposits and disbursements. In terms of marketing activities paid for by the fund, we do not ensure that: (a) expenditures in (or affecting) a given geographic area are proportionate or equivalent to the brand fund fees paid by franchisees in that geographic area; or (b) franchisees benefit directly or in proportion to their brand fund fees. We may suspend or discontinue the fund at any time upon 30 days' prior notice.

10.2. Marketing Assistance From Us. We will provide reasonable marketing consulting, guidance and support throughout the Term on an as-needed basis. We may create and provide you with access to local advertising assets such as print marketing materials, social media templates and stock photography. We may: (a) use the brand fund to pay for the creation and distribution of these materials, in which case there will be no additional charge; (b) provide online access to these materials, in which case you must print the materials at your expense; and/or (c) contract with third-party suppliers to create and sell these materials to you.

10.3. Your Marketing Activities.

(a) Marketing Obligations. We encourage you to engage in local advertising to promote your Store. We do not require you to spend any minimum amount of money on local advertising, but you must participate at your own expense in all advertising, promotional and marketing programs 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.

(b) Advertising Standards. All your advertising must be completely factual, conform to the highest standards of ethical advertising and comply with all Laws. You must ensure your advertisements and promotional materials do not infringe upon the intellectual property rights of others. You must comply with any minimum advertised pricing policy we establish from time to time.

(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 another Store's territory (unless conducted as part of an advertising cooperative that includes the affected territory). Marketing that is distributed, circulated or received both in your Territory and another Store's territory is not "targeted marketing" if: (i) you use reasonable efforts to limit circulation or distribution of the advertising to areas in your Territory; and (ii) most recipients of the advertising are located in your Territory and there is only incidental circulation or distribution in another Store's territory. The meaning of "targeted marketing" that is "directed into a territory" may be further defined in the Manual. Examples include direct mail sent to addresses in a given territory, digital advertising

sent to devices with IP addresses registered in a given territory and conducting promotional events in a given territory.

(d) Advertising Approval. Prior to use, we must approve all advertising and marketing programs and materials you intend to use, including all materials we did not prepare or previously approve, or that we prepare or approve and you modify. We must also approve the media you use. You may not use any advertising materials, programs or media that we have not approved or that 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 approve them within the 10 business-day period constitutes our disapproval. Any advertising you propose and we approve is 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; (iii) you immediately remove any post we disapprove; (iv) you contract with any social media company we designate upon request; and (v) we own all social media accounts relating to your Store and retain full administrator rights.

(f) Internet and Websites. Without our prior approval, you may not: (i) develop, host, or otherwise maintain a website (or other digital presence) that references our Marks; (ii) conduct digital or online advertising or marketing; or (iii) engage in ecommerce.

11. OPERATING STANDARDS.

11.1. Brand Standards Manual. You must develop and operate your Store in full compliance with this Agreement, the Manual and our standards in order to maintain the goodwill associated with the Marks. The Manual may contain, among other things:

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

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

(c) a description of the menu items, beverages, merchandise, retail items and other authorized goods and services you may sell;

(d) recipes, specifications, techniques, methods, operating procedures and quality standards; and

(e) policies and procedures pertaining to any matters we deem appropriate, including: reporting and data entry; accounting and bookkeeping; insurance; marketing and advertising; gift card and loyalty programs; catering and/or delivery service; AI Technology; and data ownership, use, transfer and protection.

The Manual is designed to establish and protect our brand standards and the uniformity and quality of the goods and services offered by Stores. We can modify the Manual at any time. Modifications are binding at the time we notify you of the change, subject to any "grace period" we provide to implement the change. All mandatory provisions in the Manual (whether included now or in the future) are binding on you. The Manual may consist of written text as well as videos, tutorials, training modules, recordings and/or other means of communication.

11.2. Authorized Goods and Services. You must offer all goods and services we require from time to time in our commercially reasonable discretion. You may not offer any other goods or services without our prior approval. You may not use your Store, or permit your Store to be used, for any purpose other than offering the goods and services we authorize. We may change authorized goods and services at any time and you must comply with our instructions regarding same. Any such change shall not constitute a termination of this Agreement.

11.3. 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.

11.4. **Inventory Management**. At all times, you agree to maintain at your Store a reasonable inventory of all food and beverage products, merchandise and retail items that we require. You must comply with any minimum inventory stocking requirements that we impose through the Manual.

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 through ghost kitchens or ecommerce sites or via catering or delivery service; (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) to prepare menu items for other brands or culinary concepts. If we authorize you to provide catering and/or delivery service, 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.

11.6. **Pricing**. We will provide you with our suggested retail pricing. You may deviate from our suggested pricing at your discretion; *provided, however*, that: (a) you must obtain our approval of any deviation more than 5% higher or lower than our suggested pricing unless such pricing is part of a temporary advertising campaign we approved; and (b) we may set maximum or minimum prices on the goods and services you sell 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.

11.8. **Suppliers and Purchasing.**

(a) Generally. You must purchase, lease or license, as applicable, all goods, services and other items required by the Manual. You must only purchase goods and services that satisfy all standards and specifications we designate. You must comply with all sourcing and supplier restrictions we impose from time to time.

(b) System Suppliers. In accordance with the Manual, you must purchase certain goods and services exclusively from suppliers we designate or approve. The Manual may designate us or our affiliate as a designated or approved supplier. We and our affiliates may generate a profit from these purchases. Our right to specify the suppliers you use is necessary so we can control the uniformity and quality of goods and services used, sold or distributed in connection with the development and operation of Stores, protect our trade secrets, negotiate bulk purchase discounts and protect the reputation and goodwill associated with our System and Marks. You must immediately discontinue purchasing from any supplier we disapprove.

(c) Approval Process. If you wish to purchase alternative goods or services or you wish to purchase from an alternative supplier, you must send us a request for approval that: (i) identifies the proposed supplier and the goods/services to be purchased; (ii) includes all information we require about the goods/services and the supplier (including the supplier's qualifications, reputation, financial strength and production capabilities); and (iii) includes product samples for examination and testing purposes. We may condition our approval on the supplier's agreement to comply with our minimum insurance, indemnification, reporting and confidentiality requirements for system suppliers. We will approve or disapprove your request within 30 days after we receive all required

information and samples. Your request is deemed disapproved if we fail to issue our approval within the 30-day period. You must reimburse all costs we incur to review suppliers or goods/services you propose. We need not consider substitute goods or alternative suppliers for goods that are proprietary or branded with our Marks.

(d) Payment Disputes. You understand that: (i) your failure to timely pay a system supplier may jeopardize the supplier's relationship with us and other franchisees; and (ii) a supplier's termination of its relationship with us or refusal to supply goods or services to our franchisees may cause significant harm to us and our franchisees. Accordingly, you agree to promptly pay all amounts owed to system suppliers except as otherwise permitted by this Section. If you have a bona-fide dispute with a supplier that you believe justifies non-payment or partial payment, you must promptly notify the supplier of the particulars of your Claim and diligently pursue resolution of the Claim or prosecution of appropriate legal action. Any trade debt that remains unpaid more than 30 days after its due date constitutes a material breach of this Agreement unless, before the end of the 30-day period: (i) you and the supplier agree to alternative payment terms; or (ii) you initiate appropriate legal action to contest the trade debt.

(e) Supplier Payments. We may receive rebates, benefits and other consideration from suppliers based on your purchases, leases or licenses. We may retain these payments as compensation and reimbursement for time and expenses we incur to negotiate and manage supplier relationships. We have no obligation to pass them through to you or use them for any particular purpose (except as otherwise agreed to by us and a supplier).

(f) Disclaimer of Liability. Provided that we designate or approve system suppliers in good faith, we have no liability to you for their acts, errors or omissions including, without limitation, defective or tainted goods, delayed delivery or inability to meet demand. With respect to goods purchased from us or our affiliate, you acknowledge that we or our affiliate purchase the goods from third-party manufacturers or suppliers and resell them to you as a convenience. If you have any type of Claim relating to the purchase of goods or services from a system supplier, your sole recourse shall be against the supplier. If we or our affiliate are the supplier, your sole recourse shall be against the manufacturer or supplier from whom we or our affiliate acquired the goods unless both: (i) the Claim arises from our (or our affiliate's) failure to supply the goods in breach of our obligations under this Agreement; and (ii) our (or our affiliate's) failure to supply the goods is not caused by a Force Majeure event. ***We and our affiliates make no warranties or representations and expressly disclaim all warranties and representations, including the implied warranties of merchantability and fitness for a particular purpose, with respect to goods or services you purchase from system suppliers***.

11.9. Equipment Maintenance and Changes. You must maintain your equipment in good condition and promptly repair or replace damaged or obsolete equipment. We may require that you change your equipment. Our right to require these changes is critical to our ability to administer and change the System and you must comply with these changes within the time period we reasonably specify.

11.10. Technology Systems.

(a) Generally. 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; data storage, retrieval and transmission; client information; client loyalty; marketing; communications; copying, printing and scanning; or any other business purpose we deem appropriate. We may require that you 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 & Access. You must use 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 your employees are adequately trained in the use of the Technology Systems. You agree to take all steps necessary to provide us with independent and unlimited access to data collected by or through your Technology Systems, including Gross Sales data for purposes of calculating fees owed. Upon request, including upon termination or expiration of this Agreement, you must provide us with user IDs and passwords for your Technology Systems.

(c) AI Technology. Except as otherwise provided below or in the Manual, you may not use AI Technology without our approval. You do not need our approval to use commercially available off-the-shelf productivity software with embedded AI Technology features (e.g., Microsoft Office with Copilot or Google Workspace with Gemini) for internal business purposes provided that: (i) you only use commercially available standard features and configurations (e.g., no beta, preview, experimental or custom features, third-party plugins, extensions or integrations); (ii) you do not input, upload, submit, expose or otherwise make available to AI Technology any Confidential Information; (iii) you do not authorize, permit or enable training, fine-tuning, grounding or improvement of any AI models, algorithms, products or services based on Confidential Information (if available, you must affirmatively opt out of any such training or improvement features and send us confirmation of same upon request); (iv) you do not use AI Technology (1) for consumer-facing, client-facing or other external communications, content or materials, (2) for marketing analytics, targeting, lead qualifying, profiling or other activities involving clients or third parties, (3) in violation of any Law, (4) in a manner that may cause physical or psychological harm or materially impact the health, safety or fundamental rights of any natural Person or (5) in any other manner prohibited by the Manual; and (v) you maintain commercially reasonable security measures to prevent unauthorized access to or disclosure of any data processed through such AI Technology and immediately notify us of any suspected or actual data breach, security incident or unauthorized use involving AI Technology.

(d) 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 unauthorized Persons. Upon request, you must obtain and maintain cyber insurance and business interruption insurance for technology disruptions. ***We and our affiliates: (i) make no representations or warranties that the Technology Systems will be free from defects or that your use of the Technology Systems will be uninterrupted or error-free; and (ii) have no liability for any indirect, consequential, incidental, special or punitive damages (including damages associated with loss of use, interruption of business, loss of data or loss of profits) arising from or relating to the Technology Systems.***

(e) Third-Party Technology. You understand and agree that we and our affiliates: (i) do not own certain Technology Systems (or components thereof) you must use to operate your Store (i.e., Third-Party Technology); and (ii) have no liability to you for any losses, damages or expenses you incur as result of Third-Party Technology not functioning properly. Accordingly, you hereby: (i) waive any and all Claims against us or our affiliates relating to Third-Party Technology; and (ii) acknowledge your sole recourse for any liabilities, losses, damages or expenses you incur due to improperly functioning Third-Party Technology shall be against the owner or licensor of such Third-Party Technology.

(f) Fees & Costs. You are responsible for all fees, costs and expenses associated with acquiring, licensing, utilizing, updating and upgrading Technology Systems. Certain Technology Systems must be purchased or licensed from third-party suppliers. We and/or our affiliate may develop proprietary Technology Systems (or components thereof) that become part of our System. If this occurs, you agree to: (i) pay us (or our affiliate) commercially reasonable licensing, support and maintenance fees; and (ii) upon request, sign our prescribed form of license agreement governing use of proprietary Technology Systems (or components thereof). We may enter into master agreements with licensors of Third-Party Technology and charge you for amounts we pay them

based on your use of their Third-Party Technology. We may charge you a technology fee, which includes all amounts you pay us and our affiliates relating to Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to suppliers of Third-Party Technology. The technology fee may change based on changes to Technology Systems or prices charged by third parties with whom we enter into master agreements. The technology fee may include a reasonable administrative fee for the time, money and resources we invest to administer the technology platform and associated components, negotiate and manage contracts with third-party licensors, and collect and remit technology fees owed to third-party licensors on behalf of franchisees under master license arrangements. The technology fee does not include amounts you pay directly to third-party suppliers. The technology fee is due 10 days after invoicing or as we otherwise specify. We list the current technology fee in the Manual.

11.11. Remodeling and Maintenance. As a condition to a Transfer or the renewal of your franchise rights, we may require you to remodel, renovate and make all improvements to your Store that we reasonably require to conform to our then-current standards and specifications. The cost of these 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; *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 renovate your Store without our prior approval. We will not approve any remodeling or renovations that conflict with our then-current standards and specifications. You 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 conform to our standards and specifications. Without limiting the generality of the foregoing, you agree to take the following actions at your expense: (a) thorough cleaning, repainting, redecorating of the interior and exterior of the Store's premises at the intervals we prescribe (or at such earlier times that such actions are required or advisable); and (b) interior and exterior repair of the Store's premises as needed. You must comply with any maintenance, cleaning or facility upkeep schedule we prescribe.

11.12. System Programs.

(a) Generally. We may periodically develop and implement loyalty, gift card and other system-wide programs. You must fully participate in all programs we designate as mandatory. In order to participate you must: (i) comply with all policies and procedures we establish for program participation; (ii) purchase or license and utilize all equipment, software, mobile applications, technology and others items we designate as being necessary for program participation and pay all associated fees and costs; and (iii) pay us, our affiliate, or a third party we designate, all program fees, contributions or other amounts we require for program participation (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 the change. We may develop and implement new or successor programs and/or modify or terminate existing programs at any time.

(b) Loyalty Program. You must fully participate and implement all required customer loyalty, rewards and other affinity programs designed to 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 gift card proceeds are divided or otherwise accounted for; (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 proceeds from unredeemed gift cards.

