TEAPIOCA INTERNATIONAL, LLC
2851 Joe Dimaggio Blvd., Ste. 33 & 34
Round Rock, Texas 78665
www.TeapiocaLounge.com
844-4TPIOCA

INDIANA FRANCHISE DISCLOSURE DOCUMENT

July 11, 2025

FRANCHISE DISCLOSURE DOCUMENT

TEAPIOCA INTERNATIONAL, LLC
(A Texas Limited Liability Company)
2851 Joe Dimaggio Blvd., Ste. 33 & 34
Round Rock, Texas 78665
844-4TPIOCA
Franchise@TeapiocaLounge.com
www.TeapiocaLounge.com

The franchise described is known as "Teapioca Lounge"® ("Teapioca"). Teapioca is involved in the business of training people through two comprehensive courses to open their own business involving quick service beverage business and allowing select trainees to become Teapioca Franchisees. Teapioca Franchisees provide high quality teas, boba, smoothies, iced products, and other dessert drink confections to customers in a modern lounge setting, where customers come for the Confections and Stay for the Connections®.

The total investment necessary to become a Teapioca Single Unit Franchisee is $311,650 to $644,200. This fee includes the Forty-Four Thousand Dollars ($44,000) that must be paid to the franchisor or its affiliate(s) to open in Your chosen Territory.

If You should choose and if Teapioca awards You the ability to open Multiple Units You will pay the Area Development Fee ranging from $116,160 to $234,080. You will prepay the Development Fee for Your additional units at the following discounts. The following table shows the discount for the 3-pack, the 5-pack and the 7-pack:

Units	Discount %	Original Price	Discount	Total after Discount
1 Unit	0%	$ 44,000	$ 0	$ 44,000
3- Pack	12%	$ 132,000	$ 15,840	$ 116,160
5- Pack	17%	$ 220,000	$ 37,400	$ 182,600
7- Pack	24%	$ 308,000	$ 73,920	$ 234,080

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

You may wish to receive Your disclosure document in another format that is more convenient for You. To discuss the availability of disclosures in different formats, contact Johnson Wu at 2851 Joe Dimaggio Blvd., Ste. 33 & 34, Round Rock, TX 78665, or email at JohnsonWu@TeapiocaLounge.com or telephone him at 844-4TPIOCA.

The terms of Your contract will govern Your franchise relationship. Do not rely on the Disclosure Document alone to understand Your contract. Read all of Your contract carefully. Show Your contract and this Disclosure Document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this Disclosure Document can help You make up Your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help You understand how to use this Disclosure Document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600

Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information.

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

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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 B.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Teapioca Lounge 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 Teapioca Lounge franchisee?	Item 20 or Exhibit B 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 G.

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Texas than in your own state.
2. **Mandatory minimum payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Sales performance required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.

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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TABLE OF CONTENTS

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

ITEM 2 - BUSINESS EXPERIENCE 2

ITEM 3 - LITIGATION 3

ITEM 4 - BANKRUPTCY 3

ITEM 5 - INITIAL FEES 3

ITEM 6 - OTHER FEES 5

ITEM 7 - ESTIMATED INITIAL INVESTMENT 12

ITEM 8 - RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 18

ITEM 9 - FRANCHISEE'S OBLIGATIONS 20

ITEM 10 - FINANCING 22

ITEM 11 - FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING 22

ITEM 12 - TERRITORY 44

ITEM 13 - TRADEMARKS 46

ITEM 14 - PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 50

ITEM 15 - OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS 53

ITEM 16 - RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 54

ITEM 17 - RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 55

ITEM 18 - PUBLIC FIGURES 64

ITEM 19 - FINANCIAL PERFORMANCE REPRESENTATIONS 64

ITEM 20 - OUTLETS AND FRANCHISEE INFORMATION 80

ITEM 21 - FINANCIAL STATEMENTS 85

ITEM 22 - CONTRACTS 85

ITEM 23 - RECEIPT 85

EXHIBITS

FINANCIAL STATEMENTS ..... A
LIST OF FRANCHISE LOCATIONS ..... B
BUSINESS ESTABLISHMENT TRAINING COURSE AGREEMENT C
SITE SELECTION AND REAL ESTATE TRAINING COURSE AGREEMENT ..... D
ONGOING FRANCHISE AGREEMENT ..... E
AREA DEVELOPER AGREEMENT ..... F
MULTI-STATE ADDENDUMS ..... G
CONFIDENTIALITY AGREEMENT ..... H
LIST OF STATE ADMINISTRATORS AND EFFECTIVE DATES I
RECEIPTS AND ACKNOWLEDGEMENT ..... J

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

To simplify the language in this Disclosure Document, the words "We," "Our" and "Us", "TPI" and "Teapioca" refer to Teapioca International, LLC, the Franchisor and trainer of this business. "You" and "Your" refer to the person who buys the training, whether You are an individual, a Corporation, Limited Liability Company or other business entity. If You are a Corporation, a Limited Liability Company or other business entity, certain provisions of this Disclosure Document also apply to Your owners. Our agent for service of process is disclosed at the end of this Disclosure Document in Exhibit H.

The Franchisor and its Affiliates

We were organized as a Limited Liability Company in Texas on January 1, 2015. We have no parents. Our principal business address is 2851 Joe Dimaggio Blvd., Ste. 33 & 34, Round Rock, Texas 78665. We do business under Our company name and the names "Teapioca", "Teapioca International", and "Teapioca Lounge". We have offered franchises since January 15, 2015.

CHBN Holdings, LLC which is located at 3116 Carnousty Street, Round Rock, TX 78664. CHBN Holdings, LLC is the holder of our trademarks, copyrights and other intellectual property items. CHBN Holdings, LLC does not offer, nor has it previously offered a franchise in this or any other line of business. None of the owners of Teapioca International, LLC owns any percentage of CHBN Holdings, LLC.

We grant training to learn the quick service beverage business best practices and allow select trainees who are qualified persons or business entities to become franchisees in connection with the service mark Teapioca Lounge® and other related logos (collectively referred to as the "Marks"). We refer to these businesses as "Teapioca Businesses." Our Franchisees conduct Teapioca business which provide high quality teas, boba, smoothies, Taiwanese shaved ice products, and other dessert drink confections to customers in a modern lounge setting, where customers Come for the Confections and Stay for the Connections®. We refer to the Teapioca Businesses You will operate as the "Franchised Business." In addition to granting franchises for single unit Teapioca Businesses, We also allow certain Franchisees who fit Our criteria to become Multi-unit franchise owners, also called Area Developers. Multi-unit franchise owners open and operate multiple additional Teapioca Businesses in a specified Territory. Upon establishing each additional outlet under the Development Schedule, You may be required to sign the then-current Ongoing Franchise Agreement, which may differ from the current Ongoing Franchise Agreement included with this FDD. You must operate the Franchised Business in accordance with Our standards, methods, procedures and specifications, which We refer to as Our "System" and which are more particularly described in Our Ongoing Franchise Agreement.

Teapioca International, LLC has never operated a Teapioca Lounge. Other than the overall Site and Establishment training in the quick service beverage industry, We are not engaged in any other line of business, nor have We ever offered franchises in another line of business.

General Description of the Franchise, Market, and Competition

The franchise described is known as Teapioca Lounge® ("Teapioca"). Teapioca is involved in the business of boba, bubble tea and dessert drink confections. The market for the goods and/or services that are offered by Our Franchised Businesses would be categorized as a well-developed market. Teapioca Franchisees provide high quality teas, boba, smoothies, Taiwanese shaved ice products, and other dessert drink confections to customers in a modern lounge setting, where customers Come for the Confections and Stay for the Connections®. The bubble tea industry is worth an estimated 2.4 billion dollars. You will face competition from graduates of Our training courses who chose not to become

franchisees, as well as, other coffee shops, tea shops, restaurants which serve dessert products, juice bars, other Teapioca Lounge franchisees, and other businesses involved in the service of boba and bubble tea products in Your area.

Regulations

The quick service beverage business, as with any business, is regulated. Many of the laws, rules and regulations that apply to businesses generally, such as the Americans with Disabilities Act, Federal wage and hour laws, the USA PATRIOT Act & Executive Order 13224, and the Occupational Safety and Health Act, may also apply to the Teapioca Franchised Businesses. If You apply to become and are awarded a Teapioca franchise, You will be required to comply with all Federal, State, and local laws, rules and regulations, including, DOJ report, and background check/report, and will timely obtain, maintain and renew when required all permits, certificates, and licenses necessary for the proper operation of Your Teapioca Franchise, including qualification to do business, fictitious trade or assumed name registration.

Additionally, You must comply with all rules, laws and regulations relating to the food service industry, including but not limited to, regulations by the U.S. General Services Administration, and those laws issued and enforced by state and local health departments.

You should consider these and other applicable laws and regulations when evaluating Your opening of a quick service beverage business. If You apply to become and are awarded a Teapioca franchise, You alone are responsible for complying with all applicable laws and regulations despite any advice or information We may give You under the Ongoing Franchise Agreement.

ITEM 2. BUSINESS EXPERIENCE

Chief Executive Officer: Bao Phan

Bao has been the CEO of Teapioca International, LLC since June 1, 2021. Prior to this position he held the position of Chief Branding Officer for TPI from its inception in 2015. As the Chief Branding Officer, Bao handled all external communication with the vendors responsible for producing the high quality, proprietary branded products that Teapioca Lounge franchisees use in the operation of their franchised business. Outside of his work with Teapioca International Bao has been employed as an advisory software engineer with IBM in Austin, Texas since June of 1999. Bao's dedication to the brand is clear as is his sharp and analytical mind.

Chief Operations Officer: Johnson Wu

Johnson has been the COO of Teapioca International, LLC since June 1, 2021. Prior to his position of COO, he was the acting CEO of Teapioca International from October 7, 2019, to his acceptance of the COO title in June of 2021. Johnson has also served in the capacity of Teapioca Lounge Training Manager since our inception. Johnson previously held the position of General Manager of the Teapioca Lounge Parmer location January of 2013 through October 7, 2019. As an Ex-General Manager Johnson gained valuable experience in the day-to-day operation of a Teapioca Lounge Franchised Business. Johnson brings his real-world experience and training background to his position of COO with Teapioca International and enjoys supporting franchisees.

Franchise Operation Lead: Cameron Daake

Cameron began his career at a Sonic Drive-In Franchise in Brenham, Texas from 2015 to 2019, where he grew to love the Franchise Business system as well as the day-to-day operations of running an efficient restaurant. He then worked for a few large retail companies such as Lowe’s and HEB between 2019 and 2021, where he learned methods for training and developing talent and employees, creating a

business culture, and providing an excellent customer experience. Starting in 2021, Cameron began working with Teapioca as a Store Manager. Cameron then moved into his role with Teapioca International by becoming a Franchise Coordinator in Austin Texas and acting as the Lead Training Manager for Franchisees. These positions have honed his skills and experience in Store Operations which he has used to assist in developing procedures for Teapioca Lounge Franchisees.

Assistant Manager: **Jessica Beltran**

Jessica Beltran has over 9 years of experience in the food service industry. She has began working with Teapioca International, LLC since July of 2024 in Austin, Texas as an Assistant Manager. She provides training to franchisees on store operations, procedures, and brand standards. Jessica also provides franchisees with ongoing support for their daily operational tasks, ensuring smooth business functions.

Operations Manager: **Junrex A. Esic**

Junrex began his career as a Customer Service Representative with The Results Companies, in the Philippines, starting in 2011, building and maintaining positive relationships with customers, building reports, and resolving issues with management to provide continuous improvement. In 2014, Junrex received his Bachelor of Science in Business Administration at the Saint Paul University in the Philippines. From 2015 to 2017, he managed a position as a Business Development Manager working to build and maintain positive relationships with customer through personalized services, analyzed data and competitive landscape to create strategic decisions and identify growth areas. His experience with business and management services allowed him to develop into the skills of Teapioca Lounge's Operations Manager. As of 2025, Junrex has developed, implemented, and monitored the operational process and procedures to enhance efficiency and productivity, also identifying resolutions for the operational issues throughout the franchise system. He is recognized for his innovative campaigns and data-oriented strategies. Junrex has effectively overseen various projects that enhances the company's visibility and customer engagement. In his leisure time, he loves photography, volunteering at local community events, and conducting research.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4. BANKRUPTCY

No Bankruptcy information is required to be disclosed in this Item.

ITEM 5. INITIAL FEES

There is no Initial Franchise Fee. The Franchise Fee is Zero Dollars ($0.00); however, You are required to take Our courses, and You will have initial course fees.

If You choose to enroll in Our Training Classes, which are only offered in combination, and are required to become a Teapioca Lounge Franchisee, You must pay Us training course fees totaling Forty-Four Thousand Dollars ($44,000.00) for both course certifications, which include Business Establishment Course Fees, and the Site Selection and Real Estate Training Course Fees as the "Initial Fees".

You will pay these Initial Fees in two installments; the first installment is the Business Establishment Training Course Fee of Twenty-Four Thousand Dollars ($24,000.00) which is due when executing Your Business Establishment Training Course Agreement. (Unless modified by a State

Addendum, attached as Exhibit G to this Disclosure Document.) The second installment is for the Site Selection and Real Estate Training Course Fee of Twenty Thousand Dollars ($20,000.00), which is due at the signing of the Site Selection and Real Estate Training Course Agreement. These Fees are fully earned upon signing the associated Agreement which enrolls You in the Course and are therefore one hundred percent (100%) non-refundable. Upon successful completion of the Business Establishment Training Course and the Site Selection and Real Estate Training Course, You may apply and We will grant You the right to enter into an Ongoing Franchise Agreement with Us. There is no additional upfront payment to Us for the Ongoing Franchise Agreement. All fees are fully earned upon signing their applicable Agreement, and thus are 100% non-refundable.

Establishment Agreement

The Business Establishment Training Course is due to Us in a lump sum when You sign the Business Establishment Agreement. (Unless otherwise stated in the State Addendum attached.) The Fee is payment, in part, for expenses incurred by Us in furnishing assistance and a copy of Our Business Establishment Manual(s) that contains topics such as: establishing a business, legal entity types, accounting, marketing, POS systems, start-up timetable and preparation for opening information, including among other things, securing required accounts, licenses and permits, décor specifications and required fixtures, furnishings, equipment, supplies, and potential suppliers (see Exhibit C to review the Business Establishment Training Course Agreement). You will also agree to enter into and sign the Site Selection and Real Estate Training Course Preliminary Agreement with Us (see Exhibit D to review the Site Selection and Real Estate Training Course Preliminary Agreement), either simultaneously with or after completing the Business Establishment Training Course.

Site Selection and Real Estate Training Course Preliminary Agreement

After entering into an Establishment Agreement, for the Business Establishment Course, You and Teapioca will enter into the Site Selection and Real Estate Training Course Preliminary Agreement (see Exhibit D to review that Agreement). Upon payment You will be provided with a copy of Our "Site Manual" that contains: Site Selection information, including among other items, site specifications and leasing background information, a sample form real property lease, and instructions for preparing a trade area study and competition survey. The "Site Manual" will be Yours to use as long as You are still in training with Teapioca.

The Initial Fees, as they are described above, are uniform for all Applicants.

Ongoing Franchise Agreement

No earlier than, upon successful completion of the Preliminary and Establishment Training Courses, You may apply, and We will grant You the right to enter into an Ongoing Franchise Agreement, for no additional fee. Upon granting the Ongoing Franchise Agreement, You will be provided: (1) an Operations Manual(s) to use, which shall remain Our Confidential Information and sole property; (2) Teapioca specific Site Approval and Layouts; (3) Teapioca specific Business Establishment and buildout assistance; (4) Franchisee and Managers Teapioca Training; (5) Teapioca Soft Opening and Grand Opening Training for Your staff; and (6) ongoing support and industry knowledge. You and all hired directors and managers must attend the required Ongoing Franchise Agreement training program. You must pay for all travel expenses, room and board, and any related employee costs during the training program.

Area Development Agreement

If You chose to enter into, and have been approved for, an Area Development Agreement, You must sign the Area Development Agreement simultaneously with the first Ongoing Franchise

Agreement for Your first Teapioca Business. Prior to signing an Area Development Agreement, You must have paid the Initial Fees for the first Site and Establishment Training Courses.

Units	Discount %	Original Price	Discount	Total after Discount
1 Unit	0%	$,000	$ 0	$,000
3- Pack	12%	$ 132,000	$ 15,840	$ 116,160
5- Pack	17%	$ 220,000	$ 37,400	$ 182,600
7- Pack	24%	$ 308,000	$ 73,920	$ 234,080

The Total Development Fee for a 3-Pack of One Hundred Sixteen Thousand One Hundred Sixty Dollars ($116,160.00), must be paid to Us upon signing the Area Development Agreement for a 3-Pack Development Schedule, which includes paying Thirty-Eight Thousand Seven Hundred Twenty ($38,720.00) per unit, which is a twelve percent (12%) discount off each franchise unit;

The Total Development Fee for a 5-Pack of One Hundred Eighty-Two Thousand Six Hundred Dollars ($182,600.00), must be paid to Us upon signing the Area Development Agreement for a 5-Pack Development Schedule, which includes paying Thirty-Six Thousand Five Hundred Twenty Dollars ($36,520.00) per unit, which is a seventeen percent (17%) discount off each franchise unit; or

The Total Development Fee of Two Hundred Thirty-Four Thousand Eighty Dollars ($234,080.00), must be paid to Us upon signing the Area Development Agreement for a 7-Pack Development Schedule, which includes paying Thirty-Three Thousand Four Hundred Forty Dollars ($33,440.00) for each unit, which is a twenty-four percent (24%) discount off each franchise unit.

The total Development Fee for the number of units as shown on the Development Schedule, Exhibit I, is due to Us in a lump sum when You sign the Development Agreement, unless otherwise stated in the State Addendum attached. The Development Fee is payment, in part, for reserving the Development Territory, expenses incurred by Us in furnishing assistance and services to You as set forth in the Development Agreement and for costs incurred by Us, including general sales and marketing expenses, training, legal, accounting and other professional fees. The Development Fees, as described above, are uniform for all Developers.

Veteran Discount

We offer ten percent (10%) off the Initial Fees for U.S. military who would be eligible for VetFran membership. If you are a developer this discount will apply to your first unit only.

2025 Only Discounts

We are offering three (3) additional 2025 only discounts. They include:

- a Five Thousand Dollar ($5,000.00) discount off the Initial Inventory Order,
- a Federal Employee discount of Ten percent (10%) off of the Initial Fees; and
- a Ten percent (10%) discount towards the Initial Fees for any existing Franchisee signing a new Franchise Agreement.

Refundability

The Initial Fees are non-refundable in whole or in part under any circumstance.

ITEM 6. OTHER FEES

This section is only applicable if You apply to become and are awarded a Teapioca Franchised Business.

Below is a detailed description of other recurring or isolated fees or payments that You must pay to Us or that We impose or collect for a third-party under the terms of the Ongoing Franchise Agreement. The fees are uniformly imposed unless noted otherwise below in the Remarks column. We reserve the right to increase fees for inflation. All Fees are Due Weekly on Wednesday by ACH Auto Debited unless stated differently below.

Name of Fee	Amount	Due Date	Remarks
Royalty Fee[1]	5% of Gross Sales	Wednesday, for the previous Week ending the last full day of the preceding Week	For the limited right to use the Teapioca trademarks from due date to due date. Five percent (5%) of Your Gross Sales, see definition of Gross Sales.3 This is the amount due Us.
Business Branding Fund[1]	2% - 1% based on Gross Sales volume	Wednesday, for the previous Week ending the last full day of the preceding Week	Contributions must be paid weekly. To qualify for the one percent (1%) branding fee Your Gross Sales You must reach Five Hundred Thousand Dollars during any fiscal year (January 1 through December 31). Once You have qualified for the lower fee You keep it. We do not require Business Branding Funds to be used in cooperative advertising however, a cooperative may determine its members' required contributions, if one is created by its members. We reserve the right to raise the National Business Branding Fund fee if needed. You will have at minimum thirty (30) days' notice of the change.
Local Advertising Fee	$1,051 per month	Monthly	You will submit monthly to Us or Our Approved Supplier in the Manual(s) these contributions from the previous month towards Your Local Advertising, which is due with Your first Royalty Report of the month. $500.00 of which must be utilized for Digital Marketing for Your location.
Advertising Cooperative	The amount will vary by cooperative	Upon Demand	If Franchisees or We choose to create an advertising cooperative, the amount will vary depending upon the area being covered by the cooperative. You will pay an equal amount with all other Franchisees in the cooperative.
Technology and Intranet Fee[8]	$150 per week	Wednesday, for the previous Week ending the last full day of the preceding Week beginning the week after You sign the Ongoing Franchise Agreement	You can prepay this fee monthly prior to opening the business if You desire, or this can be deferred until You open the business to the public, by extending Your Franchise Agreement for ten (10) years from your Opening Date. This will cover the Initial Store Layout Development, plus maintenance of Your POS, payment processing software, marketing demographics, image and video development of Your digital menu, customer

Name of Fee	Amount	Due Date	Remarks
			display screens, web ordering, intranet, customer rewards program, data analytics, and franchisee platform access. These fees are subject to change. Further described in Section 3.7 of the Ongoing Franchise Agreement.
Technology Setup Fees[8]	$1,500 initial setup fee	As invoiced	This will cover the initial setup of Your POS, payment processing software, marketing demographics, image and video development of Your digital menu, customer display screens, web ordering, intranet, customer rewards program, data analytics, and franchisee platform access. You may choose to obtain additional items or terminals at training. If You do, there will be an additional fee. You will also be responsible for any ongoing upgrades or updates, maintenance packages and software package after installation.
Telephone Directory Advertising[4]	Varies according to area and type of listing	As invoiced	You are required to list and advertise in the online "white pages" of Your local telephone directory, and other online directories such as Yelp and Google Business Pages, which are typically free unless You request additional services or advertising from them.
Architect Assistance Fee	Varies according to location, area, and space at $500 per day	As invoiced	This Fee covers the coordination with Your Architect. You are required to work with Us or Our Architect prior to working with Your Architect, and prior to approval. You must submit the layout of the site and We will create a TPI styled layout and submit it to You and Your Architect, then the elevation (or all sets of plans) must be submitted back for final approval, before buildout. We will communicate with Your Architect as needed.
Audit Expenses[1]	All costs and expenses associated with audit	Upon demand	Audit costs payable only if the audit shows an understatement in amounts due of 2% or more.
Late Fees[2]	$250	Upon demand	Applies to all overdue Reports, Royalty Fees, Marketing Fees and other amounts due to Us per incident. Also applies to any understatement in amounts due revealed by an audit. Plus eighteen percent (18%) interest; plus legal late and bank fees, if applicable[2]. All interest is compounded daily.
Insufficient Funds Fee	$50, or the maximum amount as	Upon demand	Applies to all non-approved (ACH Debit) or returned payments made by You that do not fund or clear Your bank for any reason whatsoever, per incident. Plus, eighteen percent

Name of Fee	Amount	Due Date	Remarks
	permitted by State law		(18%) interest, plus legal late and bank fees, if applicable[2]. The maximum amount allowed in Your state may be adjusted on the State Addendum. (see Exhibit H)
Insurance	Amount incurred	As required by third-party insurance provider	You must have insurance coverage in the amounts specified within the Ongoing Franchise Agreement.
Insurance Reimbursement[5]	Amount incurred	Upon demand	Payable only if You fail to maintain required insurance coverage and We elect to obtain coverage for You.
Transfer Fee[1]	$10,000	Time of transfer	The Transfer fee is due when submitting the Notice of Selling, which is when you place Your Franchised Business up for sale. This fee is not refundable. This full fee does not apply if You transfer ownership to Your Own new entity, under Section 18.3 of the Ongoing Franchise Agreement, only a Five Hundred Dollar ($500.00) fee would be due under that section.
Transfer Training Fee	$15,000	Time of Transfer training	Due upon Signing of the New Ongoing Franchise Agreement with Transferee. Additional trainees can attend at a daily rate of Five Hundred Dollars ($500.00) each. All travel, room and board will be at the Transferee's expense.
Relocation Assistance[1]	Costs of providing relocation assistance or $1,500 whichever is greater	Time of assistance	We will charge You a Relocation Fee for relocation evaluation if You request it and We agree to provide it.
Other Audit Fees and Amounts[7]	All costs and expenses associated with audit	Upon demand	You will be required to pay for any other third-party audits, including any governmental type audits.
Customer Service[1]	All costs and expenses incurred in assisting Your consumers	Upon demand	You must reimburse Us if We determine it is necessary for Us to provide service directly to any of Your customers.