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 or imposed by Law. We may change these minimum days and hours of operation in the Manual. You must establish specific days and hours of operation and submit them to us for approval.

11.14. Standards of Service & Professionalism. You must treat your employees and customers, and our staff, with honesty and respect. You and your staff must provide prompt, courteous, friendly and efficient service to all customers and ensure all interactions with customers are conducted in a professional and ethical manner. If you receive a customer complaint, you must follow the complaint resolution process we specify to protect the goodwill associated with the Marks.

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

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 goodwill associated with the Marks. If we notify you of a breach of our standards or operating procedures (including failure to submit required reports in a timely manner) and you fail to cure within the time period we prescribe, we may (in addition to our other remedies under this Agreement) impose a noncompliance fee of $500 per occurrence. We may impose a separate $500 fee every 48 hours the same noncompliance issue remains uncured after we impose the initial fee. Any noncompliance fees we collect are paid in consideration of us refraining from exercising our contractual right to terminate this Agreement. If you fail to cure a breach before the expiration of the cure period (if any) and we take steps to cure the breach (for example, obtaining required insurance coverage on your behalf or paying amounts you owe to system suppliers), then you must reimburse all costs and expenses we directly or indirectly incur in connection with our efforts to cure the default. Your payment of noncompliance fees and default expense reimbursements does not preclude us from terminating this Agreement in accordance with §20.2 if the default continues after we collect these amounts.

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 consider all suggestions in good faith but are not 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 council member as long as you comply with this Agreement and do not act in a disruptive, abusive or counter-productive manner. As a member, you would be entitled to all voting rights and privileges granted to other council members. Each member would have one vote on all matters on which members are authorized to vote.

13. FEES

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 nonrefundable once this Agreement is signed.

13.2. Royalty Fee. On the day we designate from time to time (the "royalty fee due date") you must pay us a royalty fee equal to 5% of 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. The current royalty fee due date is the the Wednesday immediately following the end of the prior reporting period. We may periodically change the reporting period and/or royalty fee due date through updates to the Manual

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

13.4. **Due Date & Late Fee.** Payments are due 10 days after invoicing unless otherwise specified. If any sum due under this Agreement has not been received by us when due or there are insufficient funds in your Account to cover the sum when due, then in addition to this sum you must pay us $100 plus default interest on the amount past due at a rate equal to the lesser of 18% per annum (pro-rated on a daily basis) or the highest rate permitted by applicable Law. We will not impose a late fee for any amount paid pursuant to §13.5 if, but only to the extent that, sufficient funds were available in your Account to be applied towards the payment when due; *provided, however*, that if we are unable to determine the amount due because of your failure to record sales or submit Gross Sales reports in a timely manner, we may assess a late fee on the entire amount that was due. This §13.4 does not constitute our agreement to accept late payments or extend credit to you. Fees are nonrefundable unless otherwise noted.

13.5. **Method of Payment.** No later than 15 days after the Effective Date, you must send us a completed and executed ACH Agreement authorizing us to electronically debit your designated Account for all amounts owed to us and our affiliates on the applicable due date, excluding any amounts due within 15 days after the Effective Date. You must sign all other documents required by us or your bank to enable us to debit your Account for amounts owed. You must deposit all Gross Sales into the Account and ensure sufficient funds are available for withdrawal before each payment due date. If there are insufficient funds in your Account, any excess amounts you owe will be payable upon demand, together with any late fee imposed pursuant to §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. **CPI Adjustments.** We may periodically adjust all fees (including minimum fees) expressed as a fixed dollar amount based on changes to the U.S. Consumer Price Index (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 adjustment); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments) ("Baseline CPI"). The adjusted fee is calculated by multiplying the current fee by the sum of one (1) plus a fraction: (a) the numerator of which is 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 it 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 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(f) 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. BRAND PROTECTION COVENANTS.

14.1. **Reason for Covenants**. The Intellectual Property, training and assistance we provide would not be acquired except through implementation of this Agreement. You agree that competition by you, the Owners or Persons associated with you or the Owners (including family members) could seriously jeopardize our franchise system because you and the Owners receive an advantage through knowledge of our day-to-day operations and Know-how. You and the Owners agree to comply with the covenants in §14 to protect the Intellectual Property and our franchise system.

14.2. **Intellectual Property and Confidential Information**. You and the Owners agree to: (a) refrain from using any Intellectual Property or Confidential Information in any business or for any purpose other than the operation of your Store pursuant to this Agreement; (b) maintain the confidentiality of our Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) stop using the Intellectual Property and Confidential Information immediately upon the expiration, termination or Transfer of this Agreement (any Owner who ceases to be an Owner before the expiration, termination or Transfer of this Agreement must stop using the Intellectual Property and Confidential Information immediately at the time he or she ceases to be an Owner).

14.3. **Unfair Competition**. You and the Owners may not engage in any Prohibited Activities during the Term or Post-Term Restricted Period. Notwithstanding the foregoing, you and the Owners may have an interest in a Competing Business during the Post-Term Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you or an Owner engage in a Prohibited Activity during the Post-Term Restricted Period (other than having an interest in a Competing Business permitted 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. For purposes of clarity, you and the Owners remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Post-Term Restricted Period under this Agreement, and the expiration of the Post-Term Restricted Period under this Agreement does not in any way diminish your or the Owners' obligation to comply with such covenants.

14.4. **Family Members**. Because (a) an Owner could circumvent the intent of §14 by disclosing Confidential Information to an immediate family member (i.e., spouse, parent, sibling, child or grandchild) and (b) it would be difficult for us to prove whether the Owner disclosed Confidential Information to the family member, each Owner agrees that he or she will be presumed to have violated the terms of §14 if any member of his or her immediate family engages in any Prohibited Activity during the Term or Post-Term Restricted Period or uses or discloses Confidential Information. However, the Owner may rebut this presumption with evidence conclusively showing he or she did not disclose Confidential Information to the family member.

14.5. **Employees.** All employees, officers, directors, independent contractors and other Persons associated with you or your Store must sign and send us a Confidentiality Agreement before accessing our Confidential Information. You must: (a) use best efforts to ensure these individuals comply with the Confidentiality Agreements; (b) immediately notify us of any breach that comes to your attention; and (c) reimburse all expenses we incur to enforce a Confidentiality Agreement, including attorneys' fees and court costs..

14.6. **Covenants Reasonable.** You and the Owners agree that: (a) the covenants in §14 are reasonable both in duration and geographic scope; (b) our use and enforcement of similar covenants with other franchisees benefits you and the Owners by preventing them from unfairly competing with your Store; and (c) you and the Owners have sufficient resources, business experience and opportunities to earn an adequate living while complying with the covenants in §14.

14.7. **Breach of Covenants**. You and the Owners agree that: (a) any breach of §14 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at Law; and (b) we are entitled to injunctive relief if you or an Owner breach §14, together with any other relief available at equity or Law. We will notify you if we intend to seek injunctive relief but we need not post a bond. If a court requires us to post a bond despite our agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is 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.

15. YOUR OTHER RESPONSIBILITIES

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

(a) "all risk" property insurance, including coverage for fire, vandalism and malicious mischief, with minimum coverage for full replacement cost, covering all assets including inventory, furniture, fixtures, equipment and other property used to operate the Store;

(b) 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;

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

(d) 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;

(e) worker's compensation and disability insurance as required by Law;

(f) any insurance required under your lease or by Law; and

(g) any other insurance we specify in the Manual from time to time.

These policies reflect our minimum requirements and may not be adequate to fully protect your interests. You may wish to procure additional coverage. You must provide us with proof of coverage: (a) prior to opening; (b) within 10 days after a policy renewal; and (c) any other time on demand. You must obtain these policies from licensed insurance carriers rated A or better by AM Best. Each policy must satisfy all requirements in the Manual and be endorsed to: (a) name us and our owners, officers and directors as additional insureds; (b) waive all subrogation rights against us; and (c) provide us with at least 10 days' prior written notice of the termination, expiration, cancellation or modification of the policy. We may disapprove any policy that fails to meet these criteria, and you must immediately secure a new policy meeting our criteria. Upon 10 days' notice, we may increase the minimum liability coverage amount of any policy and/or require different or additional types of insurance due to inflation, special risks, changes in Law or standards of liability, higher damage awards or other relevant changes in circumstances. If you fail to maintain a required policy we may, at our option, obtain the policy on your behalf. If we do so, you must promptly sign any application or other form required to obtain the policy and reimburse all premiums and other costs we incur.

15.2. Books and Records. You 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.

15.3. Reports.

(a) Generally. You must prepare all reports we require in the form and manner we specify. You must send us copies of required reports upon request. We may 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 fee due date, you must prepare and send us a statement of your Gross Sales for the prior 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 on

previously reported Gross Sales.

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 (as of the end of the calendar year) and profit and loss 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; (c) submitted in any format we reasonably require (including using any software that we designate); and (d) reviewed by an independent certified public accounting. We may require that your financial statements be audited by a certified public accountant if you submit materially inaccurate financial statements on a prior occasion. You must send us a copy of any financial statement required by this Section upon request. You hereby authorize us to disclose Operational Data to prospective franchisees, Governmental Authorities and other Persons for any reasonable business purpose, provided the disclosure is not prohibited by applicable Law.

15.5. Legal Compliance. You must secure and maintain all required licenses, permits and regulatory approvals and operate your Store in compliance with all applicable Laws.

15.6. Reportable Events. You must notify us within two (2) business days after you become aware of any of the following (each, a "Reportable Event"): (a) the occurrence of an incident at your Store involving significant personal injury or illness; (b) the issuance of a citation or notice of violation by a Governmental Authority (or the commencement of an inquiry you believe is reasonably likely to lead to a citation or notice of violation) relating to a health or safety matter involving your Store; (c) the commencement (or written threat) of an action, suit or proceeding against you, your Owners and/or your Store that is reasonably likely to materially and adversely affect you, your Store or the goodwill associated with the Marks; (d) a cancellation, termination or non-renewal of a license or permit required to lawfully operate the Store; (e) the conviction or indictment of any Owner for a felony or other crime reasonably likely to materially and adversely affect you, your Store or the goodwill associated with the Marks; or (f) receipt of a default notice from your landlord.

15.7. Ownership & Protection of Business Data.

(a) Ownership & Use. We exclusively own all Business Data, whether collected by you, us or another Person. We license you the right to use the Business Data solely for purposes of operating your Store in compliance with this Agreement.

(b) Protection. You must protect Customer Data with a level of control proportionate to the sensitivity of data. You must comply with all applicable privacy Laws, data protection Laws and our data processing and data privacy policies in the Manual (if any). Upon request, you must sign any data processing or data privacy agreement required by Law (or required by us). You may not enter Business Data into public/open AI models or any other AI model that uses such information to train the AI without our prior approval.

(c) PCI-DSS. You agree to: (i) adhere to all applicable compliance standards established by PCI-DSS; (ii) establish appropriate administrative, technical and physical controls consistent with Law and PCI-DSS to preserve the security and confidentiality of all credit card information (in any form) you store, process, transmit or access; (iii) promptly notify us of any suspected or actual security breach or potential compromise of credit card information; (iv) send us updates regarding the status of PCI-DSS via completed PCI AOC (Attestation of Compliance), PCI-DSS SAQ (Self-Assessment Questionnaire) or other mutually-agreed method; and (v) promptly notify us of any PCI-DSS noncompliance to discuss your remediation efforts and timeline.

(d) Data Breach. In the event of a data breach, we reserve the right to exclusively control the response, but we have no liability to you for any damages arising from the data breach. You must cooperate with us and follow our instructions relating to the data breach.

16. INSPECTION AND AUDIT

16.1. **Inspections.** For quality control purposes and to ensure compliance with this Agreement, we (or our representative) may enter your Store, evaluate your operations, inspect your books, records, accounts and tax returns, and take pictures and/or video of your Store, staff and Business operations. We will determine the scope of the inspection, which may include, among other things:

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

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

(c) auditing your use of AI Technology and related data handling practices;

(d) inspecting and testing your equipment;

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

(f) removing samples of inventory for testing purposes;

(g) monitoring and speaking with your staff; and

(h) 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.

16.2. **Audit.** We may audit your books and records at any time. You must fully cooperate with us and any Person we hire to conduct the audit. If an audit reveals an understatement of Gross Sales, you must immediately pay us all additional fees you owe together with any late fee imposed pursuant to §13.4. You must reimburse us for the cost of any audit (including reasonable accounting and attorneys' fees and Travel Expenses incurred by us or the auditor) that: (a) is required due to your failure to provide information we request, preserve records or file reports as required by this Agreement; or (b) reveals an understatement of Gross Sales by at least 2%. We bear the cost of all other audits. Your reimbursement of our audit costs does not preclude us from terminating this Agreement.

17. INTELLECTUAL PROPERTY

17.1. **Ownership and Use**. You acknowledge that: (a) we are (or our affiliate is) the exclusive owner of the Intellectual Property and the associated goodwill; and (b) your right to use the Intellectual Property is derived solely from this Agreement and is limited to a license to operate your Store during the Term pursuant to, and only in compliance with, this Agreement and the Manual. You may not use 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 must comply with all provisions in the Manual governing use of the Intellectual Property. You will not acquire any goodwill, title or interest in or to the Intellectual Property.

17.2. **Intellectual Property Changes**. We may change the Intellectual Property at any time in our sole discretion, including the Copyrighted Materials, Know-how, Marks and/or System. You must, at your expense, implement all Intellectual Property changes we require in accordance with our instructions. We are not liable for any expenses, losses or damages you incur (including loss of goodwill associated with a Mark) due to a change to the Intellectual Property.

17.3. **Use of Marks**. You agree to: (a) use the Marks as the sole identification of your Store; *provided, however*, that you must identify yourself as the independent owner of your Store in the manner we prescribe; (b) prominently display the Marks in the manner we prescribe on or in connection with any advertising, promotional materials, displays, receipts, stationery and forms we designate to give notice of trademark and service mark registrations and copyrights; and (c) obtain any fictitious or assumed name registrations required by applicable 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 a contract, lease, check or other agreement or in any other manner that may cause confusion or imply we are liable for your obligations; (c) register or attempt to register a Mark, or a trademark confusingly similar to a Mark, with a Governmental Authority; or (d) challenge or contest the validity or ownership of our Marks.

17.4. **Use of Know-how**. We disclose our proprietary Know-how to you during training programs, in the Manual and through other guidance furnished during the Term. You do not acquire any interest in the Know-how other than the right to utilize it, during the Term, solely for purposes of developing and operating your Store in compliance with this Agreement and the Manual.