Name of Fee	Amount	Due Date	Remarks
Additional Training[6]	Daily Rates as published in the Manual; currently, $500 per day	Time of service	You pay for additional training for additional trainees at Our facility at a rate of Five Hundred Dollars ($500.00) per day (eight (8) hour session) plus (i) Our travel expenses or (ii) Your expenses as well as Your employees' expenses in attending. You will also pay this fee if additional training is required if You fall below the minimum gross sales requirement.
Additional Operations Assistance[6]	Daily Rates as published in the Manual; currently, $500	Time of assistance	We provide You with assistance around the beginning of Your operations at no charge to You. You pay for additional assistance if You request it or if We provide assistance to Your Customers. We will provide this assistance for up to sixty (60) days at Our Daily Rate plus Our expenses.
Ongoing Training Programs[6]	You are required to pay Your expenses as well as Your employees' expenses for attending	Time of program	We provide Update Training. No tuition or training fees are assessed. The Manager, Franchisee's other managers and/or employees will not be required to attend more than one (1) session(s) in any calendar year and collectively not more than three (3) days in any calendar year, not including any annual convention that is held by Us.
Soft Opening Support Package	$2,000 for additional on-the-job pre-Soft Opening training	Time of assistance	In addition to Your Soft Opening Training, We provide additional support for soft opening of Your location. We will provide additional assistance for five (5) days in accordance with Your Soft Opening dates to the public. Teapioca Support Personnel will assist Franchisees with their location, staff management, and customers. The Soft Opening Support Package is offered to any Franchisee with one (1) or more stores at a rate of Two Thousand Dollars ($2,000.00) for the five (5) day week (eight (8) hour session) plus (i) Our travel expenses.
Temporary Management Assistance[1]	Rates as published in the Manual; currently $500 plus 2% of Gross Sales per day	Each day that it applies	Following the death or incapacity of an owner of the Franchised Business. We may assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third-party approved by Us, up to a maximum of sixty (60) days. We charge this temporary management fee during the time We are operating Your Franchised Business and We will also be entitled to reimbursement of any expenses We incur that are not paid out of the operating cash flow of the Franchised Business, as stated in the Manual(s).

Name of Fee	Amount	Due Date	Remarks
National / Regional Meetings	$1,500 for two attendees (Non-attendance incurs an additional penalty of $2,000)	October 15 of each year	We provide Annual Training at Our Annual Convention. We will provide all convention entrance fees, except hotel and airfare costs for up to two (2) to attend the training session. Additional attendees will be billed at Seven Hundred Fifty Dollars ($750) each.
Indemnification / Legal Fees	All costs including attorney's fees	Upon demand	You must defend lawsuits at Your cost and hold Us harmless against lawsuits arising from Your operation of the Franchised Business.
Renewal Fees	$8,750	Nine (9) months prior to termination	You must notify Us in writing at least nine (9) months prior to the end of Your Ongoing Franchise Agreement with Us that You wish to Renew Your Franchise. You must attend refresher training if requested, sign a General Waiver (subject to state law), and execute the then-current Ongoing Franchise Agreement, and comply with current standards (Ongoing Franchise Agreement Section 4.2)
Replacement Operations Manual(s)	$1,500 each	Upon request	You are loaned one copy of the Operations Manual(s). If You require a replacement copy this fee will be due upon ordering it.
Liquidated Damages on Confidential Information Disclosure only	$20,000 per breach	Upon occurrence	This is contained in the Confidentiality Agreement attached as Exhibit I, and only applies prior to becoming a Franchisee.
Liquidated Damages	Amount varies	Within fifteen (15) days, after termination, pay the amount due based upon the formula noted in the Remarks section	An amount equal to One Thousand Dollar ($1,000.00) per day per occurrence retroactive to the first date of offense, plus the average monthly Royalty Fees You paid to Us during the three (3) fully operating months preceding the effective date of termination multiplied by the number of months remaining in this Agreement had it not been terminated, or until the Territory is resold, whichever occurs first. The liquidated damages provision only covers Our damages from the loss of cash flow from the loss of continuing Royalty Fees.
Prospective Supplier Sample Tests	$150, plus Actual costs incurred	At time of request	If You wish to have Us test or review a new supplier there will be a fee for any actual costs incurred plus a One Hundred Fifty Dollars ($150.00) fee. The new supplier will go through a 90-day approval process, plus test marketing.

Name of Fee	Amount	Due Date	Remarks
			Test marketing shall consist of a minimum of ninety (90) days and a maximum of ninety (90) days and must be tested at the Franchisee's location as well as possibly a corporate location.
Maintenance and Renovation	Amounts vary	When needed or every three (3) years whichever occurs first	You will refresh the Teapioca trade dress every three (3) years. Renovation will be reviewed every seven (7) years, on an as needed or as required basis, based upon the brand standards contained in the Manual(s).
Accounting Software	$65 per month	Monthly	You must use QuickBooks, if You use a third-party accountant, they must use QuickBooks. You will pay for Your QuickBooks directly through QuickBooks. Although We do not set the pricing, the manufacturer does, currently the pricing for QuickBooks is $65.00 per month for the online version.
VOIP Phone System	$49 per month per line	Monthly	You must use Our Approved Vendor for Your phone system. Current pricing is $49.00 per line per month.
Taxes	As determined by applicable taxing authorities	Upon demand	You may be required to pay to Us sales taxes, use taxes, and similar taxes as imposed on goods and services sold to You from Us, as determined by what is imposed on Us by local, states and federal taxing authorities, unless the tax is an income tax assessed on Us for doing business where Your Franchised Business is located.

No other fees or payments are to be paid to Us, nor do We impose or collect any other fees or payments for any other third-party. All fees are generally nonrefundable.

NOTES

1 These fees are imposed by Us and are uniformly imposed and collected through deduction from Your ACH Account and are payable to Us as listed in the due date column of the above chart. Franchisor owned units do not have voting power in cooperatives established. The Royalty Fees, the Service Fee, plus any other amounts You owe Us will be deducted as an ACH withdrawal initiated by Us from Your business banking account following Our receipt of Your Gross Sales Reports. (see Item 8) We may pass through to You any additional fees We incur if You pay Us any amounts by credit card. You are required to pay to Us an amount equal to all sales taxes, use taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor as described above and on services or goods furnished to You by Us at the same time as You submit Your Gross Sales Reports, if any taxing authority imposes taxes on Us, whether such services or goods are by sale, lease or otherwise, unless the tax is an income tax assessed on Us for doing business in Your state.

To receive the lower one percent (1%) Business Branding Fund, You must notify Us via the Weekly Sales Report of Your qualification, We will then verify Your qualification as described in the Manual(s) and the following week the one percent (1%) will be due.

2 The daily additional fee begins the day after the report is due or underpayment, plus the maximum amount of interest allowed by law, compounded daily.

3 "Gross Sales" means the aggregate of all income and monthly fees You receive from Customers for the purchase or provision of any goods or services, including enrollment fees, or any other person or business entity for the Franchised Business in connection with the Franchised Business (whether or not in accordance with the terms of the Ongoing Franchise Agreement) and whether for check, cash, credit or otherwise, from the sale of products and services (including service charges in lieu of gratuity) regardless of the dollar amount You sell each product or service for, including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all insurance payments, check, cash, credit or debit card refunds made in good faith provided, prior to granting the refunds, the revenue related to the refunds was included in Gross Sales, (b) any sales and equivalent taxes that You collect for or on behalf of and pay to any governmental taxing authority, and (c) any rebate You receive from a manufacturer or supplier.

4 Local and telephone directory advertising is in addition to and exclusive of the Local Marketing Contribution.

5 You must maintain certain types of insurance coverage as disclosed in Item 8 or in the Manual. If You do not, We may immediately obtain or reinstate the required coverage on Your behalf, and You must promptly reimburse Us for the costs of obtaining insurance and any additional costs incurred by Us in obtaining Your coverage or reinstatement.

6 These amounts are estimates and approximate the average charge to You for services. Charges may vary based upon the actual time spent by Our staff and the duration of the training or assistance provided.

7 These amounts may be collected by the Us and paid to the third-party on Your behalf, or may be payable directly to the third-party requiring the audit.

8 Part of these amounts cover Our costs to provide the Initial Store Layout Development on Your behalf once You finalize the lease stage. We will provide a site specific floor plan which will reduce the amount of time for Your architect to develop the site plan. The Initial Store Layout does not include Architecture, Structural, Mechanical, Electrical, Plumbing, as this is part of the work of the architect. It also does not include the lighting, sound or furniture plans. This is part of the work of the Interior Designer.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT [1]				
EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
INITIAL FEES[2]	$44,000.00 to $44,000.00	The 2 Separate Payments are due Lump Sum, via cashier's check	First the Business Establishment Training Course Fee of Twenty-Four Thousand Dollars	Us

YOUR ESTIMATED INITIAL INVESTMENT [1]				
EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
		or direct deposit into Our account.	($24,000.00) is due upon execution of that Course Agreement. The second payment of Twenty Thousand Dollars ($20,000.00) for the Site Selection and Real Estate Training Course is due upon execution of the Site Selection and Real Estate Training Course Agreement	
TRAVEL AND LIVING EXPENSES WHILE TRAINING[9]	$3,200.00 to $10,500.00	As Incurred	During Training/Before Opening	Airlines, Hotels, Businesses, Car Rental Companies, etc.
RENT / REAL ESTATE DEPOSIT[3]	$7,400.00 to $25,000.00	As Arranged	As Arranged	Landlord
REAL ESTATE SITE SELECTION[11]	$0.00 to $0.00	As Incurred	As Arranged	CCIM Site Selection Services are included in Our support
UTILITY AND MISCELLANEOUS SECURITY DEPOSITS[4]	$300.00 to $1,800.00	As Arranged	Before Opening, may depend upon Your personal credit history or ratings	Landlord and Utility Companies
LEASEHOLD IMPROVEMENTS[5]	$143,000.00 to $350,000.00	As Arranged	Before Opening, may be included in lease negotiations	Landlord
FURNITURE, FIXTURES, AND EQUIPMENT[6]	$45,000.00 to $106,000.00	As Arranged	Before Opening	Approved Suppliers and Vendors

YOUR ESTIMATED INITIAL INVESTMENT [1]				
EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
OPENING INVENTORY[7]	$30,000.00 to $51,000.00	Lump Sum	As arranged	Us
OFFICE SUPPLIES AND OTHER OPENING ITEMS[7]	$500.00 to $1,000.00	As Arranged	Before Opening	Approved Suppliers and Vendors
GRAND OPENING	$10,000.00 to $15,000.00	As Arranged	Before Opening	Approved Suppliers and Vendors
INSURANCE[8]	$750.00 to $900.00	As Arranged	Monthly/As Arranged, A Portion Before Opening	Insurance Company
SIGNAGE[5]	$5,000.00 to $10,000.00	As Arranged	Before Opening	Third-party
LICENSING AND PERMITS	$500.00 to $1,000.00	As Incurred	During Training/ Before Opening	Third-party Vendors
UNIFORMS	$500.00 to $1,000.00	As Arranged	As Incurred, A Portion Before Opening	Approved Suppliers and Vendors
LEGAL / ACCOUNTING[1]	$1,500.00 to $3,000.00	As Arranged	As Incurred	Your chosen professional
ADDITIONAL FUNDS[10] (Three Months)	$20,000.00 to $50,000.00	As Incurred	As Incurred	Operating Capital
TOTAL[1, 12] **Teapioca Franchise Single Unit**	**$311,650.00 to $670,200.00**			

Area Development of 3 to 7 Single Ongoing Franchise Agreements over time

This section is only applicable if You apply to become and are awarded a Teapioca Area Development Agreement.

YOUR ESTIMATED INITIAL DEVELOPMENT INVESTMENT [1]				
EXPENDITURE	**AMOUNT**	**METHOD OF PAYMENT**	**WHEN DUE**	**TO WHOM PAYMENT IS TO BE MADE**
AREA DEVELOPMENT FEE[2]	$116,160.00 to $234,080.00	Payment of Lump Sum	The Total amount is due upon signing the Ongoing Franchise Agreement[2]	Us
ESTIMATED INITIAL INVESTMENT FOR FIRST UNIT	$311,650.00 to $670,200.00	As described in the Initial Investment Table above for a single Unit.	As described in the Initial Investment Table above for a single Unit.	As described in the Initial Investment Table above for a single Unit.
MINUS THE $44,000 INITIAL FEE CONTAINED IN THE FIRST UNIT TOTAL	-$44,000.00 to -$44,000.00	Deducted from the Total Area Development Fees collected	At time of Area Development Agreement execution	Us
TOTAL[1, 12] **Development Units**	**$383,810.00** to **$860,280.00**			

NOTES TO ITEM 7.

* All Funds payable to Us are non-refundable once paid. For specific information see the Refundability section of Item 5.

1. Estimated Initial Investment

The above estimates do not provide for Your cash requirements to cover operating costs after the initial 90-day phase or personal living expenses. You must have additional sums available, whether in cash or through unsecured credit lines or have other assets that You may liquidate or that You may borrow against, to cover Your personal living expenses and any operating costs after the initial 90-day phase of Your Teapioca Franchise. We urge You to retain the services of an experienced accountant or financial advisor in order to develop a business plan and financial projections for Your Teapioca Franchise. Your actual investment will vary depending upon local conditions particular to Your geographic area or market, and the choices You make such as the attorney or accountant You choose to work with. As described in Item 10 below. We do not offer any in-house financing arrangements to You.

2. Initial Fees and Development Fee

As discussed in Item 5 above, if You submit an Application and pay the Initial Fees and have completed the Site Selection and Real Estate training and the Business Establishment training and are then offered

an Ongoing Franchise Agreement, or if You are approved to be an Area Developer, You will sign a separate agreement called an Ongoing Franchise Agreement and an Area Development Agreement and submit the Area Development Fee for all of the units in the Development Schedule, crediting the amount spent on the training courses for Your first Ongoing Franchise Unit ($44,000.00). If You are not approved to be an Area Developer, then You will not pay the Development fee. All Initial Fees may be modified by a State Addendum attached as Exhibit G.

3. Real Estate/Rent

Your Teapioca Franchised Business will be run out of a business location. Your monthly rent and security deposit or monthly mortgage payments as a projected high-low dollar investment as to leasing space in a business location are somewhat difficult to predict. They will depend upon the size, condition and location of the premises and the demand for the premises among other possible tenants or purchasers, along with the particular building's prevailing rental rates for Your particular locale.

4. Lease, Utility and Miscellaneous Security Deposits

You will most likely be required to pay a lease deposit (typically the last month's rent) before You can enter the premises. Utility companies may require You to place a deposit and/or pay an installation fee before occupying the premises or installing telephone, gas, electricity and related utility services. These deposits may be refundable under agreements made with the Landlord and utility companies.

5. Leasehold Improvements

The cost of construction and leasehold improvements depends upon the size and condition of the premises, the local cost of contract work and the location of the Franchised Business. In some cases, a "vanilla shell" is available which can be used without requiring extensive demolition or renovation. In other cases, the space may require extensive renovation, construction of ceilings, walls, plumbing, flooring and lighting, before finishes can be installed. The range of figures for a Franchised Business is for the cost of reasonable renovation or leasehold improvements. This figure does not include all signage necessary for the franchise location.

You must have interior and exterior signage bearing the Marks as prescribed by Us. The cost of signage will be approximately $5,000.00 to $10,000.00 and will vary based upon the supplier of the signage, size, number of signs, and requirements of the building location and may also be affected by applicable municipal code and zoning restrictions. You must use at least those signs shown on the standard list of internal signs We require for every Franchised Business.

6. Furniture, Fixtures and Equipment

The equipment estimate does not include import fees, shipping or freight.

The equipment necessary for the operation of a Teapioca Business is listed in the Confidential Operations Manual(s) (the "Manual"). You must purchase approved brands and models from approved suppliers. The cost of the equipment will depend on financing terms available, the size of the Franchised Business, brands purchased, and other such relevant factors.

Fixtures may include desks, signs, wall coverings, and decorations. The cost of fixtures will vary, depending on the layout of the Franchised Business, and other relevant factors.

However, all equipment, fixtures, construction, leasehold improvements and interior decor (if applicable) must meet Our standards and specifications and must be approved by Us. Local ordinances may result in variances in the type of required furniture, fixtures or equipment, which may affect the total price.

7. Opening Inventory

The Opening Inventory is the amount of Initial Product or Supplies You must have in Your Teapioca location. The Opening Inventory is the amount of initial product You must have for Your business. In the chart above it reflects $15,000.00, as the minimum anticipated amount of initial inventory, some inventory may be supplied to You prior to Opening by Us. While the reflected $30,000.00 includes the amount for larger locations. We also offer a Five Thousand Dollar ($5,000.00) discount off the Initial Inventory Order, only valid in 2025.

8. Office Supplies and Other Opening Items

Supplies and Other Opening Items is the amount of miscellaneous supplies and other small items You must have for Your business. In the chart above it reflects $500, as the minimum anticipated amount of supplies and other opening items, some items may be supplied to You prior to Opening by Us. While the reflected $1,000 includes the amount for larger locations.

9. Insurance

You must obtain and maintain the required insurance coverage, by a third party, as described by Us in Item 9 of this Disclosure Document and in the Ongoing Franchise Agreement. The cost of insurance will vary based on types and limits of insurance purchased, location of the Franchised Business, terms available and other related factors. The estimate provided is for Your insurance deposit. Please check your lease contract to determine value of insurance coverage required. Be sure that the insurance coverage amount meets both the Landlord's and Our requirements (covered in Item 8)

10. Training

You and Your Manager must participate in Our training programs as stated in Item 11 of this Disclosure Document. You may participate in Our additional training programs. All Initial Fees are used to defray Our costs for providing training, promotional assistance and materials and other services to be provided by Us. Additional information regarding training is available in Item 11 of this Disclosure Document.

11. Additional Funds

An amount of working capital is projected as sufficient to cover operating expenses for three months, including software, employee salaries and overhead, but excluding salary for an owner-operator. However, Teapioca cannot guarantee that this amount will be sufficient or that You will not have additional expenses starting the business. Your costs will depend on factors such as: how much You follow Teapioca's methods and procedures; Your management skill, experience and business acumen; local economic conditions; the local market for Our product; the prevailing wage rate; competition; and the sales level reached during the initial period.

12. Real Estate Site Selection

We provide You with Site Selection and Real Estate Services at no additional cost through Our Approved Vendor. If You choose not to make use of this service, You will bear the costs associated with Us obtaining the necessary Site Selection analytics including demographics, psychographics, and other information from Our Approved CCIM Vendor. These costs can vary widely and are dependent on a number of factors and typically range from $3,000.00 to $10,000.00, if Franchisee does not utilize the approved CCIM Vendor. We do not recommend You use any other Real Estate service than Our Approved Vendor.

13. Total

We relied upon Our business experience to compile these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise.

We cannot guarantee that this amount will be sufficient or that You will not have additional expenses starting the business. Your costs will depend on factors such as: how much You follow Our methods

and procedures; Your management skill, experience and business acumen; local economic conditions; the local market for Our product; the prevailing wage rate; competition; and the sales level reached during the initial period.

We do not offer any direct or in-house financing to You for the Initial Fees as described more fully in Item 10. However, We may provide assistance to You in obtaining outside financing.

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

This section is only applicable if You apply to become and are awarded a Teapioca Franchised Business.

Franchised Business and Location

You must submit at least three (3) locations of Your choosing for approval. The location(s) must meet Our location selection guidelines for the equipment necessary for the operation of a Teapioca Business is listed in the Confidential Operations Manual(s) (the "Manual"). You must purchase approved brands and models from approved suppliers. The cost of the equipment will depend on financing terms available, the size of the Franchised Business, brands purchased, and other such relevant factors.

The criteria used in approving the location may include generally accepted criteria for assessing the sales performance of target metropolitan centers, parking availability, signage availability, other Teapioca Lounge Business and competitors; lease requirements; proximity to at least 1 mall, movie theater, office park, sports complex, college/university, or similar business destination that attracts large amounts of potential customers on a regular basis located within the proposed Territory and diversity of contacts within those areas.

Services, Equipment; Fixtures; Furniture and Signs

You must contract, purchase, lease, or license any services, equipment, furniture, fixtures, supplies, or other materials to be used in the operation of the Franchised Business, only from suppliers that We designate or approve (which might include or be limited to Us or Our affiliates), if stated in the Manual(s) or previously approved in writing by Us. You may purchase items and services for which We have not identified approved suppliers from any source if the items and services meet Our specifications.

Other Products; Supplies and Materials

You must purchase all products, goods, services, supplies, fixtures, materials or equipment and signs used in the operation of the Franchised Business that meet the specifications and quality standards established periodically by Teapioca and from suppliers and manufacturers approved by Teapioca, as described below.

You must use only envelopes, business cards, letterhead, labels and documentation imprinted with the Marks and colors as prescribed and approved by Teapioca.

Specifications and Standards

To maintain the high standards of the quality assurance program and to ensure compliance with service specifications, OSHA, and industry standards, Teapioca reserves the right to approve sources of services or products sold in Franchised Businesses. If We chose to set a specific specification or standard, or if We approve any specific vendors or suppliers, We will share those standards with You in

the Manual(s). Any changes to or modifications of the System, the Manual(s), or any standard will be promptly communicated to You.

You must comply with Our specifications for brands and types of equipment used in Your Franchised Business. If You propose to purchase any items for use in Your Franchised Business from an unapproved source for which We have identified, designated, or approved supplier(s), You must request Our approval, pay any required fees and associated incurred costs. We may require, as a condition of granting approval that Our representative(s) be permitted to inspect the supplier's facilities, and that information, specifications, and samples as We reasonably request be delivered to Us for testing. We will notify You initially within one hundred and twenty (120) days of Your request as to whether We approve the supplier or product to begin testing with. If no final approval (after testing, if required), is received within one hundred and twenty (120) weeks, it is deemed denied. Upon written acceptance and approval by Us of services or products and suppliers submitted for inclusion on the Approved Suppliers List and Approved Supplies List, You will be free to purchase such service or product from such approved supplier. We may revise Our Approved Supplier and Approved Supplies List.

We apply the following general criteria in designating a proposed supplier as an approved source:

1. Ability to provide the service or product to Our quality specifications;
2. Production and delivery capability;
3. Minimum standards for safety;
4. Integrity of the supplier; and
5. Legality of the product or company; and
6. Meet our cost determination process.

Currently, We are not a designated or approved supplier for any products or service nor do We receive benefits from any approved suppliers.

Neither You nor any person affiliated with Us will or may derive revenues as a result of required purchases or leases by You. You will not receive from Us material benefits from Your use of designated vendors, products or approved sources, other than the negotiated purchase agreements disclosed to You in the Manual(s).

We estimate that the cost of required equipment and supplies purchased in accordance with Our specifications will represent (a) 7% of Your total purchases and leases in establishing the business and (b) 6% of Your total purchases and leases during operation of the business.

Insurance

You must obtain and maintain insurance, at Your expense, with policy limits as required by Us, applicable law, Your landlord, and lender or otherwise. The policies must be written by an insurance company reasonably satisfactory to Us with an A.M. Bests Key Rating Guide rating of "A-" or better and include the risks, amount of coverage and deductibles as stated below. We reserve the right to increase the minimum insurance requirements.

a) "all risk" property insurance, including business interruption insurance, customarily obtained by similar businesses in Franchisees general area to cover, at a minimum, all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Teapioca Franchised Business;

b) General commercial liability insurance, including Cyber Liability coverage, in an amount of not less than $2,000,000.00 per occurrence with a $2,000,000.00 general aggregate;

c) Comprehensive general liability insurance, including products and contractual, in an amount of not less than $100,000.00 per occurrence with a $300,000.00 general aggregate;

d) Workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $300,000.00;

e) Sexual/physical abuse insurance of not less than $100,000.00 per occurrence with a $300,000.00 general aggregate;

f) An umbrella policy in amount of not less than $2,000,000.00;

g) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $100,000.00 combined single limit.

h) You must name and maintain Us as "an additional insured" on all insurance policies. You must also provide annual copies to Us at time of renewals.

Bookkeeping and Records

You will establish and maintain a bookkeeping, accounting and record keeping system conforming to Our requirements, as may be periodically revised. You will submit periodic reports, forms and records as specified in the Ongoing Franchise Agreement or the Manual(s) or otherwise.

Benefits to System from Approved Suppliers

In 2024, Teapioca neither received nor derived revenue, rebates or other material consideration based upon required purchases or leases from any of its approved suppliers. For the fiscal year ending December 31, 2024, Our revenues from Franchisees' required purchases or leases were $0.00, or 0% of Our total revenues of $1,138,117.00. Required purchases or leases are estimated to make up 7% of a Franchisee's total initial investment and 6% of a Franchisee's annual operating expenses. Teapioca may negotiate purchase arrangements for all Franchisees with various suppliers, for the mutual benefit of all Franchisees, which may include price terms. Teapioca does not provide material benefits of any kind to You based on Your use of designated or approved sources.

We currently are in negotiations with several suppliers for discounted rates for products, furniture and fixtures which will have a positive benefit to You. Our intent is to continue this practice whenever possible. We do not currently have in place any purchasing or distribution cooperatives; however, We reserve the right to implement them in the future if they will provide a benefit to You. Approval of any purchasing or distribution cooperatives will be by a majority vote of all Franchisees currently in the system at that time.

ITEM 9. FRANCHISEE'S OBLIGATIONS

This table lists Your principal obligations under the Ongoing Franchise Agreement and other agreements. It will help You find more detailed information about Your obligations in these agreements and in other ITEMS of this Disclosure Document.