17.5. **Improvements**. If you (or your Owner or employee) conceive of or develop an Improvement, you must send us a notice describing the Improvement. You must obtain our approval prior to using the Improvement. Any Improvement we approve may be used by us and any Person we authorize to operate a Store, without any obligation to pay royalties or other fees to you or any other Person. You or your Owner or employee, as applicable, must assign ownership of the Improvement to us or our designee, without charge, together with all associated intellectual property rights, including the right to grant sublicenses. If applicable Law precludes you from assigning ownership to us, then you must grant us a perpetual royalty-free license to use, commercialize and sublicense the Improvement in any manner we deem appropriate.

17.6. **IP Disputes**. You must immediately notify us of any IP Dispute. You may not communicate with any Person other than us and our counsel in connection with the IP Dispute. We have sole discretion in deciding what action, if any, to take in response to an IP Dispute. We exclusively control all litigation and other proceedings relating to IP Disputes. You must execute all documents, render all assistance, and perform all acts that our counsel deems necessary or advisable to protect or maintain our interest in the proceeding and/or protect the Intellectual Property.

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

(a) the marketing, use or operation of your Store;

(b) the breach of a Definitive Agreement committed by you or your Owner or affiliate;

(c) the breach of an agreement with a third party committed by you or your Owner or affiliate;

(d) any representations made by you or your Owner to a transferee in connection with a Transfer;

(e) any Claim relating to taxes or penalties a Governmental Authority assesses against us as a direct result of your failure to pay or perform functions required of you under this Agreement;

(f) 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 (this provision does not apply to disclosure of truthful information to Governmental Authorities);

(g) any labor, employment or similar type of Claim pertaining to your employees (including Claims alleging 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

(h) any actions, investigations, rulings or proceedings conducted by any Governmental Authority (including the United States Department of Labor, Equal Employment Opportunity Commission or National Labor Relations Board) relating to your employees.

You must immediately notify us of a Claim or proceeding described above. The Indemnified Parties have the right, in their sole discretion, to: (a) retain counsel of their choosing to represent them; (b) control the response thereto and defense thereof; and (c) settle the Claim. You may participate in the defense at your expense. You must cooperate with the Indemnified Parties and reimburse all Losses they incur to defend the Claim including mediation, arbitration or court expenses, expert fees and Travel Expenses incurred by attorneys or expert witnesses to attend proceedings or hearings relating to the matter. Your indemnification obligations survive and remain in effect after the Transfer, termination or expiration of this Agreement.

19. TRANSFERS

19.1. **By Us**. We have the unrestricted right to assign this Agreement to any Person without prior notice to you; *provided, however*, that we will remain liable for obligations we incur prior to the assignment date. We may also delegate any of our obligations under this Agreement.

19.2. **By You**. The rights created by this Agreement are personal to you and the Owners. We are granting you franchise rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior approval. Any Transfer (other than a Permitted Transfer) without our approval is void and constitutes a breach of this Agreement. 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. We will not unreasonably withhold our approval of a proposed Transfer if all of the following conditions are satisfied:

(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to own and operate a Store and meets our minimum criteria for franchisees;

(b) you and your affiliates and Owners are in full compliance with all Definitive Agreements;

(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us a $2,000 initial training fee;

(d) you 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);

(e) 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;

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

(g) the transferee: (i) agrees to discharge and guarantee your obligations under this Agreement and other Business contracts; and (ii) signs any agreement we require to confirm the foregoing;

(h) the transferee and its owners sign our then-current form of franchise agreement (unless we instruct you to assign this Agreement to the transferee) except that: (i) the Term and renewal term(s) shall be the Term and renewal term(s) remaining under this Agreement; and (ii) the transferee need not pay a separate initial franchise fee;

(i) the transferee agrees to remodel the Store and upgrade all furniture, fixtures and equipment to conform to our then-current standards and specifications, subject to the cap on remodeling expenses set forth in §11.11 (these changes must be completed within 12 months after the Transfer or such shorter period of time we specify);

(j) if the transferee is found by a broker we engage, you must reimburse us for all commissions we pay the broker, which amount shall be in addition to the transfer fee;

(k) you and your Owners sign a General Release;

(l) you 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);

(m) we choose not to exercise our right of first refusal described in §19.5; and

(n) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to approval of the Transfer.

Our consent to a Transfer shall not constitute a waiver of any Claims we have against the transferor or

our right to demand the transferee comply with all terms of the franchise agreement.

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 notice; and (b) upon our request, cause the former Franchisee Entity 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 (if the Permitted Transfer results in a new Franchisee Entity). You and the Owners (and transferee) must sign all documents we reasonably request to effectuate and document the Permitted Transfer.

19.4. **Owner Death or Disability.** Within one (1) year after an Owner's death or permanent disability, the Owner's Equity Interest in the Business or Franchisee Entity must be Transferred to another Person in compliance with §19.2 or §19.3. An Owner is deemed to have a "permanent disability" only if he/she has a medical or mental problem preventing him/her from substantially complying with his/her obligations under this Agreement or operating the Business in the manner required by this Agreement and the Manual for a continuous period of at least three (3) months.

19.5. **Our Right of First Refusal.** If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receiving the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, 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, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, 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 the terms of the offer, subject to the requirements of §19.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

20. TERMINATION

20.1. **By You**. You may terminate this Agreement if we commit a material breach and fail to cure within 90 days after receipt of a default notice specifying the nature of the breach. If you terminate pursuant to §20.1, you must still comply with your post-term obligations described in §21 and all other obligations that survive the termination of this Agreement.

20.2. **By Us**. We may terminate this Agreement, effective upon delivery of a notice of termination, 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:

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

(b) 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 Law, or you are the subject of an involuntary bankruptcy (which may or may not be enforceable under the Bankruptcy Act of 1978);

(c) if your Store, or substantially all of its assets, are seized by a government official or taken over or foreclosed upon by a creditor, lienholder or lessor;

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

(e) 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;

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

(g) if you fail to identify an approved site or open your Store before the associated deadlines set forth

in §7.1 or §7.4, respectively;

(h) if you abandon or fail to operate your Store for three (3) consecutive business days, unless the failure is due to Force Majeure (in which case §24.6 governs) or another reason we approve;

(i) if a Governmental Authority suspends or revokes a license or permit required to lawfully operate the Store unless the suspension/revocation is overturned within 20 days thereafter;

(j) if you operate the Store in a manner that presents a health or safety hazard to your customers, employees or the public and fail to cure within 24 hours after notice from us;

(k) if you underreport Gross Sales by at least 2% on two (2) or more occasions;

(l) if you fail to pay any amount owed to us, our affiliate or an approved or designated supplier within 10 days after demand for payment (subject to your right to dispute, in good faith, amounts owed to third-party suppliers in accordance with §11.8(d));

(m) if you fail to timely notify us of a Reportable Event in accordance with §15.6;

(n) if you (or an Owner) (i) are subject to a material administrative disciplinary action or (ii) plead no contest to, or are convicted of, a felony or other material crime;

(o) if you (or an Owner) fail to comply with a material Law applicable to your Store;

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

(q) if you (or an Owner) make a material misrepresentation to us at any time;

(r) if you (or an Owner) make an unauthorized Transfer;

(s) if you (or an Owner) use the Intellectual Property in an unauthorized manner;

(t) if you (or an Owner) breach a brand protection covenant in §14; or representation in §23.3;

(u) if an Owner (or their spouse) breaches a Franchise Owner Agreement;

(v) if we send you three (3) or more default notices within a 12-month period (even if cured);

(w) if we (or our affiliate) terminate any Definitive Agreement, other than an area development agreement, due to a default committed by you (or your affiliate or an Owner); or

(x) if you (or an Owner) breach any other provision of this Agreement, including any mandatory provision in the Manual, and fail to cure within 30 days after receipt of a default notice.

If we send you a default notice we may cease to perform our obligations under this Agreement until you cure the breach, unless our failure to perform would materially impair your ability to cure.

20.3. <u>By Mutual Agreement</u>. You and we may mutually agree in writing to terminate this Agreement, in which case you and we are deemed to have waived any required notice period.

21. POST-TERM OBLIGATIONS.

21.1. <u>Obligations of You and the Owners</u>. After the termination, expiration or Transfer of this Agreement, you and the Owners agree to:

(a) immediately cease use of the Intellectual Property;

(b) comply with all post-term covenants described in §14 or a Franchise Owner Agreement;

(c) cancel all fictitious or assumed name registrations relating to your use of the Marks;

(d) pay us all amounts you owe;

(e) comply with our data retention policies relating to Business Data;

(f) comply with our instructions to return, destroy or transfer all copies of the Manual and Copyrighted Materials and all signs, menus, recipes, brochures, advertising and promotional

materials, forms and other materials bearing the Marks or containing Confidential Information;

(g) alter the interior and exterior of the premises to the extent necessary, or to the extent we require, to prevent any further resemblance to or connection with a Store or our System, including repainting the exterior and interior with new colors and removing trade dress, fixtures, signage, window decals and décor items associated with a Store;

(h) notify all telephone, listing and domain name registration companies of the termination or expiration of your right to use: (i) any telephone numbers and/or domain names associated with your Store; and (ii) any regular, classified or other telephone directory listings associated with the Marks (you hereby authorize the 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 these companies to transfer the telephone numbers, domain names and listings to us if you fail or refuse to do so); and

(i) 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.

Subsections (f), (g) and (h) above shall not apply if you Transfer your Store to an approved transferee or we exercise our right to purchase your Store. If an Owner transfers his or her entire Equity Interest in the Business or Franchisee Entity but you continue to operate the Store pursuant to this Agreement, then this Section shall not apply to you (or to any remaining Owner) and the former Owner shall be subject only to the obligations set forth in subsections (a) and (b).

21.2. Purchase Option.

(a) Generally. Upon termination or expiration of this Agreement we have the option to purchase your Store and/or its assets. If we choose to exercise our purchase option, we will notify you of the assets we wish to purchase (the "Acquired Assets") within 20 days after the termination or expiration date. If we exercise our purchase option we may require that: (i) you assign your lease to us at no additional charge (if you lease the premises); or (ii) you or your affiliate enter into a lease with us upon standard and commercially reasonable leasing terms, including rent at fair rental value, for a term of 10 years or such shorter term that we specify (if you or your affiliate own the real estate). The purchase price for the Acquired Assets will be: (i) the purchase price established by the parties (if mutually agreed upon); or (ii) the Appraised Value established in accordance with §21.2(b) below. We may, at our option, assign our purchase option to a designee of our choosing.

(b) Appraisal Process. 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 demand, each party shall appoint one (1) appraiser and notify the other party of the appointed appraiser's name and contact information; and (ii) no later than 30 days after the demand, 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 is 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 is the Appraised Value established by the appraiser. If three (3) appraisers are appointed, the purchase price is: (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 agree upon the Appraised Value. Each party shall promptly pay 50% of the cost of the appraisal.

(c) Closing. To memorialize the acquisition, the parties will sign a form of Asset Purchase Agreement we reasonably prescribe that includes customary representations and warranties regarding title to and the condition of the Acquired Assets. At closing you must transfer good and clean title to the Acquired Assets, subject to any exceptions in the Asset Purchase Agreement, and we must pay you the purchase price. We may deduct from the purchase price: (i) amounts you owe us or our affiliates under Definitive Agreements including, if applicable, any damages owed as a result of your breach; and (ii) the amount of any liabilities we assume on your behalf, including future rent and pre-paid liabilities (e.g., gift cards). We have 60 days after the purchase price is established to close the transaction.

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, either party may submit the Dispute to mediation before a mutually-agreeable mediator prior to arbitration. All negotiations and mediation proceedings (including discovery, statements and settlement offers): (a) are strictly confidential; (b) constitute "settlement negotiations" for purposes of federal and state rules of evidence; and (c) may not be admitted or used for any purpose in any court or arbitration proceeding (except evidence that would otherwise be discoverable or admissible shall not be excluded from discovery or made inadmissible simply because of its use in mediation). The mediator may not be called as a witness for any purpose in any court or arbitration proceeding. Any Dispute involving Claims alleging a breach of §14, §17 and/or §21 (referred to as "Excluded Claims") is not subject to mandatory negotiation or mediation unless both parties agree otherwise.

22.2. Arbitration. If a Dispute is not resolved by mediation within 60 days after a party makes a demand for mediation, then either party may submit the Dispute to mandatory and binding arbitration conducted pursuant to the Commercial Arbitration Rules of the American Arbitration Association. 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. Any Dispute involving an Excluded Claim is not subject to mandatory arbitration unless both parties agree otherwise.

22.3. Litigation. If a Dispute involves an Excluded Claim, then either party may file a lawsuit in any state or federal court of general jurisdiction in accordance the choice of venue provision below. The parties hereby express their clear and unequivocal intent that a court, rather than a mediator or arbitrator, has exclusive jurisdiction to decide the threshold issue of whether a Dispute involves an Excluded Claim (i.e., whether any Claim alleges a breach of §14, §17 and/or §21).

22.4. Venue. 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). The parties irrevocably waive any objection to such venue and consent to the jurisdiction of such courts.

22.5. Attorney's Fees and Costs. If a Dispute is resolved through an arbitration or judicial proceeding, the substantially prevailing party is entitled to reimbursement of its costs and expenses, including reasonable accounting and legal fees and arbitration or court costs. In addition, if you or an Owner breach any term of a Definitive Agreement, you must reimburse us for all reasonable legal fees and other expenses we incur as a result of the breach, regardless of whether the breach is cured prior to commencement of formal dispute resolution proceedings.

22.6. Waivers. ***Unless prohibited by applicable Law, any Claim (other than for payment of monies owed or an Excluded Claim) must be brought by filing a written demand for mediation (or if permitted, litigation) within one (1) year following the conduct, act, event or occurrence giving rise to the Claim, or the right to a remedy will be deemed forever waived and barred. We and you irrevocably waive: (a) trial by jury; and (b) the right to arbitrate or litigate a Dispute on a class action basis***.

23. REPRESENTATIONS.

23.1. **Corporate**. 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 agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a 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 perform its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Franchisee Entity in accordance with its terms.

23.2. **General**. 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.

23.3. **Anti-Terrorism**. 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 an Equity Interest in the Business or Franchisee Entity) 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, alias, pseudonym, nickname or address on any Terrorist List, including 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 U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

24. GENERAL PROVISIONS

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 are governed by the Laws of California without reference to its principles of conflicts of law, but any California Law 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. If your Store is located outside of California, the public policies of the state in which your Store is located shall govern the enforceability of noncompetition covenants notwithstanding the California choice of law provision set forth above.

24.2. **Relationship of Parties.** Nothing in this Agreement creates a fiduciary relationship between the parties or is intended to make either party an agent, legal representative, partner or employee of the other party. Throughout the Term you must, in all dealings with third parties, conspicuously identify yourself as a franchisee and the independent owner of your Store. We may require that you display a written notice of independent ownership, in the form we prescribe, at any location within your Store we specify. You must also include a written indication of independent ownership on all agreements, forms, letterhead, advertising materials, business cards and other materials that we specify. Neither party 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. Neither party is obligated by any agreement or representation made by the other party unless expressly authorized by this Agreement.

24.3. **Severability**. Each section of this Agreement (and portion thereof) is severable. If applicable Law imposes mandatory terms that conflict with this Agreement, the terms required by such Law shall govern to the extent of the inconsistency. If a court or arbitrator concludes any promise or covenant in this Agreement is unreasonable or unenforceable, we or the court or arbitrator may modify such promise or covenant to the minimum extent necessary to make it enforceable.

24.4. **Waivers.** Each party may waive any obligation imposed on the other party in writing. Neither party is deemed to have waived or impaired any of its rights under this Agreement, including the right to require strict compliance with all terms of this Agreement or terminate this Agreement if the other party fails 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 a party to exercise any right under this Agreement or require the other party to strictly comply with any term of this Agreement; (c) our waiver, failure or refusal to exercise any of our rights with respect to other franchisees; or (d) our acceptance of payment from you after your breach.

24.5. **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.

24.6. **Force Majeure.** Neither party is liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; *provided, however*, that Force Majeure will not excuse or permit any failure to perform for more than 180 days. If the period of 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 by giving notice of termination to the other party.

24.7. **Binding Effect.** This Agreement is binding on the parties hereto and their respective executors, administrators, heirs, assigns and successors in interest. Nothing in this Agreement is intended or deemed to confer any rights or remedies upon any Person not a party to this Agreement; *provided, however*, that the additional insureds listed in §15.1 and the Indemnified Parties are intended third-party beneficiaries under this Agreement with respect to §15.1 and §18, respectively.

24.8. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT, EXCEPT AS PERMITTED BY §11.1 AND §24.3, BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. In addition, our issuance of a Site Approval Notice is deemed to amend this Agreement to identify the approved site and Territory for your Store, regardless of whether you countersign the Site Approval Notice. No email or informal electronic communication will modify this Agreement unless it is signed by both parties and expressly states it is intended to modify this Agreement. The attachments are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date, constitute the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties 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.

24.9. **Good Faith Covenant**. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant may not imply any right or obligation inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us discretion to make decisions, take actions or refrain from taking actions not inconsistent with our

explicit rights and obligations under this Agreement that may favorably or adversely affect your interests. We will use our judgment to exercise this discretion based on our assessment of our own interests and balancing our interests against the interests of our franchisees, but without considering the individual interests of you or any other franchisee.

24.10. Rights 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 Law.

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 Equity Interest in the Business or Franchisee Entity remain in effect subsequent to and notwithstanding its termination, expiration or Transfer until they are satisfied in full or by their nature expire, including §13, §14, §16, §18, §21, §22 and §24.

24.12. Construction. Headings are for convenience only and do not affect the meaning of the Section. 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. All references to "including" shall be construed as references to "including, but not limited to".

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

24.14. Notices. All notices and notifications given under this Agreement must be in writing and must be delivered by: (a) hand delivery; (b) registered or certified air mail, postage prepaid, return receipt requested; (c) special delivery service (*e.g.*, Federal Express, DHL, UPS, *etc.*); or (d) email, in each case to the following addresses (which may be changed upon 10 business days' prior 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 is deemed given on the earliest to occur of: (i) the date delivered by hand; (ii) the third (3rd) business day after placed in the mail or provided to special delivery services in accordance with clause (b) or (c) above; or (iii) the first (1st) calendar day after sent by email.

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.

* * *

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

FRANCHISOR:

Boba Time, Inc., a California corporation

By:_____
Name:_____
Title:_____

YOU (If you are an Entity):

_____,
a(n)_____

By:_____
Name:_____
Title:_____

YOU (If you are not an Entity):

_____
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 Entity, each Person holding a direct or indirect Equity Interest in the Franchisee Entity, and spouse of each such 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 Person holding a direct or indirect Equity Interest in the Business or Franchisee Entity, as applicable, along with a description of their Equity Interest.

Owner's Name	% Equity 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 your Store.

Approved Address: [_____]

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

D. <u>Territory</u>.

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 in a Captive Venue and your Territory is limited to the premises of your Store.

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

_____ Your Store is located neither in 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 §3.2 that will identify the geographic area that comprises your Territory.*

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 proposed for your Store and our designation of the boundaries of your "Territory".

Approved Address:

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

_____
_____
_____

Territory:

Pursuant to §3.2 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 in an urban area and your Territory consists of the geographic area within a ¼-mile radius from your Store.

_____ Your Store is not located within a Captive Venue 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 the 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 proposed is in no way a representation by us that your site will be successful. Rather, our acceptance merely indicates 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 on you effective as of the effective date listed in the first paragraph in this Notice.

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

ATTACHMENT "C"

TO FRANCHISE AGREEMENT

LEASE ADDENDUM

[See Attached]

LEASE ADDENDUM

This Lease Addendum (this "Agreement") is executed as of _____, 202__ by and among Boba Time, Inc., a California corporation ("Franchisor"), [_____], a(n) [_____], with principal offices located at [_____] ("Landlord"), and [_____], a(n) [_____], with principal offices located at [_____] ("Tenant").

Background

A. On [_____], 202[__], Franchisor and Tenant executed a IT'S BOBA TIME® Franchise Agreement (the "Franchise Agreement"), pursuant to which Franchisor granted Tenant the right and obligation to develop, open and operate a IT'S BOBA TIME® Store at the premises described in Exhibit "A" (the "Premises").

B. Concurrently with the execution of this Agreement, Landlord and Tenant are executing a lease agreement (the "Lease"), pursuant to which Landlord will lease the Premises to Tenant.

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

Agreement

1. Default Notices. Landlord agrees to provide Franchisor with copies of all written default notices sent to Tenant at the same time such notices are sent to Tenant. Landlord agrees to send such copies to Franchisor by email and registered mail as set forth below (Franchisor may 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 Tenant defaults under the Lease, Franchisor has the right (but not the duty) to cure such default within 15 days following the expiration of any applicable cure period. In such event, Franchisor may immediately commence occupancy of the Premises as the tenant under the Lease without obtaining Landlord's or Tenant's consent. Franchisor may thereafter assign the Lease to another IT'S BOBA TIME® franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. 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 termination of the Franchise Agreement, and without Landlord's prior consent, Tenant may assign the Lease to Franchisor. In such event, Franchisor may thereafter assign the Lease to another IT'S BOBA TIME® franchisee or to an entity owned and/or controlled by Franchisor. If it does, Franchisor must first obtain Landlord's written approval of the assignee. Landlord, however, must neither unreasonably withhold nor delay its approval thereof. 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. Landlord hereby grants Franchisor the first right of refusal to lease the Premises as the new tenant upon the expiration or termination of the Lease. Franchisor shall have a period of 30 days after the expiration or termination of the Lease to decide whether to exercise its right of first refusal.

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

6. Acknowledgement of Rights. Landlord acknowledges 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 to protect its franchise system or trademarks; and (b) remove any trade fixtures, interior or exterior signs and other items bearing Franchisor's trademarks or service marks upon the expiration or termination of the Franchise Agreement.

7. Modification of Lease. Landlord and Tenant 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) 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:

_____, (a)n _____
_____

By:_____
Name:_____
Date:_____

TENANT:

_____, (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"). Each signatory to this Agreement is referred to as "you".

1. DEFINITIONS. Capitalized terms not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Franchise Agreement:

"*Development Agreement*" means, if applicable, the Area Development Agreement pursuant to which the Franchise Agreement was executed.

"*Franchise Agreement*" means the IT'S BOBA TIME® Franchise Agreement executed by Franchisee with an effective date of _____, 202__.

"*Franchisee*" means _____. For purposes of this Agreement, the term "Franchisee" includes both: (a) [_____], as Franchisee under the Franchise Agreement; and (b) the Person who signed the Development Agreement (if applicable), as Developer, if such Person is different than Franchisee.

"*Restricted Period*" means the two-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity; *provided however*, that if a court of competent jurisdiction determines the two-year period is too long to be enforceable then Restricted Period means the one-year period after the earliest to occur of: (a) the termination or expiration of the Franchise Agreement; (b) the date Franchisee assigns the Franchise Agreement to another Person with respect to whom neither you nor your spouse own an Equity Interest; or (c) the date neither you nor your spouse own an Equity Interest in the Business or Franchisee Entity.

2. BACKGROUND. In your capacity as an Owner (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 you could seriously jeopardize our 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. 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.

(a) Intellectual Property and Confidential Information. You agree to: (i) refrain from using the Intellectual Property or Confidential Information in any capacity or for any purpose other than the operation of Franchisee's Store in compliance with the Franchise Agreement and Manual; (ii) maintain the confidentiality of the Confidential Information at all times; (iii) refrain from making unauthorized copies of documents containing Confidential Information; (iv) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (v) immediately stop using the Intellectual Property and Confidential Information at such time that you are (or your spouse is) no longer an Owner. 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 to us, then you agree to perpetually license the Improvement to us, free of charge, with full rights to use, commercialize and sublicense the same.

(b) Unfair Competition. You may not engage in any Prohibited Activities at any time: (i) that you are (or your spouse is) an Owner; or (ii) during the Restricted Period. Notwithstanding the foregoing, you may have an interest in a Competing Business during the Restricted Period as long as the Competing Business is not located within the Restricted Territory. If you engage in any Prohibited Activity during the Restricted Period (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 engaged in the Prohibited

Activity. Any such extension of time will not constitute a waiver of your breach or impair any of our rights or remedies relating to your breach. For purposes of clarity, you remain bound by any non-competition covenants in other Definitive Agreements that remain in effect for a period of time that extends beyond the expiration of the Restricted Period under this Agreement, and the expiration of the Restricted Period under this Agreement does not in any way diminish your obligation to comply with such other covenants.

(c) Family Members. You could circumvent the purpose of §3 by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member: (i) engages in a Prohibited Activity at any time you are prohibited from doing so; or (ii) uses or discloses Confidential Information. However, you may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

(d) Covenants Reasonable. You agree that: (i) the covenants in §3 are reasonable in duration and geographic scope; and (ii) you have sufficient resources, business experience and opportunities to earn an adequate living while complying with these covenants. Although you and we believe the covenants in §3 are reasonable we may, upon written notice to you, unilaterally modify the brand protection covenants in §3 of this Agreement by limiting the scope of the Prohibited Activities, narrowing the definition of a Competing 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 §3 of this Agreement to ensure the covenants are enforceable under applicable Law.

(e) Breach. You agree that: (i) any failure to comply with §3 is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (ii) we are entitled to injunctive relief 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 but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is 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**. We must approve all Persons who own an Equity Interest in the Business or Franchisee Entity. If you are an Owner, you agree that you will not Transfer an Equity Interest in the Business or Franchisee Entity except in accordance with §19 of the Franchise Agreement.

5. **FINANCIAL SECURITY**. In order to secure Franchisee's financial obligations under the Franchise Agreement and all other Definitive Agreements (collectively, the "Secured Agreements") you hereby personally and unconditionally: (a) guarantee to us and our successors 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: (i) acceptance and notice of acceptance by us of the foregoing undertakings; (ii) notice of demand for payment of any indebtedness guaranteed; (iii) protest and notice of default to any party with respect to the indebtedness guaranteed; (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 (v) the defense of the statute of limitations in any action hereunder or for the collection of any indebtedness hereby guaranteed. You agree that: (a) your direct and immediate liability under this guaranty is joint and several with Franchisee and all other signatories to this Agreement; (b) you will render any payment required under the Secured Agreements upon demand if Franchisee fails to promptly do so; (c) your liability is not contingent or conditioned upon our pursuit of any remedies against Franchisee or any other Person; and (d) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence we grant to Franchisee or 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 remains continuing and irrevocable during the term of each Secured Agreement and following the termination, expiration or transfer of each Secured Agreement to the extent any financial obligations under a Secured Agreement survive such termination, expiration or transfer. This guaranty will continue unchanged

by the occurrence of any bankruptcy 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 will be impaired, modified, released or limited in any manner whatsoever by any impairment, modification, 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.

6. **REPRESENTATION**. You represent to us that you received a copy of the executed Franchise Agreement.

7. **DISPUTE RESOLUTION**. Any dispute between the parties relating to this Agreement shall be brought in accordance with the dispute resolution provisions set forth in the Franchise Agreement, which are incorporated into this Agreement by reference as if fully set forth herein. **You acknowledge and agree that your breach of this Agreement constitutes a material event of default under the Franchise Agreement, permitting us to terminate the Franchise Agreement in accordance with its terms.**

8. **MISCELLANEOUS**.

   (a) If either party hires an attorney or files suit against the other party for breach of this Agreement, the losing party must reimburse the prevailing party for its reasonable attorneys' fees and costs.

   (b) This Agreement is governed by 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 or defense 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 (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

   (e) We may deliver to you any notice contemplated by this Agreement in the same manner and to the same address listed in the notice provision 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.

Each of the undersigned has executed this Agreement as of the date or dates set forth below.

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

OWNER / SPOUSE

By:_____

Name:_____

Date:_____

OWNER / SPOUSE

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:_____

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").

1. DEFINITIONS. Capitalized terms that are not defined above have the meanings given to them below:

"*Business Data*" means all 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) Know-How; (b) Business Data; (c) information in the Manual or comprising the System; (d) terms of the Franchise Agreement (and related agreements) signed by Franchisee in connection with the Store; and (e) 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 are: (i) designated as confidential; (ii) known by you to be considered confidential by us; and/or (iii) reasonably to be considered confidential due to their nature. 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 the information to you without breaching a confidentiality covenant imposed on such third party.