Obligation		Section In the Preliminary Agreement (Prelim), Establishment Agreement (EA), Ongoing Franchise Agreement (FA) and Development Agreement (DA)	ITEM In the Disclosure Document
a.	Site selection and acquisition/lease	Prelim: Article III FA: Article 5 DA: Article 4	ITEMS 11 and 12
b.	Pre-opening purchases/leases	Prelim: Article IV FA: Articles 5, 12 and 15 DA: None	ITEMS 7, 8 and 11
c.	Site development and other pre-opening requirements	EA: Article 1 FA: Articles 5 and 8 DA: Article 4, Exhibit I	ITEMS 7, 8 and 11
d.	Initial and ongoing training	Prelim: Article II & V EA: Article 5 FA: Article 8 DA: None	ITEMS 6, 7 and 11
e.	Opening	EA: Article 4 FA: Articles 5, 8 and 13 DA: Article 4, Exhibit I	ITEM 11
f.	Fees	Prelim: Article I EA: Article 1 FA: Articles 3, 5, 8, 10, 11, 12, 13, 15, 18 and 21 DA: Article 3	ITEMS 5, 6, 7 and 11
g.	Compliance with standards and policies/Operating Manual	FA: Articles 5, 6, 7, 9, 10, 11, 12, 13 and 15 DA: Article 6	ITEMS 8 and 16
h.	Trademarks and proprietary information	Prelim: Article IX EA: Article 12 FA: Articles 6, 7 and 9, Exhibit 6 DA: Article 6	ITEMS 13 and 14
i.	Restrictions on products/services offered	FA: Articles 5, 6, 7, 10 and 13 DA: Article 2	ITEMS 8 and 16
j.	Warranty and customer service requirements	EA: Article 17 FA: Article 13 DA: None	ITEM 16
k.	Territorial development and sales quotas	FA: Article 2 DA: Article 4, Exhibit I	ITEM 12
l.	Ongoing product/service purchases	FA: Article 13 DA: None	ITEMS 8 and 11
m.	Maintenance, appearance and remodeling requirements	FA: Articles 5, 10 and 13 DA: None	ITEM 6
n.	Insurance	FA: Article 15 DA: None	ITEMS 6, 7 and 8
o.	Advertising	FA: Articles 3 and 11 DA: None	ITEMS 6, 7 and 11
p.	Indemnification	EA: Article 17 FA: Article 21	ITEM 6

Obligation		Section In the Preliminary Agreement (Prelim), Establishment Agreement (EA), Ongoing Franchise Agreement (FA) and Development Agreement (DA)	ITEM In the Disclosure Document
		DA: Article 11	
q.	Owner's participation/ management/ staffing	FA: Articles 8 and 13 DA: Article 4	ITEM 15
r.	Records and reports	FA: Articles 6 and 12 DA: None	ITEM 11
s.	Inspections and audits	FA: Articles 6, 12 and 16 DA: Article 4	ITEMS 6, 11 and 13
t.	Transfer	FA: Articles 16 and 18 DA: Article 7	ITEM 17
u.	Renewal	FA: Articles 4 and 16 DA: None	ITEM 17
v.	Post-termination obligations	FA: Article 17 DA: Article 9	ITEM 17
w.	Non-competition covenants	FA: Articles 7, 17 and Exhibit 2 DA: Article 9	ITEM 17
x.	Dispute resolution	Prelim: Article XII EA: Article 13 FA: Article 23 DA: Article 13	ITEM 17

ITEM 10. FINANCING

We are not required to offer You any Financing Options. At Our choice, based upon Our sole discretion, We have decided at this time to not offer any in-house financing options. However, We may assist You in obtaining outside financing for Your franchise.

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

Except as listed below, We are not required to provide You with any assistance.

A. Our Pre-Opening Obligations

Before You open Your Business, We will:

1. Grant access to the Business Establishment Training Course. This training is described in detail later in this ITEM;

2. Grant access to the Site Selection and Real Estate Training Course. This training is described in detail later in this ITEM;

Note: The rest of this Item, except for the discussion of the Training Courses and their applicable Manual(s), is only applicable if You apply to become and are awarded a Teapioca Franchised Business.

Upon signing the Ongoing Franchise Agreement, We will provide the following:

3. designate Your Territory, as further described in ITEM 12; (Ongoing Franchise Agreement, Section 2.5 and 5.1)

4. if You are a Developer, designate Your Development Territory, based upon the then-current site criteria, as further described in ITEM 12; (Development Agreement, Section 2.1 and Exhibit I)

5. coordinate with You and Our then current approved Commercial Broker, CCIM / Vendor to assist You in locating an appropriate location for Your business and negotiating Your commercial lease according to Our requirements, which include protective provisions for You. However, You are solely responsible for locating and obtaining sites for Your Franchised Businesses in Your Development Territory that are acceptable to Us. We must approve or deny the proposed sites within ninety (90) days or the site will be deemed approved; (Ongoing Franchise Agreement, Section 5.3). We do not typically own the premises in which could be leased to a franchisee.

6. if You are a Developer, You must locate each of Your Franchised Businesses in the Development Territory, and for each, You must propose the specific sites for Our consideration according to the process above. You are solely responsible for locating and obtaining sites for Your Franchised Businesses in Your Development Territory that meet Our standards and criteria and that are acceptable to Us, We will assist You in finding a suitable site; (Development Agreement, Sections 2.1 and 4.3) If We deny the proposed sites, You will continue to search for a site which is approvable.

Note: Neither We nor any of Our employees have special expertise in selecting sites; We make no representations that Your Franchised Business will be profitable or successful by being located at the Approved Location. Any approval is intended only to indicate that the proposed site meets Our minimum criteria based upon Our general business experience;

7. review and approve Your lease or purchase agreement for the site for the Approved Location, including if applicable, discussions and assistance in obtaining the required Lease Rider for Your location; (Ongoing Franchise Agreement, Section 5.3)

Note: Our review of Your lease or purchase agreement and any advice or recommendations We may offer is not a representation or guarantee by Us that You obtained the best deal for the lease, or that You will succeed at the leased or purchased premises;

8. provide You with an Initial Store Layout Development for the store which is in the lease stage. The benefits of the Initial Store Layout Development are a) site specific floor plan will contain the Teapioca Lounge standards, and b) it will reduce the amount of time for Your architect to develop the Site Plan. The cost of the Initial Store Layout Development will be a part of the Intranet & Technology Fee.; (Ongoing Franchise Agreement, Section 5.4)

Note: Neither We nor any of Our employees have special expertise in conforming the plans and specifications to Your local Territory. You will be solely responsible for ensuring that all local ordinances and building codes are followed and that You obtain all required permits if You choose, or are required to build-out;

9. provide You with assistance with procuring equipment, signs, fixtures, opening inventory, and supplies. We will either provide it to You directly or provide a list of approved suppliers with written specifications in the Manual(s). We do not install any items; (Ongoing Franchise Agreement, Sections 8.2 and 13.1)

10. provide the Site Selection and Real Estate Training and Business Establishment training programs. This training is described in detail later in this ITEM; (Ongoing Franchise Agreement, Section 8.1)

11. provide to You on-site assistance in presentations with customers within the Franchised Business Territory; (Ongoing Franchise Agreement, Section 8.2);

12. provide to You, on loan, one (1) copy of the Teapioca Ongoing Operations Manual(s), either in electronic or paper form. The Table of Contents of the Operations Manual(s), along with the number of pages devoted to each section, is described in detail later in this ITEM; (Ongoing Franchise Agreement, Section 9.1)

B. Typical Length of Time Between the Signing of the Ongoing Franchise Agreement and Beginning Operation

We estimate that the typical length of time between the signing of the Ongoing Franchise Agreement and the Opening of a Teapioca Franchised Business to be between 250-270 days for leased property, Factors that may affect Your beginning operations include Your completion of the training package requirements, ability to secure travel arrangements to training, financing, compliance with local ordinances, available training seats when signing, general contractors abilities and timelines, weather conditions and delays in setup or installation of computers, software, equipment and fixtures. You are required to open Your Franchised Business and be operational with Your Soft Opening within 275 days, if a leased location, or 295 days if building a location, after signing the Ongoing Franchise Agreement, unless waived in writing. (Ongoing Franchise Agreement, Section 5.6 and Section 16.2)

C. Other Assistance During the Operation of The Teapioca Lounge® Franchised Business

After the opening of the Teapioca Lounge® Franchised Business, We will:

1. periodically, no less than quarterly, advise and offer general guidance to You by telephone, e-mail, webinars, facsimile, newsletters or other methods. Any guidance provided will be based on Our, Our Affiliates' (if applicable), Suppliers and Our other Franchisees' experience in operating Teapioca Businesses. Such advice and guidance may consist of knowledge and experience relating to the authorized services or products, assistance in obtaining consumers, communication of new developments, improvements or additions, software, equipment and supplies, as well as operational methods, accounting procedures, marketing and sales strategies; (Ongoing Franchise Agreement, Section 14.1)

2. make periodic visits to the Franchised Business to assist and guide You in various aspects of the operation and management of the Franchised Business, as We see fit. We may prepare written reports outlining any suggested changes or improvements in the operations of the Franchised Business and detail any deficiencies that become evident as a result of any such visit. If We prepare a report, You will be provided with a copy; (Ongoing Franchise Agreement, Section 14.2)

3. communicate directly with the consumer, marketing, employees or independent contractor(s), or other person or entity not the Franchisee, to provide assistance before, during, or after the initial sale at the rates published in the Manual(s), payable weekly by ACH Deposit, by Wednesday of the week following the support; (Ongoing Franchise Agreement, Sections 8.6 and 14.1)

4. make available to You changes and additions to the System as generally made available to all Franchisees; (Ongoing Franchise Agreement, Section 10.2 and 14.3)

5. periodically, provide advertising and promotional materials including ad-slicks, brochures, fliers, and other materials for Your use or purchase; (Ongoing Franchise Agreement, Section 14.4)

6. approve forms of advertising materials You will use for Local Advertising, Opening Advertising and any optional Advertising; (Ongoing Franchise Agreement, Sections 11.1, 11.3, 11.4 and 11.5)

7. maintain Our websites located at www.TeapiocaLounge.com and continue to promote Teapioca Businesses through the Internet. We will prepare and maintain an interior page to Our site promoting or giving information about Your Franchised Business; (Ongoing Franchise Agreement, Section 11.4)

8. maintain Our Social Media sites and applications such as: Twitter, Facebook, LinkedIn and other sites and applications that We may establish. We do not allow You to establish or utilize Social Media sites or applications for business purposes except those created by Us for Your use. Further, any representations from You, or Your employees regarding Your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under the Ongoing Franchise Agreement, and You will be responsible for all costs including legal costs for any required fines or legal actions as a result of Your postings; (Ongoing Franchise Agreement, Section 11.4)

9. provide You with modifications to the Manual(s) as they are made available to Franchisees; (Ongoing Franchise Agreement, Section 9.2)

10. provide You with modifications to the security and camera system procedures as needed; (Ongoing Franchise Agreement, Section 9.2);

11. provide You administrative bookkeeping and accounting control procedures as needed; (Ongoing Franchise Agreement, Sections 12.3 and 12.4) and

12. will treat all Franchisees equal. All services and support will be on a first come first served basis. You will enjoy a "favorite Franchisee" provision with Us. Large or multi-unit owners will not receive any special treatment by Us over single unit Franchisees. If We create or roll out new system programs, services, or benefits, they will be immediately applicable to You and all other Franchisees in the Teapioca System, after completion of a beta test market program, if applicable. All Ongoing Franchise Agreements will contain this same provision. (Ongoing Franchise Agreement, Sections 10.1)

D. Advertising and Promotion

1. All advertising and promotions must be approved in writing by Us in advance. We have 14 days to approve the submission. If We do not approve the advertising or promotions You submit within 14 day(s), they are deemed denied and You may not use them.

During every one (1) month period after the Franchised Business opens, You must spend at least One Thousand and Fifty-One Dollars ($1,051.00) on local advertising in an effort to assist You to meet or maintain the minimum sales requirements.

You may choose to spend whatever amount You determine best; however, at no time may You spend less than the required amount towards Your local advertising budget (“Local Advertising”).

On the first Wednesday of each month after the Franchised Business opens, You will furnish to Us an accurate accounting of the expenditures and which ads were utilized on Local Advertising done for the preceding one month period. Marketing methods utilized may include but not be limited to those contained within the Manual(s), and approved advertising materials such as Newspaper ads, Direct Mail, Coupon Direct Mail CoOps, Print Media and Business to Business marketing efforts within Franchisees Exclusive Territory, and non-monetary sponsorships within the community or gifts to select Customers in the community, such as military, police, firemen, or other service people. (Ongoing Franchise Agreement, Section 11.1 and 12.5)

2. National / Regional Advertising

We have developed a Territory-wide Business Branding Fund that You will be required to contribute to. We have set the exact percentage that means paying weekly to Us two percent (2%) or one percent (1%) of Gross Sales. To qualify for the lower branding fee Your Gross Sales must reach Five Hundred Thousand Dollars ($500,000.00) during any fiscal year (January 1 through December 31). Once You have qualified for the lower fee You keep it. For the purposes of this section Your first week counted will be the week of Your Grand Opening. We may adjust the percentage with thirty (30) days advance notice to You; but it can never be raised more than One percent (1%) per year. (Ongoing Franchise Agreement, Section 11.2) We will administer the Business Branding Fund as follows:

We do not require Business Branding Funds to be used in cooperative advertising however, a cooperative may determine its members' required contributions, if one is created by its members. We reserve the right to raise the National Business Branding Fund fee if needed. You will have at minimum thirty (30) days' notice of the change.

(a) We will control the creative concepts and the materials and media to be used, and We will determine the placement and allocation of advertisements. We may use print, television, radio, Internet or other media for advertisements and promotions. We do not guarantee that We will spend any particular amount in Your Territory, or that any particular Franchisee will benefit directly or in proportion to their contribution from the placement of advertising by the Business Branding Fund;

(b) We may use Your contributions to meet or reimburse Us for any cost of producing, maintaining, administering (including costs of personnel), directing and conducting research and advertising (including the cost of preparing and conducting television, radio, billboard, Internet, video, video-streaming, digital signage, audio, magazine, newspaper and direct mail advertising campaigns, conventions and other public relations activities; developing and/or hosting an Internet web page of similar activities; employing advertising or public relations agencies to assist therein; and providing promotional brochures and other marketing materials to Franchisees). We initially plan to conduct all advertising in-house, or We may use a national or regional marketing agency. We will maintain Your contributions in a separate account from Our other funds and We will not use them for any of Our general operating expenses, except for Our reasonable administrative costs and overhead related to the administration of the Business Branding Fund;

(c) We expect to use all contributions in the fiscal year they are made. We will use any interest or other earnings of the Business Branding Fund before We use current contributions. We intend for the Business Branding Fund to be perpetual, but We have the right to terminate it if necessary. We will not terminate the Business Branding Fund until all contributions and earnings have been used for advertising and promotional purposes or have been returned to Our Franchisees on a *pro rata* basis. Any funds not used in a particular fiscal year will rollover to the next fiscal year for use;

(d) All Teapioca Businesses owned by Us will make similar contributions to the Business Branding Fund as required of Franchisees;

(e) We will have an accounting of the Business Branding Fund prepared each year and We will provide You with a copy if You request it. It is Our intention to provide a copy each year at the annual convention and training seminar, discussed later in this Item. We may require that the annual accounting be audited by an independent certified public accountant at the Business Branding Fund's expense;

(f) The Business Branding Fund is not a trust and We assume no fiduciary duty in administering the Business Branding Fund; and

(g) In 2023, the percentages of use for the Business Branding Fund was 50% spent toward media and advertising production, 35% media placement on a national or regional basis, and around 13% of the Business Branding Fund for administrative expenses, and follow-through. Less than 2% of the Business Branding Fund went to the solicitation of new franchisees.

3. Advertising Cooperative

Although We are not obligated to do so, upon certain conditions as listed in the Ongoing Franchise Agreement, We allow You to create a Cooperative Advertising program for the benefit of all Teapioca Businesses located in a particular region, including any non-voting Franchisor owned unit(s) in the region. You may participate in any Cooperative Advertising program established in Your region. If Cooperative Advertising is implemented in a particular region, You must participate in the Cooperative until its renewal period. You may establish an advertising council for Franchisees in that region to self-administer the program. We do have the power to require Cooperative Advertising programs to be created, but not dissolved or merged. We will require each Cooperative Advertising program to prepare periodic financial statements which are available for Your review which will delineate the amount each Franchisee will be required to contribute, which must be based upon a per location division, of a pro-rated portion of Gross Sales for the last three months split between all Franchisees in the program, and specifically not based on a per company / owner division. (Ongoing Franchise Agreement, Section 11.3)

4. Grand Opening

During Your Opening, You must spend at least Ten Thousand Dollars ($10,000.00) on Grand Opening, including print or news media or direct mail advertising, dues for business organizations, event dues or other solicitation and promotional efforts. We will provide You with guidance for conducting Opening Advertising, and We will review and approve the materials You use in Your Opening Advertising. "Opening" includes thirty (30) days prior to opening Your Franchised Business through sixty (60) days after opening Your Franchised Business to the public. (Ongoing Franchise Agreement, Section 8.2 and 11.1)

5. Listing Your Business

You must list the telephone number for the Franchised Business in Your local telephone white pages directory. If You choose to advertise Your Franchised Business in the "yellow pages" it must be in the category that We specify. You must place the listings together with other Teapioca Businesses operating within the distribution area of the directories. You must also list Your business in or on Google Places, Facebook Ads, Print Ads, Radio Ads, and Bing and Google Adwords. All online or Internet based requirements will be completed by Our Marketing agency, You will be responsible for the costs associated with this online requirement. (Ongoing Franchise Agreement, Section 11.5)

E. Computer/Software/Phone System

You must purchase, for use in Your Franchised Business, the computer systems, equipment, and systems We require as stated below, or as may be later modified in the Manual(s). You must acquire, install, and maintain all items that We require, which may change from time to time, within thirty (30) days of written notice. The average cost for purchasing or leasing all of the POS systems (point of sale) needed will be approximately One Thousand Five Hundred Dollars $1,500.00. The annual costs incurred by You for the optional or required maintenance updating, upgrading or support contracts for all of the computer systems range from $135.00 to $1,374.00 depending upon the number of licenses You have. (Ongoing Franchise Agreement, Section 12.6)

You must purchase, for use in Your Franchised Business at least one computer (placement will be discussed in the Manual(s)) with the specified software installed on them. We may require that You add additional, new or substitute software, replace or upgrade Your computer systems and equipment, and enter into maintenance agreements with third parties. You must acquire, install, and maintain all required anti-virus and anti-spyware software as designated by Us in addition to any email or Internet usage policies that We require within thirty (30) days of written notice. You are solely responsible for updating the manufacturer's software on each device and ensuring that each device is not running old versions of the software. The type of data that will be stored in this computer system will be the point of sale, and accounting data; as well as, word processing documents and others You choose to install. We anticipate Your computer expense will be between $600 - $1,200. (Ongoing Franchise Agreement, Section 12.6)

There is currently only one approved point of sale system that You will use that satisfies Our requirements. You must purchase the approved system through Our approved supplier. You must purchase and install Linga POS software, Teapioca version which will include the software and hardware required to operate Your Franchised Business.

Presently, We require You to have QuickBooks accounting system. Teapioca has obtained a multi-user franchising direct agreement with Intuit, manufacture of QuickBooks, which You may purchase through Teapioca, at the specially prepared website for Teapioca Franchisees. You will be responsible for any upgrades or updates to the system thereafter. Although We do not set the pricing, the manufacturer does. Currently the pricing for QuickBooks is $65.00 per month for the online version. We will have access to the accounting system through QuickBooks remote access to validate the revenue for royalties. If You decide to use a third-party accounting firm, We must have access to the QuickBooks accounting system to validate the revenue for royalties. (Ongoing Franchise Agreement Section 3.7 and 12.6)

There is currently only one approved phone system that You will use that satisfies Our requirements. You must purchase the approved system through Our Approved Supplier/Vendor. We reserve the right to act as the collection agent for the phone system, and collect fees You owe. You must purchase and use only the authorized phone to operate Your Franchised Business. We estimate that the Teapioca initial phone system will cost approximately $49.00 plus a monthly ongoing fee of $49 per month, per location depending upon how many phones or phone lines You want.

We have the right to independently access all information collected or compiled by or in accordance with Your use of the software, surveillance cameras, or electronic components at any time without first notifying You. There are no contractual limits on Our access to Your information during the term of the Ongoing Franchise Agreement. You must update or upgrade computer hardware or software as We deem necessary. (Ongoing Franchise Agreement, Sections 12.6, and 12.7)

F. E-Problem Disclaimer

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures and similar problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). We have taken reasonable steps so that E-Problems will not materially affect Our business. We do not guarantee that information or communication systems that We or others supply will not be vulnerable to E-Problems. It is Your responsibility to protect yourself from E-Problems. You should also take reasonable steps to verify that Your suppliers, third-party vendors, lenders, landlords, and governmental agencies on which You rely, have reasonable protection from E-Problems. This may include taking reasonable steps to secure Your systems (including firewalls, password protection and anti-virus systems) and to provide backup systems. (Ongoing Franchise Agreement, Section 12.6)

G. Manual(s)

Business Establishment Training Course Manual(s)

We will provide You with a Business Establishment Training Manual. The Table of Contents for the Manual(s), as of the date of this Disclosure Document is as follows:

BUSINESS ESTABLISHMENT COURSE MANUAL	Page Number
1) Creating the Company	9
a) Types of Companies	
i) Sole Proprietorship	
ii) Partnerships (LP, LLP, LLLP)	
iii) Limited Liability Company (Manager, Member and Series)	
iv) Corporation (C-Corp and S-Corp)	
b) Operating Agreement	
c) Partnership Agreement	
d) Business Trust	
e) Succession Planning	
2) Banking and credit cards	13
a) What type of accounts to open	
b) Credit Card types	
c) Options for processing	
d) Understanding Credit card processors	
3) Utilities and Services	19
4) Licenses and permits	22
a) Typical licenses required	
b) Direction to check local requirements regarding codes, zoning, etc.	
5) Signs	25
a) Requirements	
b) Approval process	
6) Your Tax Obligations	28
a) How to get a Federal Tax ID number, etc.	
b) What to use the Tax ID number for	
c) Federal Taxes	
d) State Taxes	
7) Insurance	31

a) Types of coverage	
i) Specifics of coverage required	
b) Insurance company rating requirements	
8) General contractors	39
i) How to select a general contractor	
ii) How to work with any sub- contractors	
iii) Liens and lien releases – how they function	
9) Equipment and supplies	57
i) Types of Vendors information	
ii) Types of equipment and supplies	
iii) Vendor Agreements	
(1) Common clauses	
(2) Returns	
(3) Shipping terms	
10) Furnishings and design	85
a) Architects	
b) Types of typical layouts for Your industry	
i) Front of House	
ii) Back of House	
iii) Office areas	
c) Design specs such as paint, finishes and flooring	
11) Professionals needed	95
a) Accounting	
i) Accounting Files setup	
ii) Accounting software choices	
iii) Accounting Chart of Accounts for Your industry	
b) Bookkeeper	
i) What reports to provide	
ii) What reports should You receive	
iii) How to ensure compliance	
iv) State taxes	
v) Federal Taxes	
c) CPA	
d) Insurance Agent	
e) Attorney	
12) POS Systems	100
a) What is it	
b) What options are available	
c) What reports should it provide	
d) What 3rd party providers should it work with	
13) Emergency Practices	117
a) Security	
b) Theft	
c) Natural Disasters (fire, earthquake, tornado, hurricane)	
d) Family emergencies for employees	

14) Policies	119
a) Privacy policy	
b) Data Security policy	
c) Credit Card policies	
d) Opening and Closing policies	
e) Money Handling policies	
15) Human Resources	123
a) Locating potential employees	
b) Interviewing	
c) Hiring	
d) Wage & Hour	
e) Reporting	
f) Taxes	
g) Handling Garnishments	
h) Handling Write-ups	
16) Customer Service	212
a) Finding the Customer	
b) Marketing to the Customer	
c) Creating Culture	
d) Greeting the customer	
e) Concluding the Sale policy	
f) Return policies	
g) After Sale Marketing	
TOTAL PAGES	**250**

Site Selection and Real Estate Training Manual(s)

We will provide You with a Site Selection and Real Estate Training Manual. The Table of Contents for the Teapioca Lounge® Site Manual(s), as of the date of this Disclosure Document is as follows:

SITE MANUAL	Page Number
1) Types of locations	1
a) Site selection criteria	
i) Recommendations about the best sites	
b) User Needs – Considerations	
i) Size	
ii) Location	
iii) Term length	
iv) Zoning	
v) Where customers (going home or to work side, medians, etc.)	
vi) Demographics	
vii) Traffic counts	
viii) Brand image	
ix) Competition (Who's near? Who's missing?)	
x) Parking (can KILL a retail business)	

xi) Hours of operation	
xii) When needed to open (the process takes time-plan ahead)	
c) Site approval process	
i) Process for sites	
ii) Any requirements for locations	
2) Steps and Terms of the Lease	6
a) RFP vs LOI	
b) Letter of Intent	
c) Lease TI's	
d) Common Areas	
3) Types of leases	8
a) Single Net	
b) Double Net	
c) Triple Net	
d) Gross	
e) Modified Gross	
f) Modified Gross CAMs	
4) Finding a Real Estate Professional	10
a) Residential Real Estate	
b) Commercial Real Estate	
c) Investment Real Estate	
d) CCIM	
5) Marketing Analytics & Research	13
a) Chamber of Commerce	
b) ESRI	
6) Obtaining site data	16
a) Your Commercial Real Estate Agent	
b) Landlord Commercial Real Estate Agent	
c) Warnings regarding Landlord For Lease signs	
7) Uncovering special needs for Your industry	22
8) Evaluating Competitors	24
9) Locating Your Business	25
a) Utilizing the industry Site selection criteria	
b) Site approval process	
i) Process for sites and lease approval	
ii) Building out the FFE aspects into Your TI's	
c) Negotiating a Lease	
d) Timelines	
TOTAL PAGES	**46**

Ongoing Franchise Operations Manual(s)

We will loan to You, during the term of the Ongoing Franchise Agreement, one (1) copy of the Set of Manuals containing reasonable and mandatory specifications, standards, operating procedures and rules prescribed by Us for Teapioca Businesses and information relative to Your other obligations and the operation of a Teapioca Lounge® Franchised Business. You must maintain a current, updated

copy of the set of Manuals. If there are any disputes over the contents of the Manual(s), the terms of the master copy maintained at Our headquarters will control. Our interpretations of the provisions of the Manuals are controlling, and You must abide by Our interpretations. We will have the right to periodically add to and otherwise modify the Manuals to reflect changes in the specifications, standards, operating procedures and rules required by Us for Teapioca Businesses, provided no addition or modification will materially change Your fundamental status and rights under the Ongoing Franchise Agreement or require You to spend unreasonable additional capital investment. (Ongoing Franchise Agreement, Article 9)

The Table of Contents for the Teapioca Lounge® Operations Manuals, as of the date of this Disclosure Document are as follows:

Teapioca Lounge Operations Manual Chapters:	
1. Teapioca Specific Pre-Training Manual	42
2. Preface & Introduction (xx pages)	56
3. Personnel (xx pages)	85
4. Administrative Procedures (xx pages)	78
5. Daily Procedures (xx pages)	25
6. Post-Training Operations: Inventory & Vendors (xx pages)	74
7. Sales & Marketing (xx pages)	23
TOTAL PAGES	**341**

OPERATIONS MANUAL – PREFACE & INTRODUCTION	**Page Counts**
Section A: Preface	vi
Correspondence And Communication	vi
Corporate Leadership Team	vii
Company History	viii
Business Overview	ix
Customer Experience	ix
Products And Services	x
General Disclaimer	xi
Mission Statement	xii
Gender Statement	xiii
How The Manual Is Organized	xiv
Manual Organization	xiv
Page Layout	xiv
Statement Of Confidentiality	xv
Manual Revisions	xviii
Submitting Suggestions To The Franchisor	xxi
Limitations Of The Manual	xxiii
Section A: Introduction	1
Teapioca International Quality Assurance	3
Services of The Franchise Organization	4

Site Selection	4
Advertising Materials And Sales Aids	4
Operations Consulting	4
Helpline	4
Website	5
Social Media	5
Electronic Newsletter	5
Responsibilities of a Franchise Owner of Teapioca Lounge	6
Responsibilities To Your Guests	6
Responsibilities To Your Fellow Franchisees	6
Responsibilities To Your Employees	7
Responsibilities To The Franchisor	7
The Weekly Sales Report	8
Visits From The Corporate Office	11
Your Field Consultant	11
The Guest Survey	14
TOTAL PAGES	**34**

TEAPIOCA SPECIFIC PRE-TRAINING MANUAL	Page Count
INTRODUCTION	1
SELECTING YOUR BUSINESS TYPE	2
WOMAN-OWNED/MINORITY-OWNED BUSINESS ADVANTAGE	2
SOLE PROPRIETORSHIP	3
PARTNERSHIP	4
THE LIMITED PARTNERSHIP	5
THE CORPORATION	5
SUBCHAPTER “S” CORPORATION	6
LIMITED LIABILITY COMPANY (LLC)	6
HOW TO OBTAIN AN EIN	7
YOUR STATUS AS A FRANCHISEE	8
BUSINESS NAME	8
REQUIRED BANK ACCOUNTS	9
ACCOUNTS TO OPEN	9
SPECIAL LICENSES AND PERMITS	10
REQUIRED INSURANCE COVERAGE	11
SELECTING A SPACE	13
LEASING RESTAURANT SPACE	16
REQUIRED LEASE INCLUSIONS	18
SAMPLE LETTER OF INTENT	26
LEASE AGREEMENT	34
SIGNAGE	32
CONTACTING UTILITIES AND SERVICES	34

UTILITIES	34
REGULAR SERVICES	34
OCCASIONAL SERVICES	35
PHONE SERVICE	36
A BUSINESS PHONE SERVICE	36
VOICEMAIL	37
CELLULAR TELEPHONES	37
THE TEAPIOCA LOUNGE LOGO SPECIFICATIONS	38
SAMPLE LOGO	38
CHECKS, STATIONERY, AND BUSINESS FORMS	39
EMAIL SIGNATURE	41
THE TEAPIOCA LOUNGE COUNTDOWN-TO-OPENING SCHEDULE	42
TOTAL PAGES	**42**

OPERATIONS MANUAL – PERSONNEL	**Page Counts**
Introduction	2
Contacting The U.S. Department Of Labor And Local State Labor Bureaus	3
Complying With The Department Of Homeland Security	4
Requirements By Law	5
The Teapioca International Policy On	6
Creating Your Teapioca Lounge Staff Database	7
Recruiting Candidates	7
Interviewing Potential Teapioca Lounge Staff	7
Maintaining Your Staff's Compliance	8
Job Descriptions	9
Job Positions And Descriptions	9
The Recruitment And Selection Process	10
Previous Work Experience	12
College/University	12
Skills	13
Sample Background Investigation Consent Form	15
Sample Letter Of Offering	17
Sample Letter Of Rejection	19
Protecting The Teapioca International System	20
Opening Personnel Files	22
Orientation And Training Of Personnel	24
Steps For New Employees	24
Establishing Personnel Policies	28
Evaluating Employees	29
Sample Employee Progress Report	32
Discipline And Termination	35
How To Discipline Your Employees	35
The Steps To Progressive Discipline	36
Grounds For Immediate Termination	37
Violations	38

Disciplinary Action	39
Corrective Actions To Be Taken	39
TOTAL PAGES	**44**

OPERATIONS MANUAL – ADMINISTRATIVE PROCEDURES	**Page Counts**
INTRODUCTION	4
FRANCHISE REPORTING AND PROCEDURES	5
WEEKLY REPORTS	5
FINANCIAL REPORTS	8
QUARTERLY REPORTS	11
PRICING TEAPIOCA LOUNGE MENU ITEMS AND SERVICES	12
PAYING TAXES	13
EMPLOYER IDENTIFICATION NUMBER (EIN)	13
HOW TO GET AN EIN	14
WHEN TO APPLY	14
IRS-REQUIRED REPORTS	14
TYPES OF FEDERAL TAXES	15
INCOME TAX	16
SELF-EMPLOYMENT TAX	16
SOCIAL SECURITY, MEDICARE, AND WITHHELD INCOME TAXES	16
FEDERAL TAXES: WITHHOLDING	17
UNEMPLOYMENT TAXES	17
EXCISE TAXES	17
STATE INCOME TAX	18
STATE UNEMPLOYMENT TAX	18
RETAIL SALES TAX	18
COUNTY OR TOWN TAXES: SALES TAX	19
PERSONAL PROPERTY TAX	19
COUNTY OR TOWN BUSINESS TAX	19
FEDERAL TAX FILING CHECKLIST *	20
PAYING ADDITIONAL FEES	21
LATE PAYMENTS	21
AUDITS	21
INSURANCE POLICIES	22
TRANSFER FEES	22
TRAINING	22
MAINTENANCE REQUIREMENTS AND RENOVATION	22
LEGAL FEES	23
EMERGENCY OPERATING FEES	23

RELOCATION FEES	23
ALTERNATE SUPPLIERS	23
MODIFICATIONS	24
TOTAL PAGES	**24**

OPERATIONS MANUAL – DAILY PROCEDURES	**Page Counts**
Introduction	1
Suggested Business Hours	2
Daily Procedures For Your Teapioca Lounge Franchise	3
How To Set Up New Guests	9
Conducting Guest Service	10
Handling Guest Complaints	11
Job Safety	13
Safety And Health Requirement / Safety Hazard Citation	13
Accident And Incident Reporting	15
Minor First Aid Treatment	15
Emergency Medical Treatment	15
Emergency Phone Numbers	16
First Aid Tips	17
Wounds	17
Broken Bones	17
Burns	18
Thermal (Heat)	18
Chemical	18
Eye Injury	18
Small Particles	18
Large Or Stuck Particles	18
Neck And Spine Injury	18
Heat Exhaustion	18
Workers' Compensation	19
Safety Rules	20
General Safety Rules	20
Fire Safety	21
Confidential Information	22
B. Scoop Measurement	26
TOTAL PAGES	**32**

OPERATIONS MANUAL – POST-TRAINING – INVENTORY & VENDORS	Page Counts
Introduction.	1
Required Hardware and Software.	2
Software	2
Hardware.	2
Recommended Equipment, Supplies, And Furnishings	3
Required Initial Inventory	6
Ordering Equipment And Supplies	7
Using Vendors	7
Approved Vendor List.	8
Inventory List…	10
Product List…	11
TOTAL PAGES	**15**

OPERATIONS MANUAL – POST-TRAINING – SALES & MARKETING	Page Counts
Introduction	2
Teapioca Lounge Services	3
Generating Business	4
Potential Teapioca Lounge Guests	4
Prospect Research	4
Referrals	5
The Teapioca Lounge Marketing Program	6
Business Branding Fund Contribution	6
Cooperative Advertising	6
Local Marketing & Advertising	7
Developing A Local Marketing Program	8
Digital Marketing / Internet	8
Corporate Website	10
Word Of Mouth	10
Publicity	11
Sample Press Release	12
The Teapioca Lounge Sales Process	13
Phone Protocol	13
10 Commandments For Customer Service	13
Guidelines For Using Teapioca Lounge Trademarks	15
The Teapioca Lounge Logo Specifications	15
Sample Logo	16
Checks, Stationery, And Business Forms	17
Email Signature	18

Obtaining Approval For Marketing Concepts And Materials	19
Advertising/Marketing Approval Form	20
TOTAL PAGES	**21**

We have a compilation of Nine (9) Manual(s) and materials that total 597 pages. Failure to follow the mandatory specifications, standards or operating procedures in the Manuals, as amended from time to time, may constitute a material breach of the Ongoing Franchise Agreement. If such a material breach is not cured within thirty (30) days of receipt of the written notice from Us of default, We may terminate the Ongoing Franchise Agreement. (Ongoing Franchise Agreement, Section 16.2)

H. Training

You will complete four (4) levels of training, a Pre-Training; the Initial Training; the Soft Opening Training which shall be completed prior to opening to the general public; and the Grand Opening Program. You must complete the Business Establishment training Program, which is an approximate fifty-nine (59) hours of training, prior to attending the Site Selection and Real Estate Training Program of approximately thirty-three (33) hours of training. You will then complete the Teapioca Initial Ongoing Franchise Agreement Training of twenty-one (21) days, two to three (2-3) day(s) for Pre-Soft Opening Assistance, one (1) day of Soft Opening, followed by one to two (1-2) day of the Grand Opening component. We will discuss each training in greater detail below.

Initial Teapioca Training Program

Upon approval and confirmation that You have successfully completed the Business Establishment Training and the Site Selection and Real Estate Training Course programs, We will send You the Ongoing Franchise Agreement, and will conduct the Ongoing Franchise Agreement Training program(s), either online or in person at Our option, of approximately twenty-one (21) calendar day(s), that the Franchisee (which is You, if You are not a corporation or other business entity), and all Manager(s), must attend and complete to Our satisfaction. Although under the Ongoing Franchise Agreement training is mandatory, You may bring additional trainees. Each additional trainee will be charged Five Hundred Dollars ($500.00) per day, or Ten Thousand Five Hundred Dollars ($10,500.00) for the full twenty-one (21) calendar day(s) of training. Training will take place at Our appointed location, online, or at another location or locations We designate. The Ongoing Franchise Agreement training program covers all material aspects of the operation of a Teapioca Business, including such topics as: the management of Your TPL Business, the creation and presentation of the TPL products, the POS system, staffing, cleaning, and other considerations. All Trainees must complete the Ongoing Franchise Agreement training to Our satisfaction. We expect Franchisees will advance through the training program at different rates depending on a variety of factors such as background and experience. Accordingly, the time frames provided in the following chart are an estimate of the time it will take to complete training.

If You replace Your Manager, Your new Manager must attend Our Ongoing Franchise Agreement training program. Although We do not charge for the initial Ongoing Franchise Agreement training, You must pay the fee described in Item 6 for new attendees. Additionally, You must pay for all travel costs and living expenses for all Your attendees. You are responsible for training Your other employees and other management personnel. This Ongoing Franchise Agreement training is in addition to the on-the-job assistance We provide to You. (Ongoing Franchise Agreement, Article 8)

Pre-Opening / Soft Opening Training

After Ongoing Franchise Agreement training, You will register for the onsite Pre-Soft Opening Assistance. This consists of one (1) eight hour(s) (8 hour days at minimum) of onsite Pre-Soft Opening training for You and Your Staff, which shall ensure that all materials, equipment, preparations and staff

are prepared for Soft Opening. Upon the completion of the Pre-Soft Opening training, We and You shall Open the Teapioca Business to the Soft Opening invitees. (Ongoing Franchise Agreement 8.1)

Additional Soft Opening Support Package

After Pre-Opening / Soft Opening Training, We will provide You an additional support package for assistance with Your location, upon Your request. Each Soft Opening Support Package is Two Thousand Dollars ($2,000.00) and consists of five (5) days with eight (8) hour sessions of onsite training from one of Our Teapioca Personnels in support of your Soft Opening. (Ongoing Franchise Agreement 8.11)

Grand Opening Training

The Onsite Grand Opening consists of one work day of Our presence in association with Your Grand Opening. Immediately prior to the Grand Opening date, We shall provide one (1) to two (2), eight (8) hour days of Pre-Grand Opening training assistance, which shall ensure that all materials, equipment, and staff are prepared for Grand Opening. Upon the completion of the Pre-Grand Opening training, We and You shall Open the Teapioca Business to the public. All travel, room, board, and expenses for Our trainer is Your responsibility. (Ongoing Franchise Agreement 8.1)

You will be required to provide written and photographic proof, if requested by Us, of all Grand Opening marketing and Local Advertising performed in connection with Your Grand Opening. The proof shall be submitted to Us along with Your Monthly Gross Sales Report. (Ongoing Franchise Agreement 8.2)

TRAINING PROGRAM(S)

Business and Establishment Training

	Subject [1]	Hrs. of Training [1]	Hours of On-the-job Training	Location / Instructor(s) [3]
	Creating the Company	2		Your Location
	Banking and credit cards	2		Your Location
	Utilities and Services	3		Your Location
	Licenses and permits	2		Your Location
	Signs	3		Your Location
	Your Tax Obligations	3		Your Location
	Insurance	2		Your Location
	General contractors	3		Your Location
	Equipment and supplies	4		Your Location
	Furnishings and design	3		Your Location
	Professionals needed	3		Your Location
	POS Systems	5		Your Location
	Emergency Practices	5		Your Location
	Policies	10		Your Location
	Human Resources	5		Your Location
	Customer Service	4		Your Location
	Total Training Hours	**59**	**0**	

Site and Leasing Training

	Subject [1]	Hrs. of Training [1]	Hours of On-the-job Training	Location / Instructor(s) [3]
	Types of locations and site criteria	1	0	Your Location
	Steps and Terms of the Lease	2	0	Your Location
	Types of leases	1	0	Your Location
	Finding a Real Estate Professional	2	0	Your Location
	Marketing Analytics & Research	12	0	Your Location
	Obtaining site data	2	0	Your Location
	Uncovering special needs for Your industry	1	0	Your Location
	Evaluating Competitors	10	0	Your Location
	Locating Your Business	2	0	Your Location
	Total Training Hours	**33**	**0**	

Ongoing Operations Training

	Subject [1]	Days. of Training [1]	Hours of On-the-job Training	Location / Instructor(s) [3]
	Orientation, Customer Service, Company Culture & Vision	9	2	Appointed Location
	Safety & Security		1	Appointed Location
	Teapioca Staff Hiring & Expectations		1	Appointed Location
	General Operations Review		60	Appointed Location
	Electronics Training		2	Appointed Location
	Billing and Payment Accounting		1	Appointed Location
	Vendor Relationships & Ordering		1	Appointed Location
	Troubleshooting		2	Appointed Location
	Review and Testing		2	Appointed Location
	Refresher Week	4	32	Appointed Location
	Soft Opening Training	4	32	Your Teapioca Location
	Grand Opening	3	24	Your Teapioca Location
	Total Training Hours	20	160	

1 Training classes are held quarterly, or on a as needed basis.

2 Length of time spent on a subject and nature of subjects taught may vary depending upon an individual's experience and ability.

3 Training may not be necessary for the full timeframe. The number of hours listed in this section also include hours spent training on site at the Franchisee's Business.

Training may be provided by Bao Phan, Johnson Wu, Jessica Beltran, and Cameron Daake, as well as other members of Our or an Affiliates current staff. Jessica Beltran has over 9 years of experience

in the food service industry and has worked as an assistant manager at Teapioca Lounge for the past few years. She has trained numerous team members and managed store operations for Teapioca Lounge. Cameron Daake is the Main Trainer, who has over 8 years of experience in the Food and Beverage Industry and 2.5 years of experience at a Teapioca Lounge franchised location as Store Manager and Multi-Unit Coordinator. Depending on scheduling, You may also receive training from Austin area Store Managers. The above listed persons' qualifications are included in Item 2. No trainer will have less experience than what We require You to have prior to opening. (Ongoing Franchise Agreement, Section 8.1). The subject matters You will receive training on is provided in the table of this Item and include the following: POS System, Drink making, Opening and Closing procedures, Safety procedures, Overall store operations, General Maintenance and troubleshooting, Traditional cooking methods, and Management techniques. Each trainer has expertise in each of these areas.

If circumstances require, a substitute trainer may provide training. We also reserve the right to name additional trainers periodically. There are no limits on Our right to assign a substitute to provide training. We may use Your location as a training facility upon notice. If We elect to use Your Franchised Business for training others, We will provide to You, instead of paying You, which is to be considered payment in full, for use of the facilities, the ability for You to enroll Your employees or contractors into the training class being taught by Us free of all charges. There is no limit on the number of times during the Ongoing Franchise Agreement that We can use Your Franchised Business as a training facility. (Ongoing Franchise Agreement, Section 8.1)

Refresher Training

Periodically, We may require the previously trained and experienced Manager, Your other managers and/or employees to attend refresher-training programs to be conducted at Our headquarters or other locations We designate. Attendance at these programs will be mandatory. The cost for these programs will be at Your expense; however, We will not require You to attend more than one of these programs in any calendar year and these programs will not collectively exceed three days during any calendar year not including any annual convention that is held by Us. You will be responsible for all travel costs, room and board and employees' salaries incurred in connection with You, Your Manager, and/or Your employees' attendance at such training. (Ongoing Franchise Agreement, Section 8.5)

Ongoing and Special Assistance

We will provide You with Ongoing Assistance as You request and/or We deem necessary. However, if You need Special Assistance, or if We must deal directly with the Your Customers, Your vendors or others directed by You, You will pay the Additional Assistance fee equal to the then-current daily rate as set forth in the Manual(s), payable by ACH Withdrawal, Wednesday of the week following the support overage. (Ongoing Franchise Agreement, Section 8.6)

Additional Training

From time to time, We may provide additional training. If We provide additional training, We have the right to require that You, Your Manager, and/or Your employees' attend additional training programs. We charge Five Hundred Dollars ($500.00) per day for additional training at Our facility. (Ongoing Franchise Agreement, Section 8.7)

Temporary Management

Following the death or incapacity of You or an owner of Your Franchised Business, We may assume operation of Your Franchised Business until the deceased or incapacitated owner's interest is transferred to a third-party approved by Us, up to a maximum of sixty (60) days. We shall charge a temporary management fee, currently two percent (2%) of the Gross Sales daily, plus Five Hundred

Dollars ($500.00) during the time We are operating Your Franchised Business and We will also be entitled to reimbursement of any expenses We incur that are not paid out of the operating cash flow of Your Franchised Business. (Ongoing Franchise Agreement, Section 8.8)

Additional Operations Assistance

Upon Your request, and with Our approval, We may provide You with Additional Operations Assistance for Your benefit. This will be for no longer than sixty (60) days or the maximum time stated in the Manual(s). You will be required to reimburse Us at Our daily rate, plus all per diem and actual costs incurred by Us in providing You such assistance, including reimbursement of Our replacement personnel at Our location, as stated in the Manual(s), currently the daily rate is per eight (8) hour day, Five Hundred Dollars ($500.00) plus Franchisor's expenses, while providing You with the assistance You requested. (Ongoing Franchise Agreement, Section 8.9)

National or Regional Meetings

We provide annual training at the National or Regional Convention. We charge a fee of One Thousand Five Hundred Dollars ($1,500.00) to provide all entrance fee costs for up to two people. Your attendance is mandatory. (Ongoing Franchise Agreement, Section 8.10)

ITEM 12. TERRITORY

Note: The rest of the Items in the FDD are only applicable if You apply to become and are awarded a Teapioca Franchised Business.

We will not grant You an Exclusive Territory, because of Our reservation for Non-Traditional locations. However, You will receive a Territory that we will not place any additional Traditional Locations within Your Territory which will be delineated by a specific geographic boundary. The Territory will be at least 1-mile radius around Your Teapioca Business.
("Territory")

We will also consider market considerations, and established other Teapioca Lounge Business and competitors; lease requirements; proximity to at least 1 mall, movie theater, office park, sports complex, college/university, or similar business destination that attracts large amounts of potential customers on a regular basis as determined by Us in Our sole discretion to establish Your Territory. Upon entering into a lease, which has been approved by Us with all applicable lease rider provisions We require, for the location of Your Teapioca Business, a written description of Your Territory will be provided to You and will be inserted into the Ongoing Franchise Agreement either prior to signing or as an addendum, depending upon the timing of the selection. We will approve additional units developed under Your Area Development Agreement using Our then-current site selection criteria.

You may not solicit orders from consumers outside Your Territory. You also have no right to use other channels of distribution, such as the Internet, catalog sales, telemarketing or other direct marketing to make sales outside of Your Territory.

You will not have a First Right of Refusal to obtain or acquire additional franchise territories that are contiguous with Your Territory.

If You are in compliance with the Ongoing Franchise Agreement during its term, We will not establish more Teapioca Businesses or any substantially similar franchised or company-owned businesses in Your Territory, except those covered under Our Reservation of Rights Below.

Reservation of Rights

We have the right to: (a) establish, own or operate, or continue to own or operate, and license others to establish, own or operate, or continue to own or operate Teapioca Businesses outside of the Territory; (b) establish, own or operate, and license others to establish, own or operate, or continue to own or operate, other businesses under other systems using other trademarks at locations inside or outside of the Territory; (c) purchase or acquire the assets or controlling ownership of one or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Territory; (d) be acquired by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Territory; (e) provide the services and sell any products authorized for Teapioca Businesses using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, within Non-Traditional locations and Internet sales and catalog sales, but We will not make any sales to Competitive Businesses inside of the Territory; and/or (f) engage in any other activities not expressly prohibited in the Ongoing Franchise Agreement. We will not pay You any compensation for soliciting or accepting orders within the situations described above. (Ongoing Franchise Agreement, Section 2.6)

We and Our Affiliates, if applicable, will not operate and have no plans to operate or franchise a business under a different trademark that will sell goods or services that are the same as or similar to those You will sell.