"*Copyrighted Materials*" means all copyrightable materials for which we or our affiliate claim or 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.

"*Franchisee*" means the IT'S BOBA TIME® franchisee for whom you are an employee or independent contractor.

"*Improvement*" means any idea, addition, modification or improvement to the (a) goods or services offered or sold at a Store, (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, Franchisee, us or any other person.

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

"*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.

"*Manual*" means our confidential brand standards manual for the operation of a Store.

"*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.

"*Store*" means any store we authorize to operate under the Marks and use our System.

"*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.

2. **BACKGROUND**. You are an employee or independent contractor of Franchisee. As a result of this association, you may gain knowledge of our System and Know-how. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees and that you could seriously jeopardize our franchise system if you were to misuse our Intellectual Property. To avoid such damage, you agree to comply with the terms of this Agreement.

3. **INTELLECTUAL PROPERTY & CONFIDENTIAL INFORMATION**. You agree to: (a) refrain from using the Intellectual Property or Confidential Information in any business or for any purpose other than the operation of Franchisee's Store; (b) maintain the confidentiality of Confidential Information at all times; (c) refrain from making unauthorized copies of documents containing Confidential Information; (d) take all steps we reasonably require to prevent unauthorized use or disclosure of Confidential Information; and (e) immediately stop using the Intellectual Property and Confidential Information at such time that you are no longer an employee or independent contractor of Franchisee. 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 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.

4. **FAMILY MEMBERS**. You could circumvent the intent of this Agreement by disclosing Confidential Information to immediate family members (i.e., parent, sibling, child or grandchild) and it would be difficult for us to prove your breach. For that reason you are presumed to have breached this Agreement if an immediate family member uses or discloses Confidential Information. You may rebut this presumption with evidence conclusively showing you did not disclose Confidential Information to the family member.

5. **BREACH**. You agree that: (a) any failure to comply with this Agreement is likely to cause substantial and irreparable damage to us and/or other franchisees for which there is no adequate remedy at law; and (b) we are entitled to injunctive relief 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 but we need not post a bond. If a court requires that we post a bond despite our mutual agreement to the contrary, the bond amount may not exceed $1,000. No remedy available to us under this Agreement is 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.

6. **MISCELLANEOUS**.

   (a) If we hire an attorney or file suit against you for breach of this Agreement and we prevail, you must reimburse us for our reasonable attorneys' fees and costs.

   (b) This Agreement is governed by the laws of California. Any legal proceedings arising out of this Agreement must be brought exclusively in a court of competent jurisdiction in Los Angeles County, California.

   (c) Each section of this Agreement (and portion thereof) is severable. If any section (or portion thereof) is unenforceable, it shall not affect the enforceability of any other section (or portion thereof). A court may revise any provision of this Agreement to the extent necessary to make the provision enforceable.

This Confidentiality Agreement is executed as of the date set forth below.

By:_____

Name:_____

Date:_____

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 not defined above have the meanings given to them below, or if not defined below, the meanings given to them in the Initial Franchise Agreement.

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

"*Development Business*" means the business you conduct pursuant to this Agreement consisting of developing and opening Stores within the Development Territory.

"*Development Schedule*" means the schedule described in §4.1 and Part C of ATTACHMENT "A" for the development of the Stores within the Development Territory.

"*Development Territory*" means the geographic area described in Part D of ATTACHMENT "A".

"*Discounted Initial Franchise Fee*" means the discounted initial franchise fee set forth in Part B of ATTACHMENT "A" applicable to each Store other than your first Store.

"*Dispute*" means any Claim or dispute between the parties that involves or relates to a Definitive Agreement, the offer or sale of area development rights or the relationship between the parties.

"*Franchise Agreement*" means an IT'S BOBA TIME® Franchise Agreement executed by us and you (or your affiliate) for the development and operation of 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 you execute for the first Store to be developed pursuant to this Agreement.

"*Owner*" means a Person who: (a) directly signs this Agreement as the area developer or a Franchise Agreement as the franchisee, either alone or in conjunction with one or more other Persons; and/or (b) directly or indirectly through one or more intermediaries owns an Equity Interest in the Development Business, Developer Entity or any affiliate of yours that signs a Franchise Agreement pursuant to §6.

"*Permitted Transfer*" means a Transfer: (a) between existing Owners; or (b) by the Owners to a new Developer Entity for which such Owners collectively own and control 100% of the Equity Interests; *provided, however*, that a Permitted Transfer does not include any Transfer that results in the Managing Owner owning less than 20% of the Equity Interests in the Development Business or Developer Entity.

"*Term*" means the period of time beginning on the Effective Date of this Agreement and expiring on the earlier to occur of: (a) the opening date listed in the Development Schedule for the last Store you are required to open; or (b) the date this Agreement is effectively terminated.

"*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 area development rights granted by this Agreement (or any interest therein);

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

(d) an Equity Interest in the Development Business or Developer Entity;

including by: merger or consolidation; judicial award, order or decree; issuance of additional Equity Interests (including public and private offerings); foreclosure of a security interest by a lender; or operation of Law, will or a trust upon an Owner's death (including via the Laws of intestate succession).

2. **GRANT OF DEVELOPMENT RIGHTS**. Subject to the terms of this Agreement, we hereby grant you the right and obligation to develop, open and operate each of the Stores listed in the Development Schedule. This Agreement does not grant you any right or license to use our Intellectual Property.

3. **TERRITORIAL PROTECTIONS AND LIMITATIONS.** During the Term we will not develop or operate, or license a third party to develop or operate, a Store that is located in the Development Territory other than: (a) any 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 (or will be) located in the Development Territory; and (b) any Store otherwise permitted by this Section. At any time during the Term we reserve the right to: (a) develop and operate, and license third parties to develop and operate, Stores in Captive Venues located within the Development Territory; and (b) engage in Acquisitions that involve, or subsequently result in, conversion of the acquired or acquiring company's outlets to IT'S BOBA TIME® outlets, even if those outlets are located in the Development Territory. We reserve the right to sell, and license third parties to sell, competitive or identical goods and services (including under the Marks) within the Development Territory through Alternative Channels of Distribution.

4. **DEVELOPMENT OBLIGATIONS**

   4.1. **Development Schedule**. You must develop, open and operate all Stores listed in the Development Schedule. You must develop and open the Stores in strict compliance with the opening dates set forth in the Development Schedule. We may, in our sole discretion, extend one or more opening dates listed in the Development Schedule if you demonstrate to our satisfaction that you used best efforts to comply with the opening date and the need for the extension is due to unforeseeable delays 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. **Reasonableness of Development Schedule**. You represent that you: (a) have conducted your own independent investigation and analysis of the prospects for development of the Stores in the Development Territory; (b) approve the Development Schedule as being reasonable and viable; and (c) recognize that any breach of the Development Schedule is a material breach of this Agreement.

   4.3. **Site Selection**. All Stores you develop pursuant to this Agreement must be located in the Development Territory. You must select the specific site for each Store in compliance with our then-current site selection criteria. We must approve the site for each Store in accordance with the applicable Franchise Agreement.

   4.4. **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 proposed sites for a Store until you sign the associated Franchise Agreement. 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 of which may vary materially and substantially from the terms of the Initial Franchise Agreement. When you sign the Franchise Agreement for a new Store, you must pay us the balance of the Discounted Initial Franchise Fee for that Store (i.e., $15,000). You have no right to construct or operate a Store until the parties have signed a Franchise Agreement and all ancillary agreements for that Store. You must develop, open and operate each Store in compliance with the Franchise Agreement and the Manual.

   4.5. **Additional Stores**. You may not develop any Store other than the Stores listed in the Development Schedule unless we, in our sole discretion, permit you to enter into a new area development agreement, which would be upon such terms that we specify, after you develop all Stores listed in the Development Schedule 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 Store in the amount set forth in Part B of ATTACHMENT "A"; and (b) the development fee set forth in Part B of ATTACHMENT "A", which is calculated as 50% of the aggregate Discounted Initial Franchise Fees you pay for all Stores to be developed under this Agreement, other than your first Store. The development fee is fully earned and nonrefundable upon execution of this Agreement.

6. **DEVELOPER ENTITY.** You represent that Part A of ATTACHMENT "A" includes a complete and accurate list of your Owners. Upon request, you must send us a resolution of the Developer Entity authorizing the execution of this Agreement, a copy of its organizational documents and a current Certificate of Good Standing. You may form a separate Entity to enter into each Franchise Agreement provided that: (a) the Person or Persons owning the Equity Interests (and the percentage of the Equity Interests owned) in each such Entity must be the same Person or Persons owning the Equity Interests (with the same percentage of the Equity Interests owned) in the Developer Entity; and (b) each such Entity guarantees the performance of all other Entities formed under the authority of this §6. Each Owner, and the spouse of each Owner who is a natural Person, must sign a Franchise Owner Agreement.

7. **TRANSFERS**

7.1. **By Us**. We have the unrestricted right to assign this Agreement to any Person without prior notice to you; *provided, however*, that we will remain liable for obligations we incur prior to the assignment date. We may also delegate any of our obligations under this Agreement.

7.2. **By You**. The rights and duties created by this Agreement are personal to you and the Owners. We are granting you area development rights in reliance upon the character, skill, attitude, business ability and financial resources of you and your Owners. Because this Agreement is a personal services contract, neither you nor any Owner may engage in a Transfer (other than a Permitted Transfer) without our prior 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 is void and constitutes a breach of this Agreement. We will not unreasonably withhold our approval if all of the following conditions are satisfied:

(a) we believe the proposed transferee has sufficient business experience, aptitude and financial resources to develop, own and operate all of the remaining Stores to be developed under this Agreement and meets our minimum criteria for area developers;

(b) you and your Owners and affiliates are in full compliance with all Definitive Agreements;

(c) the transferee's owners successfully complete, or make arrangements to attend, the initial training program and the transferee pays us a $2,000 initial training fee;

(d) 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: (i) the Term shall be the Term remaining under this Agreement; (ii) the transferee need not pay a separate development fee; and (iii) 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 Transfer);

(e) if the transferee is found by a broker we engage, you reimburse us for all commissions we pay to the broker, which amount shall be in addition to the transfer fee;

(f) you assign all Franchise Agreements to the transferee in accordance with the transfer provisions under each such Franchise Agreement, including payment of any transfer fee imposed under each such Franchise Agreement;

(g) you and your Owners sign a General Release;

(h) we choose not to exercise our right of first refusal described in §7.5; and

(i) you or the transferring Owner, as applicable, and the transferee satisfy all other conditions we reasonably require as a condition to our approval of the Transfer.

You may not: (a) transfer less than all development rights remaining under this Agreement (i.e., you may not retain the right to develop any Store); or (b) transfer your development rights to multiple transferees. Our consent to a Transfer is not a waiver of any Claims we have against the transferor or our right to demand the transferee comply with all area development agreement terms.

7.3. **Permitted Transfers.** You may engage in a Permitted Transfer without our prior approval, but you must: (a) give us at least 10 days' prior notice; and (b) upon our request, cause the former Developer Entity 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 (if the Permitted Transfer results in a new Developer Entity). You and the Owners (and the transferee) agree to sign all documents we reasonably request to effectuate and document the Permitted Transfer.

7.4. **Owner Death or Disability.** Within one (1) year after an Owner's death or permanent disability, the Owner's Equity Interest in the Development Business or Developer Entity must be Transferred to another Person in compliance with §7.2 or §7.3. An Owner is deemed to have a "permanent disability" if he/she has a medical or mental problem that prevents him/her from substantially complying with his/her obligations under this Agreement for a period of at least three (3) months.

7.5. **Our Right of First Refusal.** If you or an Owner wish to engage in a Transfer, you or the Owner, as applicable, must obtain and send us a bona-fide offer executed by the purchaser after completion of due diligence. We have 30 days after receipt of the offer to decide whether to purchase the interest for the same price and upon the same terms contained in the offer, 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, you or the Owner, as applicable, must sell the interest to us. We will have an additional 60 days to prepare for closing. You or the Owner, as applicable, must provide us with all customary representations and warranties regarding the title to and condition of the assets or Equity Interest that we purchase, or at our option, 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 the terms of the offer, subject to the requirements of §7.2, including our approval of the transferee. If the sale is not completed within 120 days after we receive the offer, or there is a material change to the terms of sale, we will again have the right of first refusal specified in this Section. Our right of first refusal shall not apply to a Permitted Transfer.

8. TERMINATION

8.1. **By Us**. We may terminate this Agreement, effective upon delivery of a notice of termination, 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:

(a) if we terminate any Definitive Agreement due to a default committed by you or one of your Owners or affiliates; or

(b) if you (or an Owner) breach any provision of this Agreement and fail to cure within 30 days after receipt of a default notice.

8.2. **By Mutual Agreement**. If you and we mutually agree in writing to terminate this Agreement, any notice or cure period that might otherwise apply shall be deemed waived.

9. EFFECT OF TERMINATION. Termination of this Agreement ends all your rights and development obligations under this Agreement, including your interests in the Development Territory and right to sign new Franchise Agreements or open new Stores. We will not refund any portion of the development fee, but you will not be obligated to pay the remaining balance of the Discounted Initial Franchise Fee for any Store for which a Franchise Agreement had not yet been signed.

10. DISPUTE RESOLUTION. Any Dispute between the parties relating to this Agreement shall be resolved pursuant to the dispute resolution provisions in the Initial Franchise Agreement. All such dispute resolution provisions are incorporated herein by reference as if fully set forth in this Agreement.

11. REPRESENTATIONS.

11.1. **Corporate**. You and 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 agreement to which you are (or any affiliate of yours is) a party or by which your (or your affiliate's) assets are bound; (b) violate any order, injunction, decree, judgment or ruling of a Governmental Authority; or (c) violate any applicable Law. If the developer is an Entity, then you and 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 its obligations hereunder; and (b) the execution and delivery of this Agreement have been duly authorized by all requisite corporate action and this Agreement constitutes the legal, valid and binding obligation of, and is enforceable against, the Developer Entity in accordance with its terms.

11.2. **General**. You and your Owners jointly and severally represent and warrant to us that you are aware: (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.