Key Accounts

Notwithstanding the above, We may enter into agreements with certain "Key Accounts", or "National Accounts," and permit other Franchisees (on terms and conditions more specifically described in the Manuals) to enter into agreements with such Key Accounts that contemplate performance in Your Territory of sales or parties, or other services or products. A Key Account means any (a) potential or existing commercial customer that has multiple sites, offices, or retail premises, at least one of which is located outside Your Territory, (b) any retail, manufacturing or wholesale company, contractor, or similar business whose clientele or employees includes potential customers for regular services or products or team building exercises, and (c) operators of websites (or similar referral sources) that offer to refer customers to Us and Our Franchisees for a fee. You are considered to have opted into all Key Account agreements unless and until You expressly opt out, as stated in the Manual(s), of one or more agreements that We present to You. If You choose to opt out with respect to any Key Account in Your Territory, or if You fail to provide sales, or other services to a particular Key Account in the Territory on any two (2) occasions in a twelve (12) month period, We may provide or grant others the right to provide sales, or other services with respect to that particular Key Account in the Territory for the remainder of the Ongoing Franchise Agreement term. There is no requirement that We compensate You for soliciting or accepting these orders if You elect not to participate. (Ongoing Franchise Agreement Section 2.8)

Minimum Performance Obligations

The continued right of Your Territory does depend on Your Gross Sales volume. You must maintain at least Seventy Thousand Dollars ($70,000.00) in Gross Sales during the first quarter (3 months) you are in operation and achieve a fifteen percent (15%) growth increase over actual achieved sales for the next each quarter for the first three (3) years You are in operation. We have the right to increase the minimum requirements at any time with notice. If You do not maintain the minimum Gross Sales standards it will be grounds for a Notice of Termination with ninety (90) days right to cure. We cannot change the Territory without Your consent. (Ongoing Franchise Agreement, Sections 2.5 and 2.7)

Relocation

You may not relocate the Franchised Business without Our prior written consent. If the lease for the Approved Location expires or terminates through no fault of Your own or if the Franchised Business' premise is destroyed, condemned or otherwise rendered unusable or as otherwise may be agreed upon in writing by both You and Us, We may allow You to relocate the Franchised Business. If We do, You will owe a Fifteen Hundred Dollars ($1,500) relocation evaluation fee payable to Us. Any such relocation will be at Your sole expense, and must follow the requirements of Section 5.8 of the Ongoing Franchise Agreement including all timeframes. There may need to be modifications by Us, to reflect the new circumstances. We have the right to charge You for any costs incurred by Us in providing assistance to You, including, legal and accounting fees. Otherwise, We have no obligation to provide relocation assistance. If We do not approve of any relocation site, the Ongoing Franchise Agreement and Territory would revert to Us. (Ongoing Franchise Agreement Section 5.8)

ITEM 13. TRADEMARKS

Registrations and Applications

We grant Our Franchisees the right to operate Teapioca Businesses under the name Teapioca Lounge which is the principal Mark used to identify Our System. You may also use any other current or future Mark to operate Your Franchised Business that We designate in writing, including the logo on the front of this Disclosure Document and the trademarks listed below. By "Mark", We mean any trade name, trademark, service mark or logo used to identify Teapioca Businesses. As of the date of this Disclosure Document, CHBN Holdings, LLC has filed the registration, and all required Affidavits for the following Marks on the Principal Register of the U.S. Patent and Trademark Office ("USPTO"):

Mark	International Classification	Registration Number	Registration Date
TEAPIOCA LOUNGE	043	4,393,669	August 27, 2013
"COME FOR THE CONFECTIONS STAY FOR THE CONNECTIONS"	043	4,510,455	April 8, 2014
SNOWYN	030	4,528,933	May 13, 2014
CREAM BLAST	030	5,208,070	May 23, 2017
BOBA BURSTERS	030	5,258,937	August 8, 2017
FRAPPIOCA	030	5,062,363	October 18, 2016
BLASTEA	030	5,062,348	October 18, 2016
CIRCLE LOGO	043	4,849,972	November 10, 2016
BOBA BLOSSOM	030	5,469,554	May 15, 2018
BOBA MADNESS	030	5,468,315	October 2, 2017
CIRCLE LOGO	035	6,046,655	May 5, 2020

RED PANDA MASCOT	009, 016, 025, 030, 032, 035, 043	88/419,826	May 7, 2019
RED PANDA CIRCLE LOGO WITH BROWN LIQUID	016, 021, 024, 025, 030, 032, 035, 043	97/415,117	May 17, 2022
BOBA N CARS	009, 041	7,111,686	July 18, 2023
MONSTERS VS. FRUIT SHOOTERS	009, 041	97/444,970	November 7, 2023
BOBA ISLANDS: QUEST FOR GOLD	009, 041	97/440,103	June 2, 2022
BUTTER CRUSH	035, 043	98/422,600	February 27, 2024
COOKIE CRUSH	035, 043	98/422,621	February 27, 2024
CUB CUPS LOGO	021, 035	TBD	Pending
“MAKE SPACE FOR BOBA”	025	TBD	Pending

CHBN Holdings, LLC, has granted Us a license to use and sublicense to use the above-mentioned Marks, dated April 20, 2019. The term of the license is for ninety-nine (99) years. The license agreement may be terminated if We take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of Our properties and is not discharged within ninety (90) days, if We wind up, sell, consolidate or merge Our business, or if We breach any of Our duties and obligations under the license and do not cure the breach within sixty (60) days following written notice of the breach. Within the license agreement, the term “Marks” includes any other trade names, service marks, trademarks, designs, logos, slogans and commercial symbols now in existence or later adopted by CHBN Holdings, LLC that are used in connection with the System. This license agreement licensed to Us any future trademarks acquired by CHBN Holdings, LLC as well. In the event that CHBN Holdings,

LLC terminates Our Agreement with them, they must honor all Franchisees sublicense agreements, including the right to renew.

Proceedings

We know of no currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator of this state or any court; pending infringement, opposition or cancellation; or pending material litigation involving the Marks.

Agreements

Except as stated above, there are no agreements currently in effect that significantly limit Our rights to use or to license the use of the Marks in any manner material to the franchise system.

Infringing Uses

We know of no infringing or prior superior uses that could materially affect the use of the Marks in this state or any other state in which the Franchised Business is to be located.

Your Rights and Obligations with Respect to the Proprietary Property Including the Proprietary Marks

All usage of the Marks by You and any goodwill established through Your use will exclusively benefit Us. You will not receive any rights to the Marks other than the non-exclusive right to use them in the operation of Your Franchised Business. You may only use the Marks in accordance with Our standards, operating procedures, and specifications. Any unauthorized use of the Marks by You is a breach of the Ongoing Franchise Agreement and an infringement of Our rights in the Marks. You may not contest the validity or ownership of the Marks, including any Marks that We license to You after You sign the Ongoing Franchise Agreement. You may not assist any other person in contesting the validity or ownership of the Marks.

We will protect You against claims of infringement or unfair competition arising from Your use of any Marks provided (a) You immediately notify Us of any apparent infringement of, or challenge or claim to Your use of any Marks, (b) You are in complete compliance with Your Ongoing Franchise Agreement; (c) You allow Us to take whatever action We deem appropriate in these situations. This means We have exclusive control over any settlement or proceeding concerning any Mark; and (d) You agree to be a witness in any legal, mediation, or arbitration proceeding on Our behalf. You must take any actions that, in the opinion of Our counsel, may be advisable to protect and maintain Our interests in any proceeding or to otherwise protect and maintain Our interests in the Marks. You may not communicate with any person other than Us and Our counsel regarding any infringements, challenges or claims, however, You may communicate with Your own counsel at Your own expense.

You must use the Marks as the sole trade identification of the Franchised Business; however, You may not use any Mark or part of any Mark as part of Your business entity name in any modified form. You may not use any Mark in connection with the sale of any unauthorized products or services, or in any other manner that We do not authorize in writing. You must obtain a fictitious or assumed name registration if required by Your state or local law.

You must notify Us in writing before applying for Your own trademark or service mark registrations, whether state or federal. You must not register or seek to register as a trademark or service mark, either with the USPTO or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any of Our Marks.

You may not advertise on the Internet using, or establish, create, or operate an Internet site or website using any domain name containing, the words "Teapioca International", "Teapioca", "TPI", "Teapioca Lounge", or any variation thereof without Our prior written consent.

We have established and will maintain from time to time a website (the "Website"). We have discretion and control over the design and content of the Website. We may, at Our sole option, from time to time, without prior notice to you: (i) change, revise, or eliminate the design, content and functionality of the Website; (ii) make operational changes to the Website; (iii) change or modify the URL and/or domain name of the Website; (iv) substitute, modify, or rearrange the Website, at Our sole option, including in any manner that We consider necessary or desirable to, among other things, (A) comply with applicable laws, (B) respond to changes in market conditions or technology, and (C) respond to any other circumstances; (v) limit or restrict end-user access (in whole or in part) to the Website; and (vi) disable or terminate the Website without any liability to you.

We may link the Website to the websites of third parties, including electronic service providers, Affiliates and other providers of goods and services. We may also permit third parties to link (including Deep Links to any interior page of the Website, including Your Page) and frame the Website (including Your Page). We may place legal notices, disclaimers, Our corporate logos and slogans, advertisements, endorsements, Marks, and other identifying information on the Website, all of which may be modified, expanded, or eliminated at Our option. Further, We may establish or participate in programs in which We refer end-users to other websites, or We receive referrals from other websites. All consideration (monetary and non-monetary) received by Us on account of the placement or sale of advertisements, endorsements, and sponsorships on the Website (including any franchisee Page), and all consideration (monetary and non-monetary) received by Us on account of affiliate programs, will belong only to Us. We may also establish programs that encourage repeat business by end-users.

The Website may include one or more interior pages that identify Teapioca Lounge® Franchisees operating under the Marks, including the Franchised Business, by among other things, geographic region, address, telephone numbers, and other appropriate matters. The Website may also include one or more interior pages dedicated to franchise sales by Us and/or relations with Our investors.

We may, from time to time, establish the Franchisee Page. We may permit You to customize or post certain information to the Franchisee Page, subject to Your signing and delivery of Our then-current participation agreement, and Your compliance with the procedures, policies, standards and specifications that We may establish from time to time. Such participation agreement may require You to pay a reasonable fee (not to exceed Two Hundred Fifty Dollars ($250.00) per month) for the privilege of having a Franchisee Page, and may include, but shall not be limited to, specifications and limitations for the data or information to be posted to the Franchisee Page, customization specifications, the basic template for design of the Franchisee Page, parameters and deadlines specified by Us, disclaimers, and such other standards and specifications and rights and obligations of the parties as We may establish from time to time. Any modifications (including customization, alterations, submissions or updates) to the content made by You for any purpose will be considered to be made under a contract of service under the Copyright Act, and therefore We will own the modifications and the intellectual property rights, including all right, title and interest in and to all copyright in such modifications. To the extent any modification does not qualify as a work made under a contract of service as outlined above, You assign those modifications, and all rights, title and interest in and to all copyright in such modifications to Us for no additional consideration and with no further action required and shall sign and deliver such further assignments as We may request.

Without limiting Our general unrestricted right to permit, deny and regulate Your participation on the Website, if You breach or default under the Ongoing Franchise Agreement, or any other agreement with Us or any Affiliate, We may disable or terminate the Franchisee Page and remove all references to the Franchised Business on the Website and/or redirect customer leads to other Teapioca

Lounge® Franchisees pursuant to Section 16 of the Ongoing Franchise Agreement until You provide written notice that You have cured such breach or default to Us or Our counsel, and We confirm that the breach or default is cured to Our satisfaction.

We have no control over the stability or maintenance of the Internet generally; as a result, We are not responsible for damage or loss caused by errors of the Internet. Furthermore, We are not liable for any direct, indirect, general, special, incidental, exemplary or consequential damages arising out of the use of, or the inability to use, the Website or the Internet, including loss of profits, goodwill, or savings; downtime; or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise.

We have the sole right to maintain Social Media sites and applications such as: Twitter, Facebook, LinkedIn, Pinterest, Yelp, Instagram, Snapchat, TikTok, and other sites and applications that We may establish. We do not allow You to establish or utilize Social Media sites or applications for business purposes, without Our express written permission, and then only by using preapproved materials or campaigns. You and Your employees do not have the right to utilize the Marks listed in this disclosure document, on any Social Media sites or applications, even if made from a personal Social Media account. Further, any representations from You, or Your employees regarding Your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, are deemed a breach of Confidential Information under the Ongoing Franchise Agreement.

The Development Agreement does not grant the right to use the Marks or the right to license others to use the Marks. Use of the Marks is granted only under the Ongoing Franchise Agreement.

Indemnification of You

We will reimburse You for all of Your expenses reasonably incurred in any legal proceeding disputing Your authorized use of any Mark, but only if You notify Us of the proceeding in a timely manner and You have complied with Our directions with regard to such proceeding. We have the right to control the defense and settlement of any such proceeding. We will not reimburse You for Your expenses and legal fees for separate, independent legal counsel or for any expenses in removing signage or discontinuing Your use of any Mark. We will not reimburse You in connection with disputes where We challenge Your use of a Mark.

Modification

We can require You to modify or discontinue the use of any Mark and/or to use other trademarks or service marks. If We adopt and use new or modified Marks, You may be required to add or replace supplies, signs and fixtures, and You may have to make other modifications as necessary to maintain uniformity with Our current standards and specifications; however, You will not be required to spend more than Your initial investment during the initial term of the Ongoing Franchise Agreement. We will not be required to reimburse You for modifying or discontinuing the use of a Mark or for substituting another trademark or service mark for a discontinued Mark. We are not obligated to reimburse You for any loss of goodwill associated with a modified or discontinued Mark.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Under the Ongoing Franchise Agreement, You agree not to contest, directly or indirectly, Our ownership, title, right or interest in Our common law rights, copyrights, Trade Dress, Trade Secrets, Confidential Information, the System, methods, procedures or any other intellectual property rights that are part of Our System or contest Our sole right to register, use or license others to use (except as limited by the Ongoing Franchise Agreement) the common law rights, copyrights, Trade Dress, Trade Secrets,

Confidential Information, the System, Know-How, methods, procedures or any other intellectual property rights that are part of Our System

Patents

We do not possess any patents relative to this system.

Copyrights

We own copyrights in the Manual(s), Our website, and other copyrightable items that are part of the System. While We claim copyrights in these and similar items, We have not and are not required to register these copyrights with the United States Registrar of Copyrights. You must use these items only as We specify while operating the Franchised Business and You must stop using these items if We direct You to do so. You may not duplicate or disclose any portion of the Manual(s) in an unauthorized manner. Further, all information is proprietary, and the Ongoing Franchise Agreement and the Development Agreement require You to keep such information confidential.

Copyright	Class	Registration Number	Date
	Boba Bursters Game App in the Google Play and iTunes App Stores;	Pending	Released: June 16, 2016
	Boba Islands: Quest For Gold Game App Game App in the Google Play and iTunes App Stores;	Pending	Released: February 8, 2017
	Monster vs Fruit Shooter Game App Game App in the Google Play and iTunes App Stores;	Pending	Released: May 11, 2016
	Teapioca Timer App Game App in the Google Play Store;	Pending	Released: February 16, 2016

	POSLock: Device Position Lock App App in the Google Play and iTunes App Stores;	Pending	Released: June 5, 2016
COMING SOON	Boba Furious Car, Xiao Bao Energizer and Racing Game App Game App in the Google Play and iTunes App Stores;	Pending	Releasing soon…

Proceedings

We know of no currently effective determinations of the U.S. Copyright Office or any court regarding any of Our copyrighted materials. Except as stated above, Our right to use or license copyrighted items is not materially limited by any agreement or known infringing use.

Confidential Information

We have developed certain Trade Secrets and other Confidential Information, including methods of business management, sales and promotion techniques, and Know-How, knowledge of, and experience in, operating a Teapioca Franchised Business. We will provide Our Trade Secrets and other Confidential Information to You during training, in the Manual(s) and as a result of the assistance We furnish You during the term of the franchise. You may only use the Trade Secrets and other Confidential Information for the purpose of operating Your Franchised Business. You may only divulge Trade Secrets and other Confidential Information to employees who must have access to it in order to operate the Franchised Business. You are responsible for enforcing the confidentiality provisions as to Your employees.

Certain individuals with access to Trade Secrets or other Confidential Information, including the owners, directors and any managers of the business (and members of their immediate families) and collaterals (which includes succession in an oblique line, for example passing it from brother to brother or cousin to cousin, whereas the two parties are related through some and any common ancestor), are required to sign non-disclosure and non-competition agreements in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Ongoing Franchise Agreement. A collateral relative is any blood relative who is not Your direct ancestor. Your ancestors are Your parents, grandparents, great-grandparents, etc., and Your collateral relatives are cousins, nieces, nephews, aunts, uncles, siblings, etc. We will be a third-party beneficiary with the independent right to enforce the agreements.

Proprietary Information

CHBN Holdings, LLC, has granted Us a license, dated April 20, 2019, to use and sublicense for the use of its domain name www.TeapiocaLounge.com. The term of the license is for ninety-nine (99) years; however, the license agreement may be terminated if We take any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of Our properties and is not discharged within ninety (90) days, if We wind up, sell, consolidate or merge Our business, or if We breach any of Our

duties and obligations under the license and do not cure the breach within sixty (60) days following written notice of the breach, You will have continued right to the proprietary information even if We are terminated.

We have the sole right to maintain Social Media sites and applications such as: Twitter, Facebook, Pinterest, LinkedIn, Yelp, Instagram, Snapchat, TikTok, and other sites and applications that We may establish. We do not allow You to establish or utilize Social Media sites or applications for business purposes. You and Your employees do not have the right to utilize any of the Trade Secrets and Confidential Information stated above, or the common law copyrighted materials including the guidelines, curriculums, classes, management and business training, community building mechanisms, vision statements, books, signage, promotional materials, Manual(s), training materials, Ongoing Franchise Agreements, and any other documents, materials and items for the general ambiance and decor used in the operation of the System and the Teapioca Franchised Businesses on any Social Media sites or applications, even if made from a personal Social Media account. Further, any representations from You, or Your employees regarding Your profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under the Ongoing Franchise Agreement, and You will be responsible for indemnifying and reimbursing Us all legal, penalties, fines, and court costs associated with Your unauthorized representations.

All ideas, concepts, techniques or materials concerning the Franchised Business, whether or not protectable intellectual property and whether created by or for You or Your owners or employees, must be promptly disclosed to Us and will be deemed Our sole and exclusive property and a part of the System that We may choose to adopt and/or disclose to other Franchisees. Likewise, We will disclose to You concepts and developments of other Franchisees that We make part of the System. You must also assist Us in obtaining intellectual property rights in any concept or development if requested.

Indemnification of You

We will reimburse You for all of Your expenses reasonably incurred in any legal proceeding disputing Your authorized use of any patent or copyright, but only if You notify Us of the proceeding in a timely manner and You have complied with Our directions with regard to such proceeding. We have the right to control the defense and settlement of any such proceeding. We will not reimburse You for Your expenses and legal fees for separate, independent legal counsel or for any expenses in removing signage or discontinuing Your use of any patent or copyright. We will not reimburse You in connection with disputes where We challenge Your use of a patent or copyright.

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

The Franchised Business must always be under the direct supervision of a Designated Manager, who speaks, reads and writes in English, which can be You. The Designated Manager must devote full time personal attention to the Franchised Business unless pre-approved in writing. At all times of operation, You may employ a Manager responsible for running the Franchised Business on a full-time basis. The Designated Manager must be the person You designate in writing to Us (and is approved by Us in writing). The primary responsibility for managing all aspects of the day-to-day affairs of the Franchised Business falls to the Designated Manager.

Unless We otherwise agree in writing, You must be one of the Trainees. You must keep Us informed of the identity of Your current Designated Manager. At all times during the Ongoing Franchise Agreement, the Manager must devote his or her best efforts in Good Faith to the management and operation of Your Teapioca Franchised Business. Any replacement or additional Managers that You hire must complete the Ongoing Franchise Agreement training class before taking their position within

Your Teapioca Franchised Business, unless We otherwise agree in writing. You are responsible for the expenses of additional Training, including tuition, travel, lodging, meals and salary. All of Your employees must be legal residents of the United States of America and be able to provide documentation of such. All Managers and supervisory associates must sign a Confidentiality Agreement which prohibits them from disclosing proprietary information related to the Franchised Business, or the System, as described in Item 14, and contains covenants not to compete during and after employment for a period of two (2) years, as described in Item 17. The Managers, (including their collaterals) must not have an interest or business relationship with any of Teapioca's competitors. Your Managers must sign Our form of Non-Disclosure and Non-Competition Agreement before You grant access to the Manuals or any other Confidential Information. Additionally, in keeping with Our culture and Our Teapioca Vision, all of Your employees must conform to the dress code as specified in the Manual(s), if applicable, must accommodate all religion requirements, and at all times be non-discriminatory, and be willing to comply with drug tests, if applicable, background checks, and the Non-Disclosure, Non-Compete provisions contained in the Ongoing Franchise Agreement Exhibits and in the Manual(s).

If You are a business entity, anyone who owns a five (5%) percent or greater interest in the entity must personally guarantee the performance of all of Your obligations under the Ongoing Franchise Agreement and Development Agreement and agree to be personally liable for Your breach of the Ongoing Franchise Agreement and Development Agreement by signing the Guaranty and Assumption of Obligations attached to each agreement. The onsite Manager's do not have to have any percent of ownership in Your business entity to handle the day-to-day supervision of the operation of Your Teapioca Franchised Business.

You are not Our employee but are Your own boss subject to Our rights under Your Ongoing Franchise Agreement. We require You to be active in the operation of Your Teapioca Franchised Business, even if You are not the Manager. We do not require any personal participation of any specific person affiliated with a corporate or partnership Franchisee, except the Manager. You agree that Your Franchise is not a "passive" investment but requires You or Your Manager's day-to-day supervision of the operation of Your Teapioca Franchised Business.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer the services, and products We specify periodically in strict accordance with Our standards and specifications. You may not sell any services, or products that We have not authorized in writing and You must discontinue offering any services, or products that We may disapprove within thirty (30) days. Teapioca may modify any of its specifications, standards, or requirements as and when it deems necessary and You must promptly modify Your operation or product lines accordingly. There are no limits on Our right to do so. If We modify the System, You may be required to add or replace equipment, supplies, signs, and fixtures, and You may have to make improvements or modifications as necessary to maintain uniformity with Our current standards and specifications.

Additionally, We require You to refresh the Franchised Business once every three (3) years, and to refurbish the Franchised Business once every seven (7) years.

In addition, You must keep the Franchised Business open for the hours specified by the lease where Your Business is located, if applicable, and may not use the Franchised Business premises for any purpose other than the operation of a Teapioca Franchised Business according to Our requirements, and may only advertise through Teapioca-approved media.

You must accommodate all religion requirements, and at all times be non-discriminatory. You must not engage in any activity, conduct or practice that is contrary to Our or Your best interest, or that

is reasonably anticipated to result in litigation with suppliers or customers of Your Franchised Business, or in public criticism of Teapioca or Your Franchised Business generally.

Periodically, We may allow certain services or products that are not otherwise authorized for general use as a part of the System to be offered locally or regionally based upon such factors as We determine, including test marketing for the purpose of customer or operational feedback or evaluation, Your qualifications, and regional or local differences.

Neither You nor We have any rights to charge, offer or sell any product or service above a certain percentage of suggested retail as disclosed in the Manual(s) from time to time, currently twenty percent (20%) mark-up of the then-suggested retail pricing.

Additionally, You will be required to honor all pricing published in national advertisements for products and services.

You may recommend other suppliers than are on Our approved list. We will evaluate Your recommended suppliers to determine if their products meet Our specifications and requirements.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP		
Provision	**Section In the Ongoing Franchise Agreement**	**Summary**
a. Length of the term of the franchise	Section 4.1	The initial term is ten (10) years.
b. Renewal or extension of the term	Section 4.2	You may renew Your Ongoing Franchise Agreement for an additional term of ten (10) years, subject to (c) below. If You fail to meet any one of these conditions, We may refuse to renew or extend the terms of Your Ongoing Franchise Agreement. Some items in the renewal Ongoing Franchise Agreement may be different.
c. Requirements for You to renew or extend	Section 4.2	You may renew the Ongoing Franchise Agreement if You: have fully complied with the provisions of the Ongoing Franchise Agreement and have cured any Notices of Default; have the right to maintain possession of the Approved Location or an approved substitute location for the term of the renewal; have made capital expenditures as necessary to maintain uniformity with the System; have satisfied all monetary obligations owed to Us, Our subsidiaries, and affiliates; paid the Renewal Fee; are not in default of any provision of the Ongoing Franchise Agreement or any other agreement between You and Us; have given timely written notice of Your intent to renew, not less than nine (9) months prior to the end of the Initial Term; are in good standing with all applicable licenses and/or certifications; sign a then-current Ongoing Franchise Agreement, which may have materially different terms and conditions; comply with current qualifications and training requirements; complete the drug testing; complete a background screening; provide

		proof that all certifications are up to date; and sign a general release, subject to state law, in a form the same as or similar to the General Release attached to the Ongoing Franchise Agreement.
d. Termination by You	Section 16.1	You may terminate the Ongoing Franchise Agreement if You are in compliance with it and We materially breach it and We fail to begin to cure or cure Our breach within thirty (30) days of receiving Your written notice.
e. Termination by Us without cause	Not Applicable	Not Applicable
f. Termination by Us with cause	Section 16.2	We may terminate the Ongoing Franchise Agreement only if You default.
g. "Cause" defined-curable defaults	Section 16.2	You can avoid termination of the Ongoing Franchise Agreement if You cure a default arising from: • deleterious conduct within thirty (30) days of receiving Our Notice of Default; or • Cure a noncompliance with a law or regulation, within thirty (30) days of receiving Our Notice of Default; or • You return to compliance with mandatory specifications in the Ongoing Franchise Agreement or Manual(s) within thirty (30) days of receiving Our Notice of Default; or • if You cure a default arising from Your failure to make payments due Us within thirty (30) days of receiving Our Notice of Default; or • if You cure a Notice of Default arising from Your failure to achieve performance standards within thirty (30) days of receiving Our Notice of Default; or • You cure a Loss of License or Certificate within one (1) days of Our Notice of Default; or • You complete Your DOJ report, and background check/report, within twenty-four (24) hours of Our Notice of Default; or • if You complete Your training requirements within fourteen (14) days of the date of the Ongoing Franchise Agreement; or • if You cure Your Failure to begin operations within nine (9) months if leasing, or • if You cure Your Failure to begin operations within fifteen (15) months if building Your location, with thirty (30) days right to cure from the date of the Notice of Default; or • if You cure within thirty (30) days of receiving Our Notice of Default that You have failed to maintain Your business under the primary supervision of a Manager. If We terminate the Ongoing Franchise Agreement following a Notice of Default, Your interest in the franchise will terminate.
h. "Cause" defined-defaults that cannot be cured	Section 5.5, 16.2	• We have the right to terminate the Ongoing Franchise Agreement without giving You an opportunity to cure if You or Your entity: • fails to pay the Initial Franchise Fees, purchase amounts due, or other amounts due to the