11.3. **Anti-Terrorism**. 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 an Equity Interest in the Development Business or Developer Entity) 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, alias, pseudonym, nickname or address on any Terrorist List, including 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, and will continue to comply, with the Anti-Terrorism Law and all other U.S. Laws currently in effect, or enacted in the future, that prohibit corrupt business practices, money laundering or the aid or support of Persons who conspire to commit acts of terror against any Person or government. The foregoing representations and warranties are 'continuing' representations and warranties for the duration of the franchise relationship. Accordingly, you must immediately notify us of the occurrence of an event or development of a circumstance that might render any of the foregoing representations and warranties false, inaccurate or misleading.

12. GENERAL PROVISIONS

12.1. **Governing Law.** This Agreement and the franchise relationship are governed by the Laws of California without reference to its principles of conflicts of law, but any California Law 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.

12.2. **Severability**. Each section of this Agreement (and portion thereof) is severable.

12.3. **Waivers.** 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 a 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 developers; or (d) our acceptance of payment from you after your breach.

12.4. **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 are deemed to have disapproved your request.

12.5. **Force Majeure.** Neither party is liable for loss or damage or deemed in breach of this Agreement if such party's failure to perform its obligations results from an event of Force Majeure; provided, however, that Force Majeure does not excuse or permit any failure to perform for more than 180 days. If the period of 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 by giving notice of termination to the other party.

12.6. **Binding Effect.** This Agreement is binding on the parties 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 not a party to this Agreement.

12.7. **Integration.** THIS AGREEMENT CONSTITUTES THE ENTIRE AGREEMENT BETWEEN THE PARTIES AND MAY NOT BE CHANGED EXCEPT BY A WRITTEN DOCUMENT SIGNED BY BOTH PARTIES. No email or informal electronic communication will modify this Agreement unless it is signed by both parties and expressly states it is intended to modify this Agreement. The attachments are part of this Agreement, which together with any Amendments or Addenda executed on or after the Effective Date, constitute the entire understanding and agreement of the parties. There are no other oral or written understandings or agreements between the parties 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.

12.8. **Good Faith Covenant**. If applicable Law implies into this Agreement a covenant of good faith and fair dealing, the covenant shall not imply any rights or obligations inconsistent with the express terms hereof. This Agreement, and the relationship of the parties inherent in this Agreement, grants us 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 favorably or adversely affect your interests. 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, but without considering the individual interests of you or any other franchisee.

12.9. **Rights 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 Law.

12.10. **Survival**. All provisions that expressly or by their nature survive the termination, expiration or Transfer of this Agreement or the Transfer of an Equity Interest in the Development Business or Developer Entity remain in effect subsequent to and notwithstanding its termination, expiration or Transfer until they are satisfied in full or by their nature expire.

12.11. **Construction.** Headings are for convenience only and do not affect the meaning of the Section. 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. All references to "including" shall be construed as references to "including, but not limited to".

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

12.13. **Notices.** All notices and notifications given under this Agreement must be in writing and must be provided in accordance with the Notice Provision of the Initial Franchise Agreement.

12.14. **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.

* * *

The parties 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 area developer: [_____]

Is the 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 area developer is a business Entity, each Person holding a direct or indirect Equity Interest in the Developer Entity, and spouse of each such 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 Person holding a direct or indirect Equity Interest in the Development Business or Developer Entity, as applicable, along with a description of their Equity Interest.

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

Notice Address: _____
_____
_____
Attention:_____
Email:_____

B. Fees.

- The initial franchise fee for the first Store you develop pursuant to this Agreement is $45,000.
- The Discounted Initial Franchise Fee is $30,000.
- The development fee is $_____.

C. Development Schedule.

You must comply with the following minimum development obligations as specified in §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: [_____]		

* The required opening date for a given Store is the last day of the Development Period in which the Store must open.

D. Development Territory.

The Development Territory consists of, and shall be limited to, the following geographic area, as may be further depicted on a map attached below or on the following page:

[_____]

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).

[Insert Map (if applicable)]

EXHIBIT "E"

TO DISCLOSURE DOCUMENT

TABLE OF CONTENTS OF BRAND STANDARDS MANUAL

[See Attached]

2025
Boba Time, Inc.
Brand Standards Manual

Revised: 12/06/2024

NOTE: We, Boba Time, Inc., may modify this Manual at any time in our sole discretion. The modifications will become binding at the time we notify you of the modification (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.

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NOTE: We, Boba Time, Inc., may modify this Manual at any time in our sole discretion. The modifications will become binding at the time we notify you of the modification (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.

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NOTE: We, Boba Time, Inc., may modify this Manual at any time in our sole discretion. The modifications will become binding at the time we notify you of the modification (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.

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, 2025.

FRANCHISEES OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Arizona*	Mesa	4425 S. Power Rd., #A105 Mesa, AZ 85236	480-292-9264	Ameliana Jo Berg
California	Alhambra	9 East St. Alhambra, CA 91801	626-703-4262	Alice Choi
California	Anaheim	1003 N. State College Blvd. Anaheim, CA 92806	909-990-2622	Jaeeun "Jay" Shin
California	Artesia	17901 Pioneer Blvd., #I Artesia, CA 90701	562-860-1919	Emma Suh
California*	Bakersfield	10500 Stockdale Hwy, #200 Bakersfield, CA 93311	661-556-4003	Ameliana Jo Berg
California*	Bakersfield	2701 Ming Ave., #465 Bakersfield, CA 93304	661-381-6514	Ameliana Jo Berg
California*	Bakersfield	5419 Gosford Rd., #100 Bakersfield, CA 93313	661-412-4475	Ameliana Jo Berg
California	Bell	6515 Atlantic Ave., #A Bell, CA 90201	323-749-0502	Thomas Chung
California	Buena Park	5260-A Beach Blvd. Buena Park, CA 90621	714-522-2622	Eun Ah Song
California*	Burbank	2412 W. Victory Blvd. Burbank, CA 91506	747-333-0013	Joanna Caldo
California*	Burbank	234 N. San Fernando Blvd. Burbank, CA 91502	747-283-1473	Joanna Caldo
California	Calabasas	26527 Agoura Rd., #112 Calabasas, CA 91302	818-914-5505	Anthony Hernandez
California	Camarillo	740 E. Ventura Blvd., #506 Camarillo, CA 93010	805-419-4098	Ha Na Lee & Tae Hoon Kim
California	Canoga Park	6660 Topanga Canyon Blvd., #1012 Canoga Park, CA 91303	818-887-7670	Morteza Vadipour
California	Chino Hills	3410 Grand Ave., #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	Corona	135 E. Ontario Ave., #103 Corona, CA 92879	951-268-6066	Harpreet Chopra
California	Downey	8824 Imperial Hwy. Downey, CA 90242	562-302-0242	Synjin Hipolito

FRANCHISEES OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
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 Caldo
California	El Monte	10458 Garvey Ave. El Monte, CA 91733	626-672-0148	Marianna Manoukian & Artak Stepanyan
California	Fontana	15032 Summit Ave., #450 Fontana, CA 92336	909-689-5110	Daniel Yang
California	Fresno	3520 N. Blackstone Ave., #104 Fresno, CA 93726	559-224-2622	Andy Khajvand
California	Fullerton	131 E. Commonwealth Ave. Fullerton, CA 92832	657-248-7199	Ho Suk Yoon
California	Gardena	15482 S. Western Ave., #109 Gardena, CA 90249	424-396-3072	Young Nam 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 Caldo
California	Glendale	1525 N. Verdugo Rd. Glendale, CA 91208	747-215-6157	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
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., #111 Los Angeles, CA 90020	818-288-6604	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	5549 Sunset Blvd. Los Angeles, CA 90028	323-798-4780	Hyeon Muk Kim
California	Los Angeles	125 N. Western Ave., #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

FRANCHISEES OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California*	Los Angeles	2908 W. Los Feliz Blvd. Los Angeles, CA 90039	213-278-0051	Joanna Caldo
California*	Los Angeles	508 W. 7th St. Los Angeles, CA 90014	213-278-0051	Chris Hyun & Joanne Hyun
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, CA 80012	323-807-4441	Yeon Jung Chun
California	Los Angeles	2794 1st St. Los Angeles, CA 90033	213-718-1634	Young Jae Lee & Jing Zhang
California	Monterey Park	2252 S. Atlantic Blvd. Monterey Park, CA 91754	323-853-2622	Judy Son & Denis In
California	Montrose	2064 Verdugo Blvd., #G Montrose, CA 91208	818-330-9098	Kenneth Reyes & Shan'L Reyes
California	Moorpark	888 New Los Angeles Ave., #E Bldg. D-1 Moorpark, CA 93021	805-298-7205	Helen Chae
California	Moreno Valley	14090 Perris Blvd., #102 Moreno Valley, CA 92553	951-200-4840	Albert Lee
California	National City	1860 Sweetwater Rd., #A1 National City, CA 91950	619-773-6319	Ariel Jor'l Hutalla & John Rafael Hutalla
California	North Hollywood	6160 Laurel Canyon Blvd., #175 North Hollywood, CA 91606	818-658-2622	Don Han
California	North Hollywood	4821 Lankershim Blvd., #C North Hollywood, CA 91601	818-210-0143	Marianna Manoukian & Artak Stepanyan
California	Northridge	19600 Plummer St., #600 Northridge, CA 91324	818-818-5151	Helen Chae
California	Norwalk	11780 Firestone Blvd. Norwalk, CA 90650	562-991-5820	Byung Jo An
California	Ontario	2550 South Archibald Ave., #B Ontario, CA 91761	909-947-4450	Michael Almazar & Katherene Almazar
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., #P Panorama City, CA 91402	818-830-2622	David Sim
California	Paramount	16280-C Paramount Blvd. Paramount, CA 90723	562-636-2622	Peter Hong
California*	Pasadena	1810 E. Colorado Blvd. Pasadena, CA 91107	626-486-2602	Joanna Caldo
California	Pico Rivera	8935 Washington Blvd. Pico Rivera, CA 90660	562-463-6464	Seungmee Kim
California	Porterville	460 W. Vandalia Ave., #C Porterville, CA 93257	559-615-0005	Andy Khajvand
California	Rancho Cucamonga	8443 Haven Avenue, #145 Rancho Cucamonga, CA 91730	909-481-2735	Daniel Oh
California	Rancho Santa Margarita	22361 Antonio Pkwy., #E115 Rancho Santa Margarita, CA 92688	949-329-6473	Alex Barrios

FRANCHISEES OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Riverside	10082 Magnolia Ave. Riverside, CA 92503	951-977-8272	Dalsup Oh
California	Rolling Hills Estates	27 Peninsula Center Rolling Hills Estates, CA 90274	424-408-2622	Sangman Kim & Heather Kim
California	San Bernadino	1775 W. Northpark Blvd., #B-3 San Bernardino, CA 92407	909-726-1017	Daniel Oh
California	San Diego	4344 Convoy St., #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., #120 San Fernando, CA 91340	747-500-9070	Feliks Buchinskiy
California	San Pedro	1006 N. Western Ave., #B San Pedro, CA 90732	310-759-4088	John I. Chung
California	Santa Clarita	18729 Via Princessa Canyon Country, CA 91387	661-367-4171	Synjin Hipolito
California	San Ysidro	3975 Camino De La Plaza, #210 San Ysidro, CA 92173	619-870-7287	John Rafael Hutalla
California	Saugus	22872 Copper Hill Dr. Santa Clarita, CA 91321	661-200-3133	Nader Shenouda
California	Selma	2874 McCall Ave. Selma, CA 93662	559-898-3001	Andy Khajvand
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	562-302-0162	Hye Moon & John Moon
California	Sylmar	13561 Glenoaks Blvd. Sylmar, CA 91342	818-362-3133	Feliks Buchinskiy
California	Temecula	40820 Winchester Rd., #2460 Temecula, CA 92591	951-225-8127	Jasmine Yoon & Paul Juhn
California	Torrance	2370 Crenshaw Blvd., #J Torrance, CA 90501	424-558-3699	Jeongmo Koo
California	Valencia	24201 W. Valencia Blvd., #1210 Valencia, CA 91355	661-777-2722	Katie Kim
California	Van Nuys	6265 Sepulveda Blvd., #8 Van Nuys, CA 91411	818-849-6887	David Sim
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., #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., #F Whittier, CA 90605	562-360-1221	Bong Jin Jung & Seri Yoo

FRANCHISEES OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
Nevada*	Las Vegas	7155 S. Rainbow Blvd., #115 Las Vegas, NV 89118	702-844-8875	Justin Guerrero
Texas	San Antonio	1201 N. Loop 1604 E., #117 San Antonio, TX 78258	210-254-9309	Ariel Jor'l Hutalla

* 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, 2025.

FRANCHISEES NOT OPEN AS OF DECEMBER 31, 2025				
State	**City**	**Address**	**Phone**	**Owner Name(s)**
California	Carson	To Be Determined	310-800-5577	Yong Joon Park
California	Chino	12415 Central Ave. Chino, CA 91710	909-306-7002	Rajat Batta
California	Encino	To Be Determined	213-999-1106	Jin S. Kang
California	Jurupa Valley	To Be Determined	213-407-2322	Danny Yang
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	To Be Determined	626-375-9487	Joanna Caldo
California	Long Beach	2620 Long Beach Blvd., #E Long Beach, CA 90806	310-619-7519	Dalsup Oh
California	Pomona	To Be Determined	213-800-2994	Albert Lee
California	Santa Ana	To Be Determined	657-252-7320	Eun Ah Song
California	Ventura	To Be Determined	213-248-0085	Sean Rhim
California	Valencia	To Be Determined	310-999-3321	Katie Kim
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	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	323-353-7611	Young Jae Lee & Jing Zhang
California	To Be Determined	To Be Determined	213-359-6561	Sang Yoon

* 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	Anaheim	909-573-4483	Steven Lee
California	Camarillo	213-760-0504	Joone Rae Kim & Jeanie Kim
California	Fullerton	818-665-8026	Andrea Yoo
California	South Gate	714-391-1807	Trung Tran, Hanh Nguyen, & Ky Luong
Florida[1]	Cutler Bay	+503 7773 8102	Manual Coto
Florida[1]	Miami Beach	+503 7773 8102	Manual Coto

Notes:

1. These Franchise Agreements were terminated prior to opening.

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]

DKP Accountancy Group PC

Boba Time, Inc.

Financial Statements and
Independent Auditors' Report
December 31, 2025

Accountancy Group PC
1561 E. Orangethorpe Ave. Suite 205, Fullerton, CA 92831
T. 657.900.4007 F. 657.900.4009

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Accountancy Group PC
1561 E. Orangethorpe Ave. Suite 205, Fullerton, CA 92831
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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, 2025, 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, 2025, 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.