		Franchisor or its Affiliate (or any balance thereof) at the time due within five (5) days after receiving written notice that such fees are overdue; • fails to select an approved site; fails to have its Manager satisfactorily complete any training program pursuant to Section 8.3; • attempts or surrenders or transfers control of the operations of the Franchised Business without prior approval; • misuses or makes an unauthorized use of any of the Marks; • commits any deleterious conduct, or any other act which impairs the goodwill of any of the Marks; • negatively communicates or impacts the Franchise system to any current or prospective Franchisee, outside of Franchisor sponsored forums; • defaults on any lease necessary to run the Franchised business; • abandonment of Your Teapioca business for more than three (3) consecutive days; • made a material misrepresentation or omission in the application for the Franchise or any other communication to Us; • are convicted of or plead no contest to a crime or offense that would place them on the sex offender's registry, was a violent felony, sexual harassment against an employee, domestic abuse charges, animal abuse, elderly abuse, substance abuse, DWI or DUI, any theft charge • or is likely to affect the reputation of either party or the Franchised Business; • disclose, duplicate, or otherwise use the Manual(s), Confidential Information or the Marks in an unauthorized manner; • submit reports to Franchisor on two (2) or more separate occasions understating any amounts due by more than two percent (2%); • are adjudicated bankrupt, insolvent or make a general assignment for the benefit of creditors; • fail on two (2) or more occasions within any two (2) consecutive weeks to submit reports or records to Us or to pay any fees due Us or any third-party supplier; • receive two (2) or more default notices within any twelve (12) consecutive months; • continue to violate any health, safety or other laws or conduct in or with the Franchised Business in a manner creating a health or safety hazard to customers, employees or the public; • take any action reserved to Us; • fail to comply with applicable law after notice; or • repeatedly breach the Ongoing Franchise Agreement or fail to comply with specifications. • Termination of one Ongoing Franchise Agreement will not automatically result in the termination of Your other Ongoing Franchise Agreements then in-effect between Us and You, unless the same

		material breach constitutes a breach of the other Ongoing Franchise Agreement and We take separate steps to terminate that Ongoing Franchise Agreement or if We agree in writing to mutually terminate the Ongoing Franchise Agreement(s).
i. Your obligations on termination/non-renewal	Section 17.1	If the Ongoing Franchise Agreement is terminated or not renewed, You must: • stop operating the Franchised Business; • immediately remove all identifying architecture or signage on or about the business bearing Our Marks; • stop using any Confidential Information, the System and the Marks; • display a conspicuous sign that You are no longer a Franchisee; • deliver to Us all information written or electronic regarding contracts, customer lists, and marketing efforts; • refrain from any action to reduce the goodwill of Your customers or potential customers, towards Us or other Franchisees; • keep and maintain all business records for a period of three (3) years; • cancel or assign to Us any assumed names; • pay all sums owed to Us including damages, liquidated damages and costs incurred in enforcing the Ongoing Franchise Agreement; return the Manual(s) and all other Confidential Information; • assign Your telephone and facsimile numbers for the Franchised Business to Us; • comply with the covenants not to compete and any other surviving provisions of the Ongoing Franchise Agreement; and • if requested, assign Your interest in the Approved Location to Us.
j. Assignment of contract by Us	Section 18.1	There are no restrictions on Our right to assign Our interest in the Ongoing Franchise Agreement.
k. "Transfer" by You-definition	Section 18.2	"Transfer" includes transfer of an interest in the Franchise, the Ongoing Franchise Agreement, the Approved Location, the Franchised Business' assets or the Franchisee entity.
l. Our approval of transfer by You	Section 18.2	Except for transfers among spouses, You may not transfer Your interest in any of the items listed in (k) above without Our prior written consent, unless authorized under state law.
m. Conditions for Our approval of transfer[1]	Section 18.2	We will consent to a transfer if: • We have not exercised Our Right of First Refusal; • all obligations owed to Us are paid; • You or any transferring owners have signed a general release, subject to state law, in a form the same as or similar to the General Release attached to the Ongoing Franchise Agreement; • the prospective Transferee meets Our business and financial standards; • the Transferee and all persons owning any interest in the Transferee sign the then-current Ongoing Franchise Agreement; • You provide Us with a copy of all contracts and agreements related to the transfer;

		• You or the Transferee pay a transfer fee applicable at the time You submit Notice to Us You want to transfer, per the Ongoing Franchise Agreement, as well as the Transfer Training Fee applicable, both figures are plus CPI at the time of transfer; • the Transferee or the owners of Transferee have agreed to be personally bound by all provisions of the Ongoing Franchise Agreement; • You have agreed to guarantee performance by the Transferee, if requested by Us; • the Transferee has obtained all necessary consents and approvals of third parties; • You or all of Your equity owners have signed a non-competition agreement in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Ongoing Franchise Agreement; • the Transferee has agreed that its Manager will complete the Ongoing Franchise Agreement training program that Transferee has paid the Transfer Training Fee before assuming management of the Franchised Business.
n. Our Right of First refusal to acquire Your Franchised Business	Article 19	We may match a bona fide offer for Your Franchised Business or an ownership interest You propose to sell, based upon Our determination of the Value.
o. Our option to purchase Your Franchised Business	Section 17.4	Except as described in (n) above, We do not have the right to purchase Your Franchised Business; however, during the thirty (30) day period after the termination or expiration of the Ongoing Franchise Agreement, We have the right to purchase any assets of the Franchised Business for book value.
p. Death or disability	Section 16.2 and 18.6	After a death or incapacity of one of Your owners, his or her representative must transfer, subject to the terms of the Ongoing Franchise Agreement, the owner's interest in the Franchised Business or in the entity owning the interest in the Franchised Business within six (6) months of death or incapacity, or We may terminate the Ongoing Franchise Agreement. If We deem it necessary, We may take over the operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred, and We may charge a fee of amount stated in the Manuals currently Five Hundred Dollars ($500.00) per day plus 1% Gross Sales, per diem and expenses ($500.00) per day for this service and be entitled to reimbursement of expenses.
q. Non-competition covenants during the term of the franchise	Section 7.3 and 7.4	You, Your owners (and members of their families and collaterals) and Your officers, directors, executives, managers, and employees are prohibited from: attempting to divert any customer, employee or other business associate of Ours, the Franchised Business, Our Affiliate(s) or any other Franchisee to a Competitive Business, or soliciting or attempting to induce any customer, employee or other business associate of Ours, the Franchised Business, Our Affiliate(s) or any other Franchisee to terminate or modify their business relationship with Us, the Franchised Business, Our Affiliate(s) or any other Franchisee or causing injury or prejudice to the Marks or the System; or owning or working for a Competitive Business.

r. Non-competition covenants after the franchise is terminated or expires	Section 17.2	For two (2) years after the termination or expiration of the Ongoing Franchise Agreement, You, Your owners (and members of their families and collaterals) and Your officers, directors, executives or managers are prohibited from: owning or working for a Competitive Business operating within twenty-five (25) miles of the Approved Location or within Exclusive Territory (whichever is greater), and within twenty-five (25) miles of any other Teapioca Business; or soliciting or influencing any consumers, employees or business associates of Ours, Our Affiliate(s) or any other Franchisee to terminate or modify their business relationship with Us, Our Affiliate(s) or any other Franchisee.
s. Modification of the agreement	Sections 9.2 and 22.7	The Ongoing Franchise Agreement can be modified only by written agreement between You and Us. We may modify the Manual(s) without Your consent if the modification does not materially alter Your fundamental rights.
t. Integration/merger clause	Section 24.1, and 24.10	Only the terms of the Ongoing Franchise Agreement and requirements within the Manual(s) are binding. Any other promises may not be enforceable. Notwithstanding the foregoing, nothing in any Ongoing Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by mediation	Section 23.7	Subject to applicable state law, We do require mediation. Except for actions or claims for injunctive relief or specific performance or relating to the Marks, Trade Secrets or Confidential Information, all disputes must be mediated in Texas, or a location as determined by state law in Your state, a minimum of Three (3) times before either party can file suit.
v. Choice of forum	Section 23.2	Subject to applicable state law, claims for injunctive relief or specific performance may be brought by Us where You are located; where the Franchised Business is or was located; where Our counsel is located; or where the claim arose. All litigation must be filed in Texas, unless modified by an attached State Addendum.
w. Choice of law	Section 23.1	Subject to applicable state law, Texas law applies, unless voided by Your state (see State Addendums attached), except that disputes over the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).
x. Franchisee Liquidated Damages	Section 17.9	If You default on Your Ongoing Franchise Agreement, You must pay liquidated damages equal to One Thousand Dollars ($1,000.00) per occurrance retroactive to first date of offense; plus the average monthly amount of the last three (3) fully operating months royalties, multiplied times the number of months left on the Ongoing Franchise Agreement, or as determined by the state law of Your state.

This section is only applicable if You apply to become and are awarded a Teapioca Area Development Agreement.

THE DEVELOPMENT AGREEMENT		
Provision	**Section In the Development Agreement**	**Summary**
a. Term of the Development Rights	Section 5.1	The term expires on the last Opening Date on the Development Schedule.
b. Renewal or extension of the term	Section 5.2	You have no right to renew, but We have the right to re-evaluate the Territory. If We do, You will have a right of first refusal to open additional franchises in the Development Territory after the Development Agreement expires, if We determine that the Development Territory can be further developed without adverse effect on existing Franchised Businesses within the Development Territory.
c. Requirements for You to renew or extend	Not applicable	
d. Termination by You	Section 8.3	Developers may terminate under any grounds permitted by law.
e. Termination by Us without Cause	Not Applicable	
f. Termination by Us with Cause	Article 8	We may terminate the Development Agreement only if You default. A termination of the Area Development Agreement does not automatically terminate the Ongoing Franchise Agreements.
g. "Cause" defined-curable defaults	Section 8.2	You can avoid termination of the Development Agreement if You cure a default arising from Your failure to comply with mandatory specifications in the Development Agreement within thirty (30) days of receiving Our Notice of Default. A termination of the Area Development Agreement does not automatically terminate the Ongoing Franchise Agreements.
h. "Cause" defined-defaults that cannot be cured	Section 8.1	We have the right to terminate the Development Agreement without giving You an opportunity to cure if You: • transfer any part of the Development Agreement or Development Rights or an interest in Your business entity in an unauthorized manner; • made a material misrepresentation or omission in the application for the Development Rights; • are convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the Marks; • misuse or make unauthorized use of the Marks or Confidential Information; • We terminate an Ongoing Franchise Agreement between Us and You;

THE DEVELOPMENT AGREEMENT		
Provision	**Section In the Development Agreement**	**Summary**
		• You terminate any Ongoing Franchise Agreement without Cause; or • fail to meet the timing requirements or deadlines contained in the Development Schedule. A termination of the Area Development Agreement does not automatically terminate the Ongoing Franchise Agreements.
i. Your obligations on termination/non-renewal	Article 9	If the Development Agreement is terminated, You must: stop using any Trade Secrets and other Confidential Information; pay all sums owed to Us; and comply with the Covenants Not to Compete and any other surviving provisions of the Development Agreement.
j. Assignment of contract by Us	Section 7.1	There are no restrictions on Our right to assign Our interest in the Development Agreement.
k. "Transfer" by You-definition	Section 7.2	"Transfer" includes transfer of ownership in the Development Rights, the Development Agreement, or the developer entity.
l. Our approval of transfer by You	Section 7.2	You may not transfer Your interest in any of the items listed in (k) above without Our prior written consent.
m. Conditions for Our approval of transfer	Section 7.2	We will consent to a transfer if: • We have not exercised Our right of first refusal; • all obligations owed to Us are paid; • You and the Transferee have signed a general release, subject to state law, in a form the same as or similar to the General Release attached to the Initial Ongoing Franchise Agreement; • the prospective Transferee meets Our business and financial standards; • You provide Us with a copy of all contracts and agreements related to the transfer; • You or the Transferee pay a transfer fee amount equal to Ten Thousand Dollars ($10,000.00) per non-developed Ongoing Franchise Agreement covered under this Development Agreement, as well as the Transfer Training Fee of Fifteen Thousand Dollars ($15,000.00), both figures are plus CPI at the time of transfer; • the Transferee has agreed to be personally bound by all provisions of the Development Agreement and the owners of Transferee have agreed to personally guarantee Transferee's performance; • the Transferee has agreed to be personally bound by all provisions of the then-current Ongoing Franchise Agreement(s) for new Franchisees and the owners of Transferee have

THE DEVELOPMENT AGREEMENT		
Provision	**Section In the Development Agreement**	**Summary**
		agreed to personally guarantee Transferee's performance; • the Transferee has obtained all necessary consents and approvals of third parties and applicable state and federal laws and requirements; and • You or all of Your equity owners have signed a non-competition agreement, in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Ongoing Franchise Agreement.
n. Our right of first refusal to acquire Your Development Rights	Section 7.4	We may match an offer for Your Development Rights or an ownership interest that You propose to transfer.
o. Our option to purchase Your Development Rights	Section 5.2	Except as described in (n) above, We do not have the right to purchase Your Development Rights; however, during the thirty (30) day period after the termination or expiration of the Development Agreement, We have the right to purchase any logoed assets of the Development company for book value or Your cost.
p. Your death or disability	Not Applicable	
q. Non-competition covenants during the term of the Development Agreement	Section 9.4	The Development Agreement incorporates by reference the Non-Competition Covenants of the Ongoing Franchise Agreement.
r. Non-competition covenants after the Development Agreement is terminated or expires	Section 9.4	The Development Agreement incorporates by reference the post-term Non-Competition Covenants of the Ongoing Franchise Agreement.
s. Modification of the agreement	Section 12.7	The Development Agreement can be modified only by written agreement between You and Us.
t. Integration/merger clause	Sections 12.1 and 12.7	Only the terms of the Development Agreement are binding, although if there is a conflict between the Development Agreement and any Ongoing Franchise Agreement, the terms of the Ongoing Franchise Agreement control. Any representations or other promises made outside the Disclosure Document, the Ongoing Franchise Agreement and the Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in any Ongoing Franchise Agreement is intended to disclaim the express

THE DEVELOPMENT AGREEMENT		
Provision	**Section In the Development Agreement**	**Summary**
		representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	Section 13.7	Subject to applicable state law, We do not allow Arbitration. We do however require multiple Mediation sessions prior to litigation. Except for actions or claims for injunctive relief or specific performance or relating to the Marks, Trade Secrets or Confidential Information, all disputes must be mediated in Williamson County, Texas, unless modified by an attached State Addendum.
v. Choice of forum	Section 13.2	Subject to applicable state law, claims for injunctive relief or specific performance may be brought by Us where We are located, where Our counsel is located, where the claim arose, or You are located.
w. Choice of law	Section 13.1	Texas law applies, unless modified by an attached State Addendum, except that disputes regarding the Marks will be governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sec. 1051 et seq.).

ITEM 18. PUBLIC FIGURES

We have no public figures within the Teapioca International, LLC Franchise System at the time of this Disclosure Document.

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.

Other than the following performance representation, Teapioca International, LLC does not make any financial performance representations. We also do not authorize Our employees or representatives to make any such representations either orally or in writing. If You are purchasing an existing outlet, however, We may provide You with the actual records of that outlet. If You receive any other financial performance information or projections of Your future income, You should report it to the Franchisor's management at 2851 Joe DiMaggio Blvd., Ste 33-34, Round Rock, TX 78665, or email at Franchise@TeapiocaLounge.com or telephone at 844-4TPIOCA, the Federal Trade Commission, and the appropriate state regulatory agencies.

Overall Assumptions

The displayed financial performance representation charts below contain historical information relating to the Gross Sales achieved by the existing Teapioca Lounge Locations (that were open for twelve (12) months or more, beginning from January 1, 2022 and ending on December 31, 2023. The Teapioca Restaurants are located in various areas throughout the country. The locations highlighted below include: around Dallas, Texas; locations in and around Austin, Texas; San Antonio, Texas; Lubbock, Texas; Abilene, Texas, and El Paso, Texas; locations in and around Oklahoma City, Oklahoma; locations in Colorado Springs, Colorado; and locations around North Wales, Pennsylvania. It is worth noting that the Teapioca Lounge locations listed below were open and in operation during all months of the Reporting Period other than for Government Mandated shutdowns during the COVID-19 Pandemic. The IBISWorld reported the growth rate for the restaurant sector of franchising was 13.5% in 2022 and 5.7% in 2023. An inflation rate of 0.013% is assumed in the ten (10) year projections below.

The figures shown in this Item 19 have been prepared on a cash basis. The Royalty Fee due the franchisor is five percent (5%). The National Advertising Fee is two percent (2%). The Technology and Internet Fee is $135 per week and the Accounting Software Fee is $65 per month.

Category Sales

The Category Sales figures shown in the below charts are broken out in to eight (8) categories; Accessories, Beverages, Food Items, Macarons, Misc, Premium Teas, Snowyn and Teas per ounce. The Beverages category include the menu items for Teas, Coffees, Blended, Juice or Soda, Boba Madness, Art of Tea, Slushie's, Handcrafted Sodas, Creamy Boba Madness drinks, Exotic drinks, Lemonades, Matcha Teas, and Frappioca's. The Premium Tea category includes Black teas, Oolong teas, Green teas, White teas, Herbal teas, and Pu-Erh teas.

This Financial Performance Representation does not include any information about operating expenses or the federal income taxes payable on income derived from the operation of a Teapioca Restaurant or any state or local taxes payable based on your restaurant's Gross Sales or net profits that may be applicable in the jurisdiction in which your restaurant is located.

The figures described in the tables below have been compiled from the Franchisee Locations' unaudited financial statements for the Reporting Period, or data pulled from their POS system reports. This information has not been independently audited.

These financial performance representations list only Gross Sales information. As used in this Item 19, "Gross Sales" means total revenue from ordinary income earned by the Franchisee Locations, without deductions for operating expenses or any other expenses not shown in the tables. There are additional operating expenses, overhead and salaries or personnel costs that are not included in the partial Profit and Loss statement. We have chosen to omit these figures, because the amount of expense for these items inherently contains drastic variances depending upon the decision maker and Your geographical region.

Gross Sales will vary. In particular, the Gross Sales of Your Franchised Business will be directly affected by many factors, such as: (a) geographic location; (b) competition from other similar businesses in Your area; (c) sales and marketing effectiveness based on market saturation; (d) Your product and service pricing; (e) vendor prices on materials, supplies, and inventory; (f) labor costs; (g) ability to generate clients; (h) client loyalty; and (i) employment conditions in the market. Any such factor may differ materially from those that may exist for a franchise offered to You.

Importantly, You should not consider the Gross Sales presented above to be the actual potential Gross Sales that You will realize. We do not represent that You can or will attain those or

similar revenues or margins, or any particular level of Gross Sales. We do not represent that You will generate income, which exceeds the initial payment for, or investment in, Your franchise.

Based on all of the matters mentioned in this Item, We recommend that You make Your own independent investigation to determine whether or not the franchise may be profitable to You and worth the risk. You should use this information only as a reference in conducting Your analysis and in preparing Your own projected income statements and cash flow statements. We suggest strongly that You consult Your financial advisor or personal accountant concerning financial projections and federal, state, and local income taxes and any other applicable taxes that You may incur in owning and operating a franchised business.

Teapioca Lounge - Locations One to Three Years in Business
Profit & Loss Average
2023

The Gross Sales reported in the chart below have been calculated by taking the total 2023 Gross Sales and averaging it by four. This represents the franchisees that have been in business between one and three years, and includes four out of a total of twenty-four active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $452,931.37.

Gross Sales	$ Amount	% of Sales
Income		
Gross Sales	$ 479,738.12	100.00%
Total Income	$ 479,738.12	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees		
Royalty Fees	$ 23,986.91	5.00%
Nat'l/Regional Advertising	$ 9,594.76	2.00%
Local Advertising (Proven)	$ 12,612.00	2.63%
Internet Fee	$ 7,020.00	1.46%
Accounting Software Fee	$ 780.00	0.16%
Total Fixed Expenses w/ Franchisee Fees	$ 53,993.67	11.25%
Net Sales	$ 425,744.45	88.75%

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Teapioca Lounge -- Locations Four to Six Years in Business
Profit & Loss Average
2023

The Gross Sales reported in the chart below have been calculated by taking the total 2023 Gross Sales and averaging it by ten. This represents the franchisees that have been in business between four and six years, and includes ten out of a total of twenty-four active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $514,519.07.

Gross Sales	$ Amount	% of Sales
Income		
Gross Sales	$ 579,768.68	100.00%
Total Income	$ 579,768.68	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees		
Royalty Fees	$ 28,988.43	5.00%
Nat'l/Regional Advertising	$ 11,595.37	2.00%
Local Advertising (Proven)	$ 12,612.00	2.18%
Internet Fee	$ 7,020.00	1.21%
Accounting Software Fee	$ 780.00	0.13%
Total Fixed Expenses w/ Franchisee Fees	$ 60,995.81	10.52%
Net Sales	$ 518,772.87	89.48%

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Teapioca Lounge -- Locations Seven to Ten Years in Business
Profit & Loss Average
2023

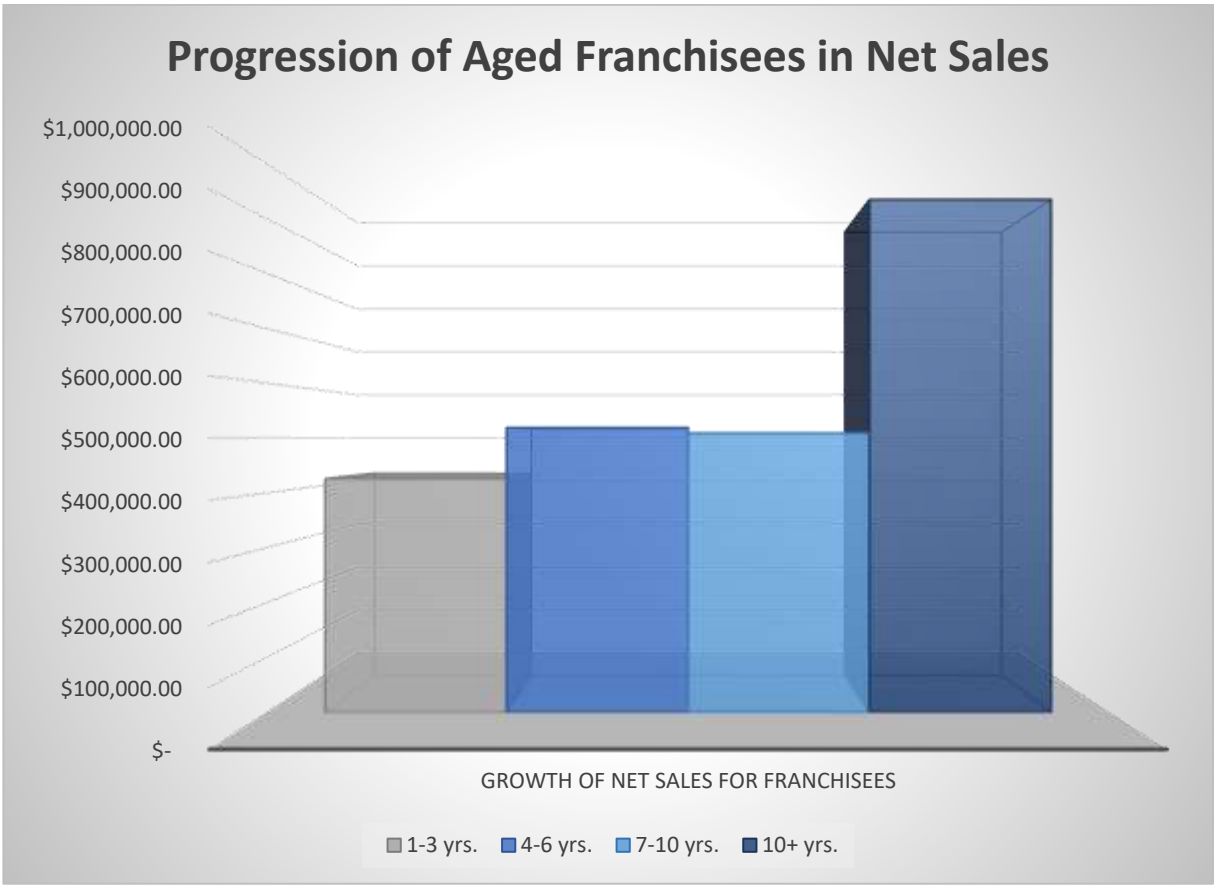
The Gross Sales reported in the chart below have been calculated by taking the total 2023 Gross Sales and averaging it by four. This represents the franchisees that have been in business between seven and ten years, and includes four out of a total of twenty-four active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $547,482.73.

Gross Sales		$ Amount	% of Sales
Income			
Gross Sales	$	569,273.94	100.00%
Total Income	$	569,273.94	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees			
Royalty Fees	$	28,463.70	5.00%
Nat'l/Regional Advertising	$	11,385.48	2.00%
Local Advertising (Proven)	$	12,612.00	2.22%
Internet Fee	$	7,020.00	1.23%
Software and Development Fee	$	780.00	0.14%
Total Fixed Expenses w/ Franchisee Fees	$	60,261.18	10.59%
Net Sales	$	509,012.76	89.41%

Teapioca Lounge -- Locations Over Ten Years in Business
Profit & Loss Average
2023

The Gross Sales reported in the chart below have been calculated by taking the total 2023 Gross Sales and averaging it by three. This represents the franchisees that have been in business for over ten years, and includes three out of a total of twenty-four active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $855,269.22.

Gross Sales		$ Amount	% of Sales
Income			
Gross Sales	$	1,026,493.95	100.00%
Total Income	$	1,026,493.95	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees			
Royalty Fees	$	51,324.70	5.00%
Nat'l/Regional Advertising	$	20,529.88	2.00%
Local Advertising (Proven)	$	12,612.00	1.23%
Internet Fee	$	7,020.00	0.68%
Software and Development Fee	$	780.00	0.08%
Total Fixed Expenses w/ Franchisee Fees	$	92,266.58	8.99%
Net Sales	$	934,227.38	91.01%


Progression of Aged Franchisees in Net Sales
$1,000,000.00
$900,000.00
$800,000.00
$700,000.00
$600,000.00
$500,000.00
$400,000.00
$300,000.00
$200,000.00
$100,000.00
$-
GROWTH OF NET SALES FOR FRANCHISEES
1-3 yrs.
4-6 yrs.
7-10 yrs.
10+ yrs.

Teapioca Lounge - Locations One to Three Years in Business
Profit & Loss Average
2024

The Gross Sales reported in the chart below have been calculated by taking the total 2024 Gross Sales and averaging it by 10(number of zees in category). This represents the franchisees that have been in business between one and three years, and includes 10 out of a total of 26 active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $552,618.23.

Gross Sales		**$ Amount**	**% of Sales**
Income			
Gross Sales	$	495,153.61	100.00%
Total Income	$	495,153.61	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees			
Royalty Fees	$	24,757.68	5.00%
Nat'l/Regional Advertising	$	9,903.07	2.00%
Local Advertising (Proven)	$	12,612.00	2.55%
Internet Fee	$	7,020.00	1.42%
Accounting Software Fee	$	780.00	0.16%
Total Fixed Expenses w/ Franchisee Fees	$	55,072.75	11.12%
Net Sales	$	440,080.85	88.88%

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Teapioca Lounge -- Locations Four to Six Years in Business
Profit & Loss Average
2024

The Gross Sales reported in the chart below have been calculated by taking the total 2024 Gross Sales and averaging it by 6 (number of zees in category). This represents the franchisees that have been in business between four and six years, and includes 6 out of a total of 26 active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $727,715.79.

Gross Sales	$ Amount	% of Sales
Income		
Gross Sales	$ 586,824.83	100.00%
Total Income	$ 586,824.83	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees		
Royalty Fees	$ 29,341.24	5.00%
Nat'l/Regional Advertising	$ 11,736.50	2.00%
Local Advertising (Proven)	$ 12,612.00	2.15%
Internet Fee	$ 7,020.00	1.20%
Accounting Software Fee	$ 780.00	0.13%
Total Fixed Expenses w/ Franchisee Fees	$ 61,489.74	10.48%
Net Sales	$ 525,335.09	89.52%

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Teapioca Lounge -- Locations Seven to Ten Years in Business
Profit & Loss Average
2024

The Gross Sales reported in the chart below have been calculated by taking the total 2024 Gross Sales and averaging it by 7 (number of zees in category). This represents the franchisees that have been in business between seven and ten years, and includes 7 out of a total of 26 active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $463,032.76.

Gross Sales		$ Amount	% of Sales
Income			
Gross Sales	$	480,209.88	100.00%
Total Income	$	480,209.88	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees			
Royalty Fees	$	24,010.49	5.00%
Nat'l/Regional Advertising	$	9,604.20	2.00%
Local Advertising (Proven)	$	12,612.00	2.63%
Internet Fee	$	7,020.00	1.46%
Software and Development Fee	$	780.00	0.16%
Total Fixed Expenses w/ Franchisee Fees	$	54,026.69	11.25%
Net Sales	$	426,183.19	88.75%

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Teapioca Lounge -- Locations Over Ten Years in Business
Profit & Loss Average
2024

The Gross Sales reported in the chart below have been calculated by taking the total 2024 Gross Sales and averaging it by 3 (Number of zees in category). This represents the franchisees that have been in business for over ten years, and includes 3 out of a total of 26 active franchisees. We must also report the median Gross Sales; the median Gross Sales of franchisees in this category is $755,810.94.

Gross Sales		$ Amount	% of Sales
Income			
Gross Sales	$	897,456.06	100.00%
Total Income	$	897,456.06	
As a Franchisee Store - Fixed Expenses w/ Franchisee Fees			
Royalty Fees	$	44,872.80	5.00%
Nat'l/Regional Advertising	$	17,949.12	2.00%
Local Advertising (Proven)	$	12,612.00	1.41%
Internet Fee	$	7,020.00	0.78%
Software and Development Fee	$	780.00	0.09%
Total Fixed Expenses w/ Franchisee Fees	$	83,233.92	9.27%
Net Sales	$	814,222.14	90.73%

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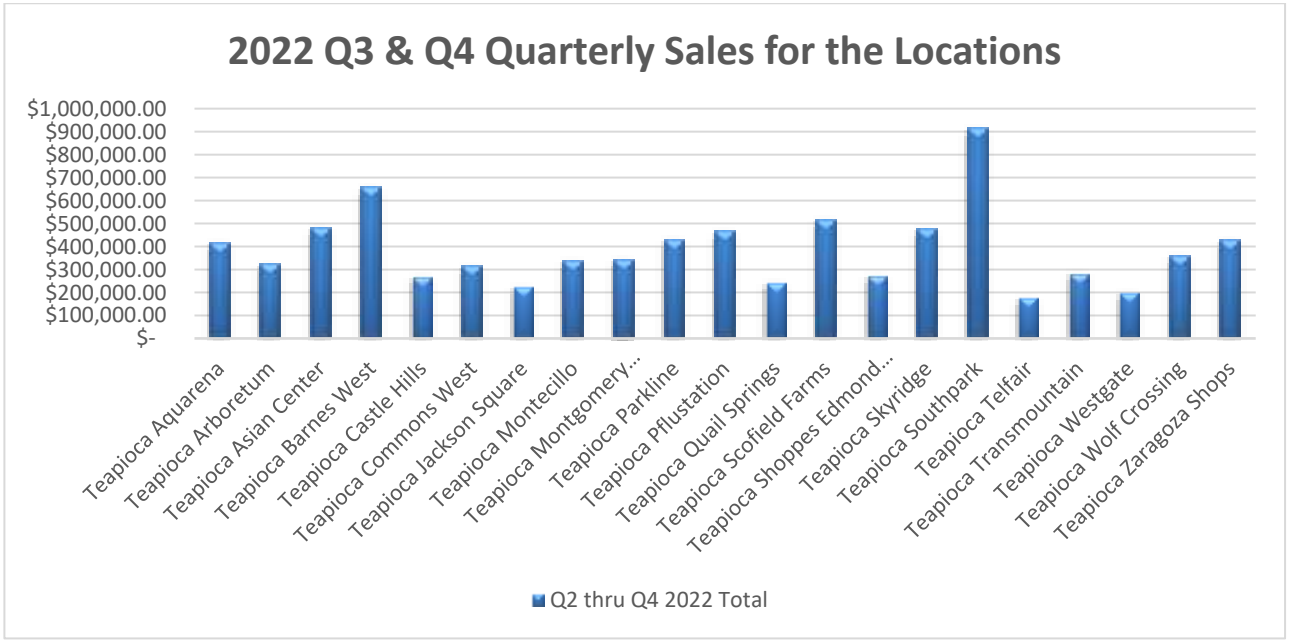
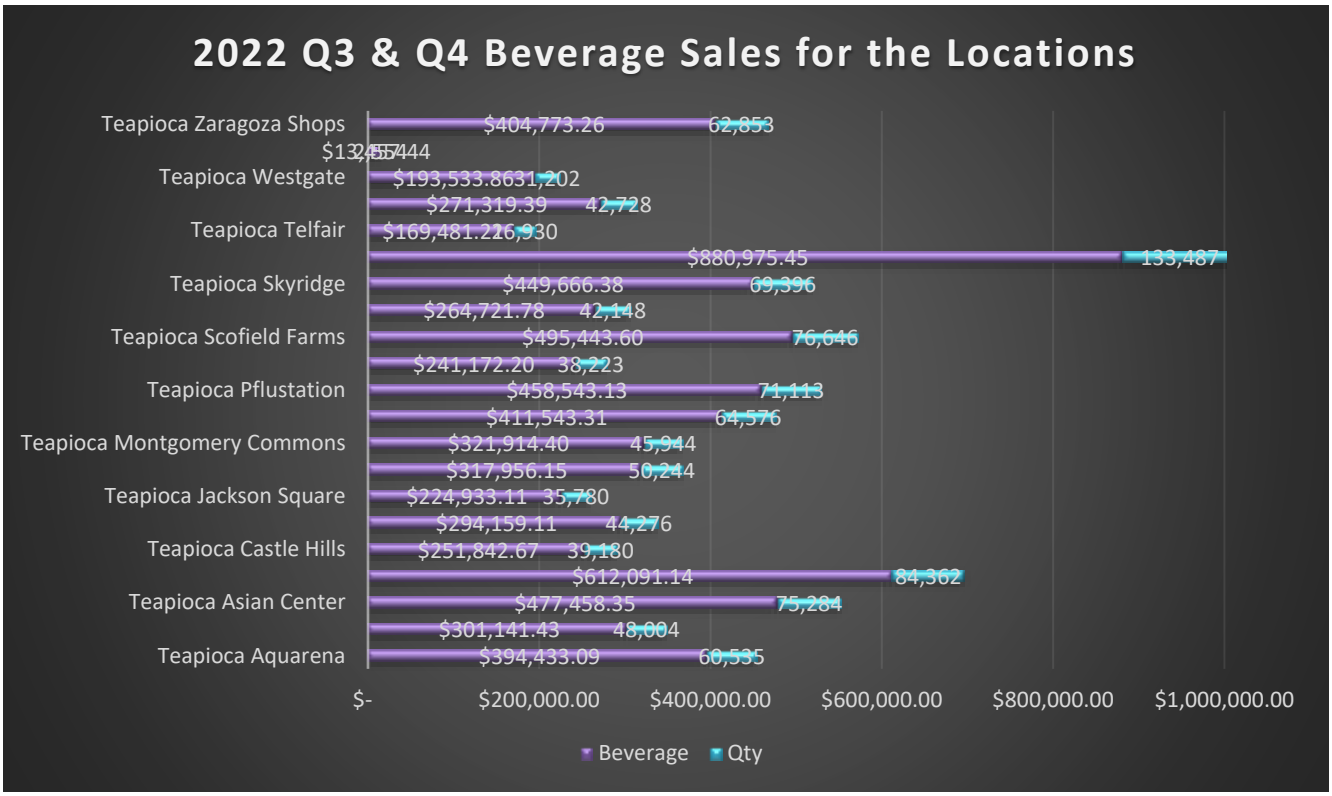
The pricing of the beverages ranges by location, as determined by the franchisee owner. The range of most of our franchisees have a starting price of $5.09 and range up to $7.89 as a beginning price point.



2022 Q3 & Q4 Combined Beverage Sales by location as compared to Gross Sales

The below graph shows the Beverage Sales in combination with the total dollar sales for the locations



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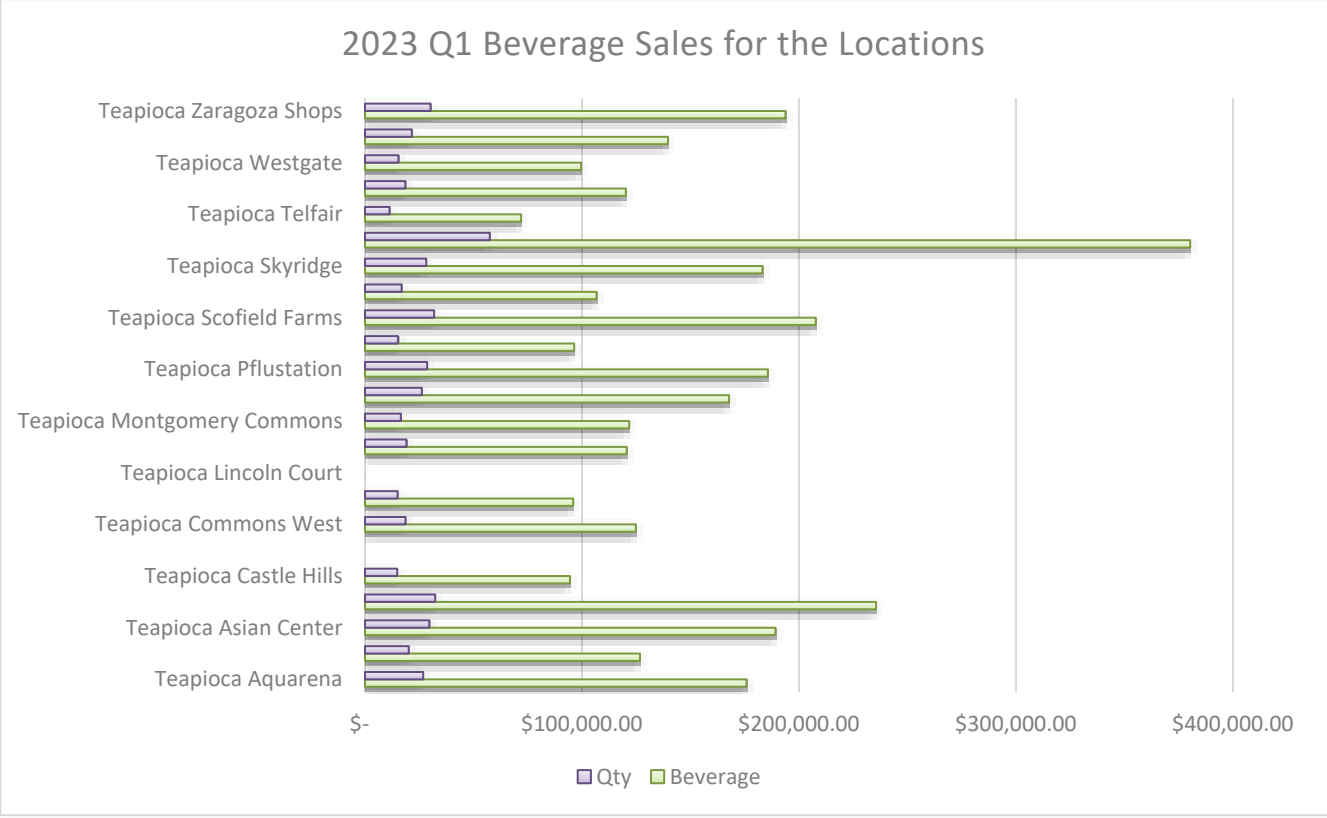
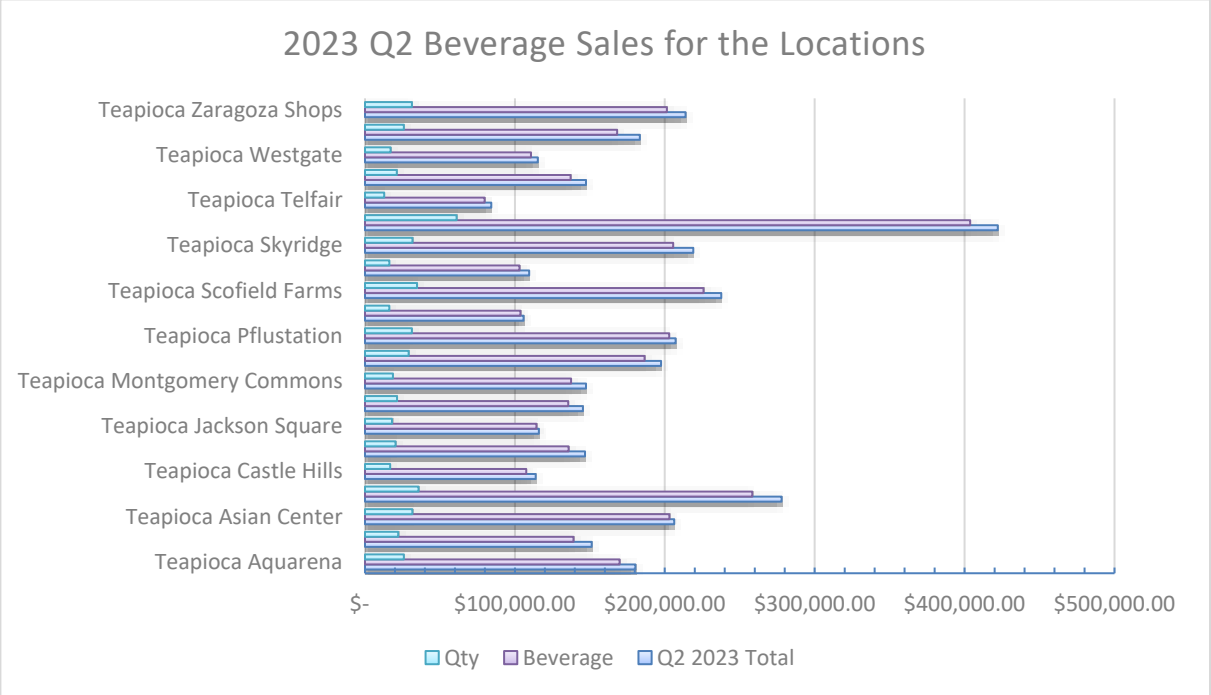
2023 Q1 Beverage Sales by location as compared to Gross Sales

The below graph shows the Beverage Sales in combination with the total dollar sales for the locations



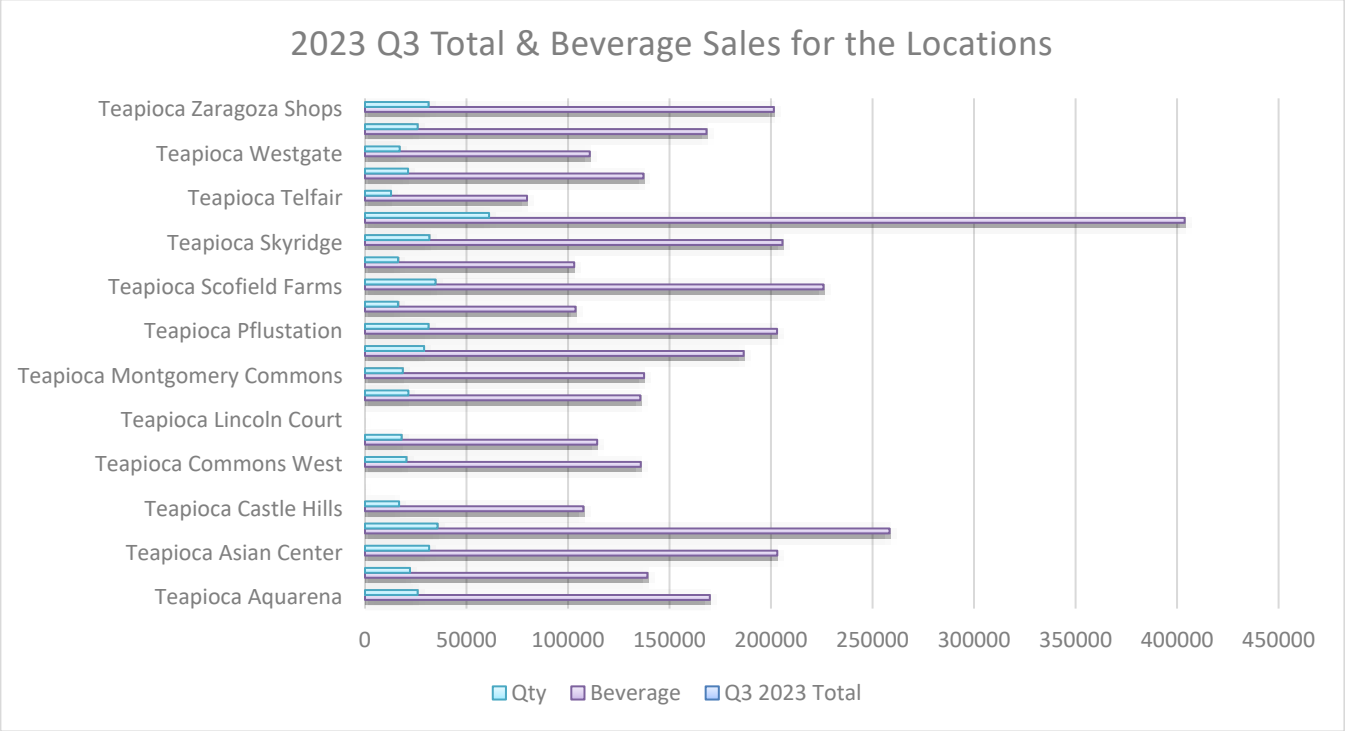
2023 Q2 Beverage Sales by location as compared to Gross Sales

The below graph shows the Beverage Sales in combination with the total dollar sales for the locations.



2023 Q3 Beverage Sales by location as compared to Total Gross Sales

The below graph shows the Beverage Sales in combination with the total dollar sales for the locations.



ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

Exhibit B provides a complete list of Our Franchisees. If You buy this franchise, Your contact information may be disclosed to other buyers during and when You leave the franchise system. The following tables reflect the status of Our Franchisees.

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Table No. 1
Systemwide Outlet Summary
For years 2022-2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	27	32	+5
	2023	32	32	0
	2024	32	36	+4
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	27	32	+5
	2023	32	32	0
	2024	32	36	+4

Finish *Note: The Total number of Franchisees, including any Franchisees signed this fiscal year up to the issuance date on this FDD, are listed in Exhibit B attached.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2022-2024

State	Year	Number of Transfers
Texas	2022	1
	2023	1
	2024	1
Florida	2022	0
	2023	0
	2024	1
Total Transfers	2022	1
	2023	1
	2024	2

The numbers in the "Total" column may exceed the number of stores affected because several events may have affected the same store. For example, the same store may have had multiple owners.

Table No. 3
Status of Franchised Outlets
For years 2022-2024

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
CO	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
FL	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
OK	2022	0	2	0	0	0	0	5
	2023	5	0	0	0	0	0	5
	2024	5	4	0	0	0	0	9
PA	2022	3	0	0	0	0	0	3
	2023	3	0	0	0	0	0	3
	2024	3	4	0	0	0	0	7
TX	2022	0	6	0	0	0	0	6
	2023	6	2	0	0	0	0	8
	2024	8	6	1	0	0	0	14
Total	2022	27	5	0	0	0	0	32
	2023	32	0	0	0	0	0	32
	2024	32	4	1	0	0	0	36

*Note: The Total number of Franchisees including any Franchisee's signed through the issuance date of this FDD is listed in Exhibit B attached.

Table No. 4
Status of Company-Owned Outlets
For years 2022-2024

State	Year	Outlets at Start of the Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
TX	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0
Totals	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	0	0	0	0	0

Table No. 5
Projected Openings as of 2025

State	Ongoing Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Fiscal Year	Projected New Company-Owned Outlet In the Next Fiscal Year
Colorado	1	1	0
Pennsylvania	0	1	0
Texas	7	7	0
Total	**8**	**9**	**0**

List of Current Franchisees

A list of all Teapioca Trained Businesses and Franchisees and the address of their Business is attached to this Disclosure Document as Exhibit B.

List of Terminated or Cancelled Franchisees

We have had no Franchisee who was terminated, cancelled or not renewed or otherwise ceased to do business either voluntarily or involuntarily within the last fiscal year, nor who has not communicated with Us within 10 weeks of this Disclosure Document Issuance date.

Additional Franchisee Information

If You buy this franchise, Your contact information may be disclosed to other buyers during and when You leave the franchise system as required by law.

During Our last three fiscal years, We have not signed any confidentiality clauses with current or Former Franchisees which would restrict their ability to speak openly with You about their experience with Us. We are not aware of any trade-specific Franchisee organizations associated with the System and no Independent Franchisee organizations have asked to be included in this Disclosure Document.

ITEM 21. FINANCIAL STATEMENTS

We comply with this Item by supplying (i) Our Unaudited Financial Statements from January 1, 2025, through June 30, 2025 (ii) Our Audited Financial Statements from January 1, 2024, through December 31, 2024; (iii) Our Audited Financial Statements from January 1, 2023, through December 31, 2023; (iv) Our Audited Financial Statements from January 1, 2022, through December 31, 2022. Our fiscal year ends December 31st.

ITEM 22. CONTRACTS

The following Agreements are attached to this Disclosure Document as Exhibits:

Business Establishment Training Course Agreement with Exhibits	Exhibit C
Site Selection and Real Estate Training Course Agreement with Exhibits	Exhibit D
Ongoing Franchise Agreement with Exhibits	Exhibit E
Area Development Agreement with Exhibits	Exhibit F
Confidentiality Agreement	Exhibit I

There are no other contracts or agreements provided by Teapioca to be signed by You.

ITEM 23. RECEIPT

In accordance with the Trade Regulation Rule of the Federal Trade Commission titled "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures", a Receipt by the Prospective Franchisee is attached as Exhibit J, located on the last two pages of this Disclosure Document.

You should sign and date both copies of the receipt as of the date You received this Disclosure Document.

Keep one copy for Your records and return the other signed copy to Us.

[The rest of this page was intentionally left blank]

EXHIBIT A
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC
FINANCIAL STATEMENTS

The following financial statements are attached:

1. Our Unaudited Financial Statements from January 1, 2025 through June 30, 2025;
2. Our Audited Financial Statements from January 1, 2024 through December 31, 2024;
3. Our Audited Financial Statements from January 1, 2023, through December 31, 2023;
4. Our Audited Financial Statements from January 1, 2022, through December 31, 2022

Note:

Where indicated the attached Financial Statements have been prepared without an Audit. Prospective Franchisees or Sellers of Franchises should be advised that no independent Certified Public Accountant has audited these figures or expressed an opinion with regard to their content or form.