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.

DKP Accountancy Group, PC
Fullerton, California
March 24, 2026

Boba Time, Inc.
Balance Sheet
December 31, 2025

Assets		
Current assets		
Cash and cash equivalents	$	2,059,535
Accounts receivable		295,821
Receivable from related party		100,000
Debt security investments available-for-sale		1,940,163
Equity investments with readily determinable fair value (RDFV)		2,267,493
Prepaid expenses		289,830
Total current assets		6,952,842
Noncurrent assets		
Property and equipment, net		597,257
Intangible asset, net		2,039
Operating lease right-of-use assets, net		200,698
Deposits		29,286
Total noncurrent assets		829,280
Total assets	$	7,782,122
Liabilities and shareholder's equity		
Current liabilities		
Accounts payable	$	168,654
Accrued expenses and others		442,296
Deferred franchise fee income		239,200
Retirement plan payable		411,015
Lease liabilities		187,976
Total current liabilities		1,449,141
Noncurrent liabilities		
Lease liabilities (net of current portion)		25,338
Deferred franchise fee income (net of current portion)		1,244,136
Total noncurrent liabilities		1,269,474
Total liabilities		2,718,615
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Accumulated other comprehensive income (loss)		(12,253)
Retained earnings		4,975,760
Total shareholder's equity		5,063,507
Total liabilities and shareholder's equity	$	7,782,122

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2025

Revenue	$	9,357,823
Cost of goods sold		444,478
Gross profit		8,913,345
Selling, general and administrative expenses		6,835,747
Income from operations		2,077,598
Other income (expense), net		
Dividend income		116,393
Gain on sale of assets		(29,337)
Loss on investments		(36,052)
Unrealized gain on equity investments with RDFV		318,382
Interest income (net of interest expense of $285,58)		(151)
Legal Settlement		(8,500)
Other income		29,069
Total other income, net		389,804
Income before state income tax provision		2,467,402
State income tax		38,512
State passthrough entity elective tax (PEET)		138,709
Total state income tax provision		177,221
Net income	$	2,290,181

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, 2025

	Common Stock	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ (28,274)	$ 3,963,127	$ 4,034,853
Unrealized loss		16,021		16,021
Distributions to shareholder			(1,277,548)	(1,277,548)
Net income			2,290,181	2,290,181
Balance at end of the year	$ 100,000	$ (12,253)	$ 4,975,760	$ 5,063,507

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2025

Cash flows from operating activities		
Net income	$	2,290,181
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		227
Depreciation		91,585
Gain on sale of assets		29,337
Gain on investments		(36,052)
Unrealized gain on equity investments with RDFV		(318,382)
Non-cash operating lease expense		(8,954)
Changes in operating assets and liabilities:		
Accounts receivable		(89,497)
Receivable from related party		(100,000)
Prepaid expenses		(84,618)
Deposits		-
Accounts payable		113,539
Accrued expenses and others		55,371
Deferred franchise fee income		(155,817)
Retirement plan payable		50,686
Net cash provided by operating activities		1,837,606
Cash flows from investing activities		
Purchases of property and equipment		(99,010)
Proceeds from sale of property and equipment		53,681
Proceeds from sale of intangible assets		-
Proceeds from sales of investments		2,916,400
Purchases of investments		(3,069,965)
Net cash (used in) investing activities		(198,894)
Cash flows from financing activities		
Repayments of auto loan		(24,912)
Distributions to shareholder		(1,277,548)
Net cash (used in) financing activities		(1,302,460)
Net increase in cash and cash equivalents		336,252
Cash and cash equivalents at beginning of the year		1,723,283
Cash and cash equivalents at end of the year	$	2,059,535

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2025

Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	286
Cash paid during the year for passthrough entity elective tax (PEET)	$	249,935
Cash paid during the year for operating lease	$	418,377

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, 2025, there were 112 executed franchise agreements of which 93 franchised locations are in operation with 19 locations pending opening. As of December 31, 2025, the Company owns and operates two direct locations, and one additional location is owned and operated by the Company's affiliated entity, J&U Corporation (see Note 13). All operating locations are in California and Nevada.

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. At December 31, 2025, the Company's uninsured cash balance was approximately $1,535,000.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentration 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, 2025, the Company had no significant concentration of credit risk.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable is stated at the amount management expects to collect on balances outstanding at year-end; historical cost, less any amount considered uncollectible. Accounts receivable does not bear interest.

The Company uses the allowance method to account for uncollectible accounts receivable. The allowance for credit losses is based on management's assessment of the collectability of specific customer accounts and the aging of receivables, an assessment of its customers' financial conditions and available information that is relevant to assessing the collectability of cash flows, which includes current conditions and forecasts about future economic conditions. If there is a deterioration of a major customer's creditworthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the Company could be adversely affected.

If there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables, a provision for bad debts is recognized in the statement of income. When a receivable is determined to be uncollectible, it is written off against the allowance for credit losses. As of December 31, 2025, management determined that an allowance for credit losses was not considered necessary.

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.

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 income.

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 ASC 350 "Intangible – Goodwill and Other." The Company is required to test for impairment when a triggering event occurs which indicates 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. For the year ended December 31, 2025, the Company sold one of the direct operating location's assets including goodwill. As of December 31, 2025, the Company only had the trademark as the intangible asset and 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 making 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 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, 2025:

	Adjusted Cost	Unrealized Gain / (Loss)	Fair Value	Short-term	Long-term
Level 1:					
Equity investments w/ RDFV	$ 1,431,988	$ 835,505	$ 2,267,493	$ 2,267,493	$ -
Debt security investments available-for-sale	1,952,416	(12,253)	1,940,163	1,940,163	-
Level 2:					
N/A	-	-	-	-	-
Level 3:					
N/A	-	-	-	-	-
Total	$ 3,384,404	$ 823,252	$ 4,207,656	$ 4,207,656	$ -

Equity investments with readily determinable fair value and debt security investments available-for-sale are held in the brokerage accounts and can be liquidated and converted into cash immediately as needed. Therefore, the Company classified them as the current assets.

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 is transferred 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 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, 2025.

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, 2025, were $1,431,056.

Measurement of Credit Losses on Financial Instruments

The Company adopted 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" based on a forward-looking approach that considers not only historical loss data but also current economic conditions, credit risk, and reasonable and supportable forecasts. As of December 31, 2025, management determined that a measure of credit losses on financial instruments was not considered necessary.

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, 2025, consist of the following:

Prepaid insurance	$	142,623
Prepaid state income taxes		147,207
Total prepaid expenses	$	289,830

NOTE 5- Property, Equipment, Net and Intangible Asset, Net

Property and equipment, net at December 31, 2025, consists of the following:

Furniture and fixtures	$	85,503
Equipment		122,448
Vehicle		138,833
Leasehold improvement		825,592
Software		2,000
(less) accumulated depreciation		(577,119)
Total property and equipment, net	$	597,257

Intangible asset, net at December 31, 2025, consists of the following:

Trademark	$	3,400
(less) accumulated amortization		(1,361)
Total intangible asset, net	$	2,039

Depreciation and amortization expenses for the year ended December 31, 2025, were $91,585 and $227, respectively.

NOTE 6- Operating Lease Right-of-Use Assets, Net

In accordance with ASC 842, the Company records on its balance sheet leases with a term greater than 12 months. The Company has elected, in compliance with current accounting standards, not to record leases with an initial term of 12 months or less on the balance sheet.

On January 28, 2022, the Company entered into a 36-months lease agreement for its headquarter office in Los Angeles, California. The lease expired on March 31, 2025. The Company is currently leasing the office space on a month-to-month basis.

On October 25, 2015, the Company entered into two separate 124-months lease agreements for two suites for its Highland location. The leases expire on April 30, 2026, with an option to extend the leases for another 60-month period.

On September 27, 2019, the Company entered into a 84-month lease agreement for its Santa Anita location. The lease expires on February 28, 2027. On February 18, 2020, the Company entered into a 62-month lease agreement for a storage space for Santa Anita location from the same landlord. This lease also expires on February 28, 2027.

ASC 842 requires a lessee to identify a lease's fixed consideration and allocate it across both lease and non-lease components. In addition, the fixed consideration has to be reported separately from any variable consideration that are based on changes in index rates or usage such as common area maintenance (CAM), insurance, and taxes. The Company elected the practical expedient available to a non-public company, to ease the requirements under ASC 842, to account for separate lease components of the lease as a single lease cost, thus causing all fixed considerations to be capitalized. Non-lease components and variable considerations are not included in the measurement of the right-of-use assets or operating lease liabilities. These are expensed as incurred. Under the practical expedient, the right-of-use assets and related lease liabilities were calculated utilizing the risk-free discount rate.

As of December 31, 2025, information related to operating leases was as follows:

Operating lease right-of-use assets	$	200,698
Operating lease liabilities		
Current portion	$	187,976
Non-current portion		25,338
Total operating lease liabilities	$	213,314
Weighted-average remaining lease term (in years)		0.75
Weighted-average discount rate %		3.29

Minimum lease payments for the next three years and thereafter are as follows:

Year ended December 31,		
2026	$	191,788
2027		25,533
2028		-
Total lease payments		217,321
(less) discounting effects		(4,007)
Total operating lease liabilities	$	213,314

Total rent expenses for the year ended December 31, 2025, amounted to $409,424.

NOTE 7- Deferred Franchise Revenue

Deferred franchise revenue represents the upfront payments received by the franchisor, including initial franchise fees and other related payments, for which the franchisor has not yet fully satisfied its performance obligations as outlined in the franchise agreements. These payments are initially recognized as a liability and are subsequently recognized as revenue over the term of the respective franchise agreements, as the franchisor fulfills its ongoing obligations, such as providing training, support, and access to intellectual property.

The recognition of revenue is aligned with the fulfillment of these contractual performance obligations in accordance with applicable revenue recognition standards.

Balance at beginning of the year	$	1,639,153
Recognized as revenue		(320,817)
Amounts collected or invoiced		165,000
Balance at end of the year	$	1,483,336

NOTE 8- Loan Payable

On February 21, 2023, the Company entered into the 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 Company sold the vehicle and fully paid off the remaining principal balance of $24,912 during the year. There was no other outstanding loan as of December 31, 2025.

NOTE 9- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, marketing income, administrative income, and initial franchise fees, and 2) by selling foods and beverages through its own retail establishments. Other incomes 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, 2025:

Royalty	$	4,299,640
Administrative income		1,129,084
Initial franchise fee		320,817
Store sales		1,960,714
Marketing income		1,575,850
Others		71,718
Total revenue	$	9,357,823

NOTE 10- Accrued Expenses and Others

Accrued expenses and others at December 31, 2025, consist of the following:

Credit card payable	$	3,799
Accrued wages and salaries		85,341
Accrued expense		9,500
Payroll taxes payable		31,033
Sales tax payable		255
Gift card advance		312,278
Uniform payable		90
Total accrued expenses and others	$	442,296

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 contributions 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 $23,500 ($31,000 for an employee who is at age 50 or over) for the year 2025. 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 as safe-harbor non-elective contribution to the plan was approximately $97,042 for the year ended December 31, 2025.

The Company also has a defined benefit plan that includes a cash-balance plan and profit-sharing plan. The Company's total contribution into the defined benefit plan amounted to $339,105 for the year ended December 31, 2025.

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 filed a lawsuit against a former franchisee for trademark infringement, breach of contract, and unfair business practices. Although the lawsuit is still pending, and it is too early to estimate an outcome from the lawsuit, the Company intends to vigorously pursue its claims against the defendant.

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 affiliated entity, B2B Time, Inc (B2B). B2B serves as a domestic importer and supplier of the Company's main food ingredients and supplies to the franchisee. B2B pays the Company rebate based on the volume of sales to the franchisees, and the Company records this rebate as a part of the administrative income. The Company receives royalty and marketing fee income from another affiliated entity, J&U Corporation (J&U). As of December 31, 2025, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B	$	10,400
Administrative income from B2B	$	364,836
Royalty income from J&U	$	129,688
Marketing income from J&U	$	42,235

NOTE 14- Income Tax

The Company has elected to be taxed as an 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 $610,000 for the year ended December 31, 2025.

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, 2025, 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, 2025.

NOTE 15- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2025 to the date the financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements.

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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.

DKPartners

DKP Accountancy Group, PC
Fullerton, California
March 24, 2026

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2025

Selling, general and administrative expenses		
Advertising	$	126,917
Auto		26,411
Amortization expenses		227
Bank charge		906
Brand and system development fund fee		1,431,056
Commission		39,841
Depreciation		91,585
Donation		10,000
Insurance		239,594
Legal and professional		354,231
Licenses and permits		28,405
Meals		22,793
Merchant account fees		46,010
Office expenses		32,838
Other taxes		3,025
Payroll taxes		236,525
POS system fee		10,224
Rent		409,424
Repair and maintenance		40,370
Retirement plan		425,488
Salaries and wages		3,149,700
Supplies		4,736
Telephone		15,516
Travel		44,158
Utilities		45,767
Total selling, general and administrative expenses	$	6,835,747

See independent auditors' report on the supplementary information

JNK Accountancy Group

Boba Time, Inc.

Financial Statements and Independent Auditors' Report

December 31, 2024

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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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, 2024, 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, 2024, 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.

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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 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 8, 2025

Boba Time, Inc.
Balance Sheet
December 31, 2024

Assets		
Current assets		
Cash and cash equivalents	$	1,723,283
Accounts receivable		206,324
Debt security investments available-for-sale		1,692,153
Equity investments with readily determinable fair value (RDFV)		1,991,483
Prepaid expenses		205,212
Total current assets		5,818,455
Noncurrent assets		
Property and equipment, net		672,850
Intangible asset, net		2,266
Right-of-use assets		467,894
Deposits		29,286
Total noncurrent assets		1,172,296
Total assets	$	6,990,751
Liabilities and shareholder's equity		
Current liabilities		
Accounts payable	$	55,115
Accrued expenses and others		386,925
Deferred franchise fee income		232,183
Retirement plan payable		360,329
Loan payable		21,268
Lease liabilities		276,149
Total current liabilities		1,331,969
Noncurrent liabilities		
Loan payable (net of current portion)		3,644
Lease liabilities (net of current portion)		213,315
Deferred franchise fee income (net of current portion)		1,406,970
Total noncurrent liabilities		1,623,929
Total liabilities		2,955,898
Shareholder's equity		
Common stock; 10,000,000 shares authorized and 100,000 shares issued and outstanding		100,000
Accumulated other comprehensive income (loss)		(28,274)
Retained earnings		3,963,127
Total shareholder's equity		4,034,853
Total liabilities and shareholder's equity	$	6,990,751

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Income
For the Year Ended December 31, 2024

Revenue	$	9,438,971
Cost of goods sold		420,169
Gross profit		9,018,802
Selling, general and administrative expenses		7,333,235
Income from operations		1,685,567
Other income (expense), net		
Dividend income		60,914
Gain on sale of assets		134,395
Loss on equity investments with RDFV		(41,102)
Loss on debt security investments available-for-sale		(6,042)
Unrealized gain on equity investments with RDFV		536,873
Interest income (net of interest expense of $1,708)		10,808
Other income		14,259
Total other income, net		710,105
Income before state income tax provision		2,395,672
State income tax		35,935
State passthrough entity elective tax (PEET)		222,798
Total state income tax provision		258,733
Net income	$	2,136,939

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, 2024

	Common Stock	Accumulated Other Comprehensive Income / (Loss)	Retained Earnings	Total Shareholder's Equity
Balance at beginning of the year	$ 100,000	$ (27,365)	$ 3,556,451	$ 3,629,086
Unrealized loss		(909)		(909)
Distributions to shareholder			(1,730,263)	(1,730,263)
Net income			2,136,939	2,136,939
Balance at end of the year	$ 100,000	$ (28,274)	$ 3,963,127	$ 4,034,853

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash flows from operating activities		
Net income	$	2,136,939
Adjustments to reconcile net income to cash provided by operating activities:		
Amortization		227
Depreciation		109,211
Gain on sale of assets		(134,395)
Loss on debt security investment available-for-sale		6,042
Loss on equity investments with RDFV		41,102
Unrealized gain on equity investments with RDFV		(536,873)
Non-cash operating lease expense		(7,675)
Changes in operating assets and liabilities:		
Accounts receivable		326,806
Receivable from related party		220,000
Prepaid expenses		68,097
Deposits		5,000
Accounts payable		(89,367)
Accrued expenses and others		94,909
Deferred franchise fee income		(106,764)
Retirement plan payable		(108,332)
Net cash provided by operating activities		2,024,927
Cash flows from investing activities		
Purchases of property and equipment		(17,151)
Proceeds from sale of property and equipment		191,368
Proceeds from sale of intangible assets		306,567
Proceeds from sales of investments		829,521
Purchases of investments		(1,391,056)
Net cash (used in) investing activities		(80,751)
Cash flows from financing activities		
Repayments of auto loan		(25,778)
Distributions to shareholder		(1,730,263)
Net cash (used in) financing activities		(1,756,041)
Net increase in cash and cash equivalents		188,135
Cash and cash equivalents at beginning of the year		1,535,148
Cash and cash equivalents at end of the year	$	1,723,283

See independent auditors' report and notes to the financial statements

Boba Time, Inc.
Statement of Cash Flows (Continued)
For the Year Ended December 31, 2024

Supplemental disclosures of cash flow information:		
Cash paid during the year for interest	$	1,708
Cash paid during the year for passthrough entity elective tax (PEET)	$	187,000
Cash paid during the year for operating lease	$	404,835

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, 2024, there were 114 executed franchise agreements of which 87 franchised locations are in operation with 27 locations pending opening. As of December 31, 2024, the Company owns and operates two direct locations, and one additional location is owned and operated by the Company's affiliated entity, J&U Corporation (see Note 13). All operating locations are in California and Nevada.

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. At December 31, 2024, the Company's uninsured cash balance was approximately $1,220,000.

Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentration 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, 2024, the Company had no significant concentration of credit risk.

Accounts Receivable and Allowance for Doubtful Account

Accounts receivable is stated at the amount management expects to collect on balances outstanding at year-end; historical cost, less any amount considered uncollectible. Accounts receivable does not bear interest.

The Company uses the allowance method to account for uncollectible accounts receivable. The allowance for credit losses is based on management's assessment of the collectability of specific customer accounts and the aging of receivables, an assessment of its customers' financial conditions and available information that is relevant to assessing the collectability of cash flows, which includes current conditions and forecasts about future economic conditions. If there is a deterioration of a major customer's creditworthiness or actual defaults are higher than the historical experience, management's estimates of the recoverability of amounts due to the Company could be adversely affected.

If there is evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables, a provision for bad debts is recognized in the statement of income. When a receivable is determined to be uncollectible, it is written off against the allowance for credit losses. As of December 31, 2024, management determined that an allowance for credit losses was not considered necessary.

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.

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 income.

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 ASC 350 "Intangible – Goodwill and Other." The Company is required to test for impairment when a triggering event occurs which indicates 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. For the year ended December 31, 2024, the Company sold one of the direct operating location's assets including goodwill. As of December 31, 2024, the Company only had the trademark as the intangible asset and 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 making 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 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, 2024:

	Adjusted Cost	Unrealized Gain / (Loss)	Fair Value	Short-term	Long-term
Level 1:					
Equity investments w/ RDFV	$ 1,468,209	$ 523,274	$ 1,991,483	$ 1,991,483	$ -
Debt security investments available-for-sale	1,720,427	(28,274)	1,692,153	1,692,153	-
Level 2:					
N/A	-	-	-	-	-
Level 3:					
N/A	-	-	-	-	-
Total	$ 3,188,636	$ 495,000	$ 3,683,636	$ 3,683,636	$ -

Equity investments with readily determinable fair value and debt security investments available-for-sale are held in the brokerage accounts and can be liquidated and converted into cash immediately as needed. Therefore, the Company classified them as the current assets.

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 is transferred 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 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, 2024.

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, 2024, were $1,856,325.

Measurement of Credit Losses on Financial Instruments

The Company adopted 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" based on a forward-looking approach that considers not only historical loss data but also current economic conditions, credit risk, and reasonable and supportable forecasts. As of December 31, 2024, management determined that a measure of credit losses on financial instruments was not considered necessary.

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, 2024, consist of the following:

Prepaid insurance	$	130,719
Prepaid state income taxes		74,493
Total prepaid expenses	$	205,212

NOTE 5- Property, Equipment, Net and Intangible Asset, Net

Property and equipment, net at December 31, 2024, consists of the following:

Furniture and fixtures	$	85,503
Equipment		117,716
Vehicle		191,058
Leasehold improvement		825,592
Software		2,000
(less) accumulated depreciation		(549,019)
Total property and equipment, net	$	672,850

Intangible asset, net at December 31, 2024, consists of the following:

Trademark	$	3,400
(less) accumulated amortization		(1,134)
Total intangible asset, net	$	2,266

Depreciation and amortization expenses for the year ended December 31, 2024 were $109,211 and $227, respectively.

NOTE 6- Lease

In accordance with ASC 842, the Company records on its balance sheet leases with a term greater than 12 months. The Company has elected, in compliance with current accounting standards, not to record leases with an initial term of 12 months or less on the balance sheet.

On January 28, 2022, the Company entered into a 36-months lease agreement for its headquarter office in Los Angeles, California. The lease expires on March 31, 2025. The Company is currently in negotiations to renew the agreement.

On October 25, 2015, the Company entered into two separate 124-months lease agreements for two suites for its Highland location. The leases expire on April 30, 2026, with an option to extend the leases for another 60-month period.

On September 27, 2019, the Company entered into a 84-month lease agreement for its Santa Anita location. The lease expires on February 28, 2027. On February 18, 2020, the Company entered into a 62-month lease agreement for a storage space for Santa Anita location from the same landlord. This lease also expires on February 28, 2027.

ASC 842 requires a lessee to identify a lease's fixed consideration and allocate it across both lease and non-lease components. In addition, the fixed consideration has to be reported separately from any variable consideration that are based on changes in index rates or usage such as common area maintenance (CAM), insurance, and taxes. The Company elected the practical expedient available to a non-public company, to ease the requirements under ASC 842, to account for separate lease components of the lease as a single lease cost, thus causing all fixed considerations to be capitalized. Non-lease components and variable considerations are not included in the measurement of the right-of-use assets or operating lease liabilities. These are expensed as incurred. Under the practical expedient, the right-of-use assets and related lease liabilities were calculated utilizing the risk-free discount rate.

As of December 31, 2024, information related to operating leases was as follows:

Year ended December 31, 2024:		
Operating lease right-of-use assets	$	467,894
Operating lease liabilities		
Current portion	$	276,149
Non-current portion		213,315
Total operating lease liabilities	$	489,464
Weighted-average remaining lease term (in years)		1.44
Weighted-average discount rate %		3.29

Minimum lease payments for the next three years and thereafter are as follows:

Year ended December 31,		
2025	$	287,817
2026		191,788
2027		25,533
Total lease payments		505,138
(less) discounting effects		(15,674)
Total operating lease liabilities	$	489,464

Total rent expenses for the year ended December 31, 2024, amounted to $397,160

NOTE 7- Deferred Franchise Revenue

Deferred franchise revenue represents the upfront payments received by the franchisor, including initial franchise fees and other related payments, for which the franchisor has not yet fully satisfied its performance obligations as outlined in the franchise agreements. These payments are initially recognized as a liability and are subsequently recognized as revenue over the term of the respective franchise agreements, as the franchisor fulfills its ongoing obligations, such as providing training, support, and access to intellectual property.

The recognition of revenue is aligned with the fulfillment of these contractual performance obligations in accordance with applicable revenue recognition standards.

Balance at beginning of the year	$	1,745,917
Recognized as revenue		(266,764)
Amounts collected or invoiced		160,000
Balance at end of the year	$	1,639,153

NOTE 8- Loan Payable

On February 21, 2023, the Company entered into the 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, 2024, was $24,912.

Loans payable maturities during the next two years and thereafter are as follows:

Year ended December 31,		
2025	$	21,268
2026		3,644
Total	$	24,912

NOTE 9- Revenue

The Company primarily generates revenue through two channels: 1) by establishing franchisees and collecting related franchise incomes, such as royalties, marketing income, administrative income, and initial franchise fees, and 2) by selling foods and beverages through its own retail establishments. Other incomes 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, 2024:

Royalty	$	4,227,146
Administrative income		1,319,973
Initial franchise fee		266,764
Store sales		1,988,923
Marketing income		1,581,061
Others		55,104
Total revenue	$	9,438,971

NOTE 10- Accrued Expenses and Others

Accrued expenses and others at December 31, 2024, consist of the following:

Credit card payable	$	8,748
Accrued wages and salaries		84,150
Accrued expense		9,500
Payroll taxes payable		30,174
Sales tax payable		181
Gift card advance		254,062
Uniform payable		110
Total accrued expenses and others	$	386,925

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 contributions 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 $23,000 ($30,500 for an employee who is at age 50 or over) for the year 2024. 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 as safe-harbor non-elective contribution to the plan was approximately $86,429 for the year ended December 31, 2024.

The Company also has a defined benefit plan that includes a cash-balance plan and profit-sharing plan. The Company's total contribution into the defined benefit plan amounted to $332,275 for the year ended December 31, 2024.

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 filed a lawsuit against a former franchisee for trademark infringement, breach of contract, and unfair business practices. Although the lawsuit is still pending, and it is too early to estimate an outcome from the lawsuit, the Company intends to vigorously pursue its claims against the defendant.

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 affiliated entity, B2B Time, Inc (B2B). B2B serves as a domestic importer and supplier of the Company's main food ingredients and supplies to the franchisee. B2B pays the Company rebate based on the volume of sales to the franchisees, and the Company records this rebate as a part of the administrative income. The Company receives royalty and marketing fee income from another affiliated entity, J&U Corporation (J&U). As of December 31, 2024, and for the year then ended, the Company's related party transactions are summarized as follows:

Purchase from B2B	$	9,675
Administrative income from B2B	$	550,000
Royalty income from J&U	$	131,530
Marketing income from J&U	$	42,215

NOTE 14- Income Tax

The Company has elected to be taxed as an 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 $520,000 for the year ended December 31, 2024.

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, 2024, 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, 2024.

NOTE 15- Subsequent Events

In accordance with ASC Topic 855-10, the Company has evaluated its operations subsequent to December 31, 2024 to the date the financial statements were issued. The Company does not have any material subsequent events to disclose in these financial statements except for the following:

On February 10, 2025, the Company was currently the defendant in a lawsuit filed against the Company for alleged violations of both the American with Disabilities Act and the Unruh Civil Rights Act. by a franchisee alleging a certain breach of contract. In summary, the complaint alleges that the Company's website is not compliant with the Americans with Disabilities Act (ADA), claiming that it "denies the Plaintiff and other legally blind individuals full and equal access to the Website and, consequently, to its products and services." The plaintiff is represented by a law firm with a history of filing similar cases against other California-based companies, typically seeking settlements around $25,000. While no formal settlement demand has been made, the Company anticipates that any potential settlement, if reached, may be within this range.

At this stage, the Company believes the potential financial impact of this lawsuit will not be material. However, the situation is being monitored closely, and the Company will continue to assess any further developments.

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 8, 2025

Boba Time, Inc.
Schedule of Selling, General and Administrative Expenses
For the Year Ended December 31, 2024

Selling, general and administrative expenses		
Advertising	$	36,991
Auto		31,235
Amortization expenses		227
Bank charge		2,283
Brand and system development fund fee		1,856,325
Commission		40,659
Depreciation		109,211
Donation		2,170
Insurance		238,589
Legal and professional		296,897
Licenses and permits		23,800
Meals		20,835
Merchant account fees		45,778
Office expenses		51,049
Other taxes		3,314
Payroll taxes		248,204
POS system fee		42,541
Rent		397,160
Repair and maintenance		47,248
Retirement plan		387,613
Salaries and wages		3,347,444
Supplies		3,145
Telephone		16,206
Travel		39,064
Utilities		45,247
Total selling, general and administrative expenses	$	7,333,235

See independent auditors' report on the supplementary information

Boba Time, Inc.

Financial Statements and Independent Auditors' Report

December 31, 2023

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. (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.

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

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. 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.

8. 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.

9. 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).

10. 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.

11. 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/.

12. 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.

13. 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.

14. The franchise agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

15. For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in the Franchise Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

16. Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable.

[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	
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, 2026

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 "A"	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

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Print Name

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Date (Signature) Prospective Franchise Owner

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