TEAPIOCA INTERNATIONAL, LLC
UNAUDITED PROFIT & LOSS STATEMENT
FROM JANUARY 1, 2025, THROUGH JUNE 30, 2025

WHERE INDICATED THE ATTACHED FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM

11:20 AM
07/18/25
Accrual Basis

Teapioca International, LLC
Profit & Loss
April through June 2025

		Apr - Jun 25
Ordinary Income/Expense		
Income		
Service Income		264,956.36
Total Income		264,956.36
Gross Profit		264,956.36
Expense		
Accountant Services		1,156.00
Advertising and Promotion		8,716.12
Automobile Expense		567.67
Bank Service Charges		262.54
Computer & Internet		1,283.96
Consultant Services		9,000.00
Due Subscription		733.68
Event and Meeting		3,249.31
Franchise Fee		7,213.00
Legal & Professional		21,888.82
Meals and Entertainment		1,053.66
Office Expense		877.91
Payroll Expenses		
Bonus	2,400.00	
Other Earnings	1,694.00	
Salary	126,671.13	
Total Payroll Expenses		130,765.13
Payroll Tax Expenses		
Fica Employer	10,003.51	
Total Payroll Tax Expenses		10,003.51
Pos System		1,859.98
Postage and Shipping		311.90
Rent		
Automobile Lease	538.05	
Rent - Other	18,120.00	
Total Rent		18,658.05

Page 1

Teapioca International, LLC
Profit & Loss
April through June 2025

	Apr - Jun 25
Small Tools/ Equipments	311.85
Software Services	3,168.83
Subscriptions	4,176.42
Telephone	2,707.33
Training & Education	256.00
Travel Expense	10,979.15
Utilities	1,459.34
Website Services	29,553.81
Total Expense	270,213.97
Net Ordinary Income	-5,257.61
Net Income	**-5,257.61**

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TEAPIOCA INTERNATIONAL, LLC
UNAUDITED BALANCE SHEET STATEMENT
FROM JANUARY 1, 2025, THROUGH JUNE 30, 2025

WHERE INDICATED THE ATTACHED FINANCIAL STATEMENTS HAVE BEEN PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO INDEPENDENT CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED AN OPINION WITH REGARD TO THEIR CONTENT OR FORM

1:28 PM
07/18/25
Accrual Basis

Teapioca International, LLC
Balance Sheet
As of June 30, 2025

	Jun 30, 25
ASSETS	
Current Assets	
Checking/Savings	
Chase #2195-Gift Card	149,748.16
Chase #3861-Branding Fund	31,326.51
Chase Acc#6830	43,925.93
Total Checking/Savings	225,000.60
Total Current Assets	225,000.60
Fixed Assets	
Accumulated Depreciation	19,984.83
Accumulation	6,668.84
Machinery and Equipment	3,544.70
New Office Remodeling	92,390.00
Total Fixed Assets	122,588.37
Other Assets	
Accumulated Amortization	-32,598.49
Escrow Account Deposit # 2195	61.00
Franchise Organnizational Cost	54,335.85
Total Other Assets	21,798.36
TOTAL ASSETS	**369,387.33**
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Credit Cards	
Chase C/C #0869	15,492.59
Chase Ink C/c #0057	6,878.31
Total Credit Cards	22,370.90
Other Current Liabilities	
Branding Fund #3861	31,326.51
Gift Card # 2195	149,809.16
Loan from Teaverse LLC	50,000.00

Page 1

Teapioca International, LLC
Balance Sheet
As of June 30, 2025

	Jun 30, 25
Payroll Liabilities	
Employee Payroll WH	1,009.35
Futa	894.87
Net Payroll Check	1.00
Suta	29.18
Total Payroll Liabilities	1,934.40
Total Other Current Liabilities	233,070.07
Total Current Liabilities	255,440.97
Total Liabilities	255,440.97
Equity	
2022 Profit withdrawal	-164,000.00
Bao Phan's Contribution	224,000.00
ERC Program	32,412.77
Johnson Wu's Contribution	96,000.00
Member 's Equity	-475,727.29
Opening Balance Equity	48,525.00
Retained Earnings	544,235.63
Net Income	-191,499.75
Total Equity	113,946.36
TOTAL LIABILITIES & EQUITY	369,387.33

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TEAPIOCA INTERNATIONAL, LLC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2024

Teapioca International, LLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2024

CONTENTS

	Pages
Independent Auditors' Report	3
Balance Sheet	4-5
Statement of Operations and member's Equity	6-7
Statement of Cash flows	8
Notes to the Financial Statements	9-14

KWL
CERTIFIED PUBLIC ACCOUNTANTS

Audit • Tax • Advisory

To the Management and Board of Directors
Teapioca International, LLC

Report on the Financial Statements
We have audited the accompanying financial statements of Teapioca International, LLC, which comprise the balance sheet as of December 31, 2024, and the related statements of operation and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teapioca International LLC as of December 31, 2024, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KWL LLP

Diamond Bar, CA
February 16, 2025

KWL LLP 3333 South Brea Canyon Road, Suite 201, CA 91765 USA
Tel: +1 909 575 8168 • Fax: +1 909 363 8808 • info@kwlcpa.com

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Teapioca International, LLC
Balance Sheet
December 31, 2024

Assets

Current Assets		
Cash and cash equivalents	$	224,150
Total current assets		224,150
Property and Equipment		
Machinery and equipment		3,545
Leasehold Improvement		92,390
Less accumulated depreciation		(12,428)
Leasehold Improvements and Equipment, net		83,507
Other Assets		
Organizational cost		54,336
Less accumulated amortization		(32,598)
Total other assets		21,738
Total Assets	$	329,395

The accompanying notes are an integral part of the financial statements

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Teapioca International, LLC
Balance Sheet
December 31, 2024

Liabilities and Member's Equity

Current Liabilities		
Accrued expenses	$	1,552
Branding funds reserve		32,198
Credit cards payable		24,212
Deferred gift cards revenue		154,168
Total current liabilities		212,130
Long-Term Liabilities		-
Equity		
Member's equity		(128,134)
Retained earnings		245,399
Total member's equity		117,265
Total Liabilities and Member's Equity	$	329,395

The accompanying notes are an integral part of the financial statements

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Teapioca International, LLC
Statement of Operations and Member's Equity
For the Year Ended December 31, 2024

Franchise Income	$	139,000
Service Income		999,118
Total Income		1,138,118
Cost of sales		-
Gross profit		1,138,118
Operating expenses		1,200,840
(Loss) from operations		(62,722)

The accompanying notes are an integral part of the financial statements

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Teapioca International, LLC
Statement of Operations and Member's Equity
For the Year Ended December 31, 2024

Non-operating income (expenses)		
Other income	$	16,912
Total non-operating income (expenses)		16,912
(Loss) before income taxes		(45,810)
Provision for income taxes (benefit)		-
Net Loss		(45,810)
Member's equity, beginning of year		123,075
Member's contributions		170,000
Member's withdrawals		130,000
Member's equity, 12/31/2024	$	117,265

The accompanying notes are an integral part of the financial statements

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Teapioca International, LLC
Statement of Cash Flows
For the Year Ended December 31, 2024

Cash Flows from Operating Activities		
Net loss	$	(45,810)
Adjustments to reconcile net income to net cash		
Changes in assets and liabilities:		
Decrease in branding fund reserve		(34,075)
Decrease in gift cards reserve		(41,143)
Decrease in credit cards payable		(178)
Increase in accrued expenses		1,450
Net cash provided by operating activities		(119,756)
Cash Flows from Investing Activities		
Amortization		3,622
Depreciation		6,162
Net cash (used in) investing activities		9,784
Cash Flows from Financing Activities		
Member's contribution		170,000
Member's withdrawals		(130,000)
Net cash provided by financing activities		40,000
Net increase in cash and cash equivalents		(69,972)
Cash and Cash Equivalents		
Beginning		294,122
Ending	$	224,150
Supplemental Disclosure of Cash Flows		
Cash paid during the year for:		
Interest	$	-

The accompanying notes are an integral part of the financial statements
8

Teapioca International, LLC
Notes to the Financial Statements
December 31, 2024

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business: Teapioca International, LLC (hereinafter, "the Company"), is a Texas Domestic Limited Liability Company formed on January 27, 2015 and is primarily engaged in the business of franchising Teapioca Lounge's tea bars throughout the United States. The Company's franchisees provide high quality tea, shaved ice, smoothies and other dessert drinks to customers in a modern lounge setting.

A summary of the Company's significant accounting policies is as follows:

Use of Estimates: The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are carried at original invoice amount less estimates made for doubtful receivables and returns based on a review of all outstanding amounts on a timely basis. The Company extends credit to its franchisees and generally does not require collateral. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee receivables and considering a franchisee's financial condition and credit history, and current economic conditions. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. Accounts receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Actual credit loss may differ from management's estimates. No interest has been charged on franchisee's accounts.

Property and equipment: Property and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	7 years
Machinery and equipment	5 to 7 years
Leasehold Improvements	15Years

Depreciation expense for the year ended December 31, 2024 amounted to $6,162. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in the statement of income for the period.

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Note 1. Nature of Business and Significant Accounting Policies - Continued

Impairment of long-lived assets: The Company reviews its long-lived assets whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Impairment is evaluated by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value (estimated discounted future cash flows) of the long- lived assets.

Intangible Assets: Intangible assets primarily related to the franchise organizational cost that the Company incurred at start-up. The intangible assets are stated at historical cost and amortized on a straight-line basis over the expected useful lives of 15 years. Amortization expenses for the year ended December 31, 2024 amounted to $3,622.

Revenue recognition: Beginning January 1, 2017, the Company adopted ASC Topic 606, "Revenue from Contracts with Customers." ASC Topic 606 requires the Company to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitle to in exchange for those goods or services. The Company recognizes revenue based on the five criteria for revenue recognition established under Topic 606: 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price among the performance obligations, and 5) recognize revenue as the performance obligations are satisfied.

The Company recognizes revenue in accordance with ASC 606. Revenue are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenue from the initial and establishment fees are generally recognized when all material services or conditions relating to the sale have been substantially performed or satisfied, which is generally upon the signing of the preliminary agreement, selection of a store site and training. The license royalties, which are based on a percentage of gross sale, are recognized as earned, which is generally upon sale of products by franchisees. The adoption of ASC 606 had no impact on the Company's financial statements and related footnote disclosure as of and for the year ended December 31, 2024.

Advertising costs: Advertising costs are expensed as incurred. The total advertising expense was $28,263 for the year ended December 31, 2024.

Income taxes: The Company is organized as a multiple-member limited liability company and has elected to be taxed as a partnership for income tax purposes. As such, for federal income tax purposes, the Company's income and losses will be "pass-through" to its partners therefore no provisions for federal income tax is recorded on the financial statements.

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Note 1. Nature of Business and Significant Accounting Policies – Continued

Fair Value of Financial Instruments: As defined in FASB ASC 820 "Fair Value Measurements," fair value is 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 (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balance based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The carrying values of certain assets and liabilities of the Company, such as cash equivalents, accounts receivable , inventory, prepaid expenses and other current assets, prepaid income tax, accounts payable, accrued expenses and other current liabilities, approximate fair value due to their relatively short maturities.

Concentration:

Cash and cash equivalents: The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2024, none of the Company's bank accounts has exceeded the FDIC insured limits. The Company has not experienced any losses in such accounts.

Recently Issued Accounting Pronouncements:

Fair Value Measurement: In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement ("Topic 820"): The FASB is issuing this Update (1) to clarify the guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) to amend a related illustrative example, and (3) to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. Stakeholders asserted that the language in the illustrative example resulted in diversity in practice on whether the effects of a contractual restriction that prohibits the sale of an equity security should be considered in measuring that equity security's fair value. Some stakeholders apply a discount to the price of an equity security subject to a contractual sale restriction, whereas other stakeholders consider the application of a discount to be inappropriate under the principles of Topic 820. The amendments in this Update affect all entities that have investments in equity securities measured at fair value that are subject to a contractual sale restriction. The amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the effect, if any, that the ASU will have on its financial statements.

In March 2023, the FASB issued ASU No. 2023-01, Leases ("Topic 842"): The amendments in this Update respond to private company stakeholders' concerns about applying Topic 842 to related party arrangements between entities under common control.

Issue 1: Terms and Conditions to Be Considered Topic 842 requires that entities determine whether a related party arrangement between entities under common control (hereinafter referred to as a common control arrangement)

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Note 1. Nature of Business and Significant Accounting Policies – Continued

is a lease. If the arrangement is determined to be a lease, an entity must classify and account for the lease on the same basis as an arrangement with an unrelated party (on the basis of legally enforceable terms and conditions). That represents a change from the requirements of Topic 840, Leases, which required that an entity classify and account for an arrangement on the basis of economic substance when those terms and conditions were affected by the related party nature of the arrangement. Private company stakeholders observed that determining the enforceable terms and conditions of a common control arrangement to apply Topic 842 often is difficult and costly. Specifically, private company stakeholders stated that determining the enforceable terms and conditions of those arrangements could necessitate obtaining a formal legal opinion in certain cases, which could be challenging because of the common control nature of the arrangement (even for written arrangements). The amendments in this Update provide a practical expedient for private companies and not-for-profit entities that are not conduit bond obligors to use the written terms and conditions of a common control arrangement to determine: 1. Whether a lease exists and, if so, 2. The classification of and accounting for that lease. 2 The practical expedient may be applied on an arrangement-by-arrangement basis. If no written terms and conditions exist (including in situations in which an entity does not document existing unwritten terms and conditions in writing upon transition to the practical expedient), an entity is prohibited from applying the practical expedient and must evaluate the enforceable terms and conditions to apply Topic 842. The practical expedient is expected to reduce (1) the costs associated with implementing and applying Topic 842 to those arrangements and (2) diversity in practice by entities within its scope when applying lease accounting requirements to common control arrangements.

Issue 2: Accounting for Leasehold Improvements Topic 842 generally requires that leasehold improvements have an amortization period consistent with the shorter of the remaining lease term and the useful life of the improvements, which is an approach that is largely consistent with legacy guidance. Lessees recognize leasehold improvements when they are the accounting owner of those improvements. Private company stakeholders noted that amortizing leasehold improvements associated with arrangements between entities under common control determined to be leases (hereinafter referred to as common control leases) over a period shorter than the expected useful life of the leasehold improvements may result in financial reporting that does not faithfully represent the economics of those leasehold improvements, particularly in common control leases with short lease terms. Those stakeholders further noted that this accounting, depending on the salvage value assigned to the leasehold improvements, may fail to recognize the transfer of value between the entities under common control when the lessee no longer controls the use of the underlying asset. Additionally, the Board noted that multiple methods of accounting for those improvements exist, causing diversity in practice. The amendments in this Update require that leasehold improvements associated with common control leases be: 1. Amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease. However, if the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the same common control group, the amortization period may not exceed the amortization period of the common control group. 2. Accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities) if, and when, the lessee no longer controls the use of the underlying asset. Additionally, those leasehold improvements are subject to the impairment guidance in Topic 360, Property, Plant, and Equipment. 3 The amendments in this Update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions. The Company has adopted ASU No. 2023-01, Leases ("Topic 842).

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Note 1. Nature of Business and Significant Accounting Policies – Continued

Subsequent Events: The Company evaluated all events or transactions that occurred after December 31, 2024 up through the date that financial statements are issued or available to be issued. All subsequent events requiring recognition as of December 31, 2024 have been incorporated into these financial statements and there are no subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events."

Note 2. Accounts Receivable

Accounts receivables are primarily franchise income that are due from new franchisees. The Company has no outstanding account receivable as of December 31, 2024.

Note 3. Note Receivable

Notes receivables are mainly promissory notes for the development fees agreed upon with area developers. There is no outstanding notes receivable as of December 31, 2024.

Note 4. Prepaid and Other Assets

The prepaid and other assets consist primarily of the annual point of sale software subscriptions. There is zero balance for prepaid and other assets as of December 31, 2024.

Note 5. National Business Branding Fund

The Company collects from a percentage of gross sale a National Business Branding Fund from its franchisees to be used in cooperative advertising and to ensure brand consistency. As of December 31, 2024, the balance collected by the Company from the franchisees amounts to $32,198 and this fund is reported as a current liability to represent such intention and purpose.

Note 6. Deferred Gift Card Revenue

Gift cards sales are recorded as deferred revenue at the time of gift card sale. Revenue is recognized and record when the gift cards are redeemed. No gift card breakage is recognized or recorded. As of December 31, 2024, the deferred gift card revenue amounts to $154,168.

Note 7. Operating Lease Commitment

The Company leases its office and warehousing facilities, and certain equipment under an operating lease expiring December 31, 2028. For the year ended December 31, 2024, total rent expenses for office and warehousing facilities, and equipment rental totaled $66,440.

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Note 7. Operating Lease Commitment – Continued

Future minimum lease payments under the operating leases are summarized as follows:

As of December 31,	Amount
2025	72,480
2026	72,480
2027	72,480
2028	72,480
Total	$ 289,920

*****

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TEAPIOCA INTERNATIONAL, LLC

FINANCIAL STATEMENTS AND INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2023

Teapioca International, LLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2023

CONTENTS

	Pages
Independent Auditors' Report	3
Balance Sheet	4-5
Statement of Operations and member's Equity	6-7
Statement of Cash flows	8
Notes to the Financial Statements	9-14

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KWL

Audit • Tax • Advisory

To the Management and Board of Directors
Teapioca International, LLC

Report on the Financial Statements
We have audited the accompanying financial statements of Teapioca International, LLC, which comprise the balance sheet as of December 31, 2023, and the related statements of operation and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teapioca International LLC as of December 31, 2023, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

KWL LLP

Diamond Bar, CA
February 12, 2024

KWL LLP 3333 South Brea Canyon Road, Suite 201, CA 91765 USA
Tel: +1 909 575 8168 • Fax: +1 909 363 8808 • info@kwlcpa.com

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Teapioca International, LLC
Balance Sheet
December 31, 2023

Assets

Current Assets		
Cash and cash equivalents	$	294,122
Total current assets		294,122
Property and Equipment		
Machinery and equipment		3,545
Leasehold Improvement		92,390
Less accumulated depreciation		(6,266)
Leasehold Improvements and Equipment, net		89,669
Other Assets		
Organizational cost		54,336
Less accumulated amortization		(28,976)
Total other assets		25,360
Total Assets	$	409,151

The accompanying notes are an integral part of the financial statements
4

Teapioca International, LLC
Balance Sheet
December 31, 2023

Liabilities and Member's Equity

Current Liabilities		
Accrued expenses	$	102
Branding funds reserve		66,273
Credit cards payable		24,390
Deferred gift cards revenue		195,311
Total current liabilities		286,076
Long-Term Liabilities		-
Equity		
Member's equity		(52,706)
Retained earnings		175,781
Total member's equity		123,075
Total Liabilities and Member's Equity	$	409,151

The accompanying notes are an integral part of the financial statements
5

Teapioca International, LLC
Statement of Operations and Member's Equity
For the Year Ended December 31, 2023

Franchise Income	$	22,000
Service Income		923,712
Total Income		945,712
Cost of sales		-
Gross profit		945,712
Operating expenses		
Accounting fee		11,835
Advertising and Promotion		23,592
Amortization		3,622
Automobile Expenses		3,535
Bank Service Charges		579
Computer & Internet		10,290
Consulting		86,009
Depreciation		3,431
Dues & Subcription		22,751
Insurance		10,927
Legal & Professional Fee		92,282
License & Permit		10,821
Meals & Entertainment		6,024
Medical Fee		491
Office Expense		29,978
Payroll Expenses		547,952
Payroll Tax Expenses		42,916
Postage and Delivery		2,857
Rent		24,128
Repair and Maintenance		5,470
Security		955
Small Equipment		3,439
Software Subscription		63,973
Telephone		8,947
Travel Expense		21,557
Uniforms		271
Utilities		3,408
Website Services		35,014
Operating expenses		1,077,054
(Loss) from operations		(131,342)

The accompanying notes are an integral part of the financial statements

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Teapioca International, LLC
Statement of Operations and Member's Equity
For the Year Ended December 31, 2023

Non-operating income (expenses)		
Other income	$	15,914
Total non-operating income (expenses)		15,914
(Loss) before income taxes		(115,428)
Provision for income taxes (benefit)		-
Net Loss		(115,428)
Member's equity, beginning of year		305,635
Member's contributions		130,000
Member's withdrawals		197,132
Member's equity, 12/31/2023	$	123,075

The accompanying notes are an integral part of the financial statements
7

Teapioca International, LLC
Statement of Cash Flows
For the Year Ended December 31, 2023

Cash Flows from Operating Activities		
Net loss	$	(115,428)
Adjustments to reconcile net income to net cash		
Changes in assets and liabilities:		
Decrease in branding fund reserve		(24,525)
Decrease in gift cards reserve		(7,615)
Increase in credit cards payable		7,427
Decrease in accrued expenses		(365)
Net cash provided by operating activities		(140,506)
Cash Flows from Investing Activities		
Improvement		(92,390)
Amortization		3,622
Depreciation		3,431
Net cash (used in) investing activities		(85,337)
Cash Flows from Financing Activities		
Member's contribution		(197,132)
Member's withdrawals		130,000
Net cash provided by financing activities		(67,132)
Net increase in cash and cash equivalents		(292,975)
Cash and Cash Equivalents		
Beginning		587,097
Ending	$	294,122
Supplemental Disclosure of Cash Flows		
Cash paid during the year for:		
Interest	$	-

The accompanying notes are an integral part of the financial statements
8

Teapioca International, LLC
Notes to the Financial Statements
December 31, 2023

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business: Teapioca International, LLC (hereinafter, "the Company"), is a Texas Domestic Limited Liability Company formed on January 27, 2015 and is primarily engaged in the business of franchising Teapioca Lounge's tea bars throughout the United States. The Company's franchisees provide high quality tea, shaved ice, smoothies and other dessert drinks to customers in a modern lounge setting.

A summary of the Company's significant accounting policies is as follows:

Use of Estimates: The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are carried at original invoice amount less estimates made for doubtful receivables and returns based on a review of all outstanding amounts on a timely basis. The Company extends credit to its franchisees and generally does not require collateral. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee receivables and considering a franchisee's financial condition and credit history, and current economic conditions. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. Accounts receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Actual credit loss may differ from management's estimates. No interest has been charged on franchisee's accounts.

Property and equipment: Property and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	7 years
Machinery and equipment	5 to 7 years
Leasehold Improvements	15Years

Depreciation expense for the year ended December 31, 2023 amounted to $3,431. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in the statement of income for the period.

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Note 1. Nature of Business and Significant Accounting Policies - Continued

Impairment of long-lived assets: The Company reviews its long-lived assets whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Impairment is evaluated by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value (estimated discounted future cash flows) of the long- lived assets.

Intangible Assets: Intangible assets primarily related to the franchise organizational cost that the Company incurred at start-up. The intangible assets are stated at historical cost and amortized on a straight-line basis over the expected useful lives of 15 years. Amortization expenses for the year ended December 31, 2023 amounted to $3,622.

Revenue recognition: Beginning January 1, 2017, the Company adopted ASC Topic 606, "Revenue from Contracts with Customers." ASC Topic 606 requires the Company to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitle to in exchange for those goods or services. The Company recognizes revenue based on the five criteria for revenue recognition established under Topic 606: 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price among the performance obligations, and 5) recognize revenue as the performance obligations are satisfied.

The Company recognizes revenue in accordance with ASC 606. Revenue are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenue from the initial and establishment fees are generally recognized when all material services or conditions relating to the sale have been substantially performed or satisfied, which is generally upon the signing of the preliminary agreement, selection of a store site and training. The license royalties, which are based on a percentage of gross sale, are recognized as earned, which is generally upon sale of products by franchisees. The adoption of ASC 606 had no impact on the Company's financial statements and related footnote disclosure as of and for the year ended December 31, 2023.

Advertising costs: Advertising costs are expensed as incurred. The total advertising expense was $23,592 for the year ended December 31, 2023.

Income taxes: The Company is organized as a multiple-member limited liability company and has elected to be taxed as a partnership for income tax purposes. As such, for federal income tax purposes, the Company's income and losses will be "pass-through" to its partners therefore no provisions for federal income tax is recorded on the financial statements.

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Note 1. Nature of Business and Significant Accounting Policies – Continued

Fair Value of Financial Instruments: As defined in FASB ASC 820 "Fair Value Measurements," fair value is 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 (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balance based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The carrying values of certain assets and liabilities of the Company, such as cash equivalents, accounts receivable , inventory, prepaid expenses and other current assets, prepaid income tax, accounts payable, accrued expenses and other current liabilities, approximate fair value due to their relatively short maturities.

Concentration:

Cash and cash equivalents: The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2023, one of the Company's bank account has exceeded the FDIC insured limits. The Company has not experienced any losses in such accounts.

Recently Issued Accounting Pronouncements:

Fair Value Measurement: In June 2022, the FASB issued ASU 2022-03, Fair Value Measurement ("Topic 820"): The FASB is issuing this Update (1) to clarify the guidance in Topic 820, Fair Value Measurement, when measuring the fair value of an equity security subject to contractual restrictions that prohibit the sale of an equity security, (2) to amend a related illustrative example, and (3) to introduce new disclosure requirements for equity securities subject to contractual sale restrictions that are measured at fair value in accordance with Topic 820. Stakeholders asserted that the language in the illustrative example resulted in diversity in practice on whether the effects of a contractual restriction that prohibits the sale of an equity security should be considered in measuring that equity security's fair value. Some stakeholders apply a discount to the price of an equity security subject to a contractual sale restriction, whereas other stakeholders consider the application of a discount to be inappropriate under the principles of Topic 820. The amendments in this Update affect all entities that have investments in equity securities measured at fair value that are subject to a contractual sale restriction. The amendments are effective for fiscal years beginning after December 15, 2024, and interim periods within those fiscal years. Early adoption is permitted for both interim and annual financial statements that have not yet been issued or made available for issuance. The Company is currently evaluating the effect, if any, that the ASU will have on its financial statements.

In March 2023, the FASB issued ASU No. 2023-01, Leases ("Topic 842"): The amendments in this Update respond to private company stakeholders' concerns about applying Topic 842 to related party arrangements between entities under common control.

Issue 1: Terms and Conditions to Be Considered Topic 842 requires that entities determine whether a related party arrangement between entities under common control (hereinafter referred to as a common control arrangement)

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Note 1. Nature of Business and Significant Accounting Policies – Continued

is a lease. If the arrangement is determined to be a lease, an entity must classify and account for the lease on the same basis as an arrangement with an unrelated party (on the basis of legally enforceable terms and conditions). That represents a change from the requirements of Topic 840, Leases, which required that an entity classify and account for an arrangement on the basis of economic substance when those terms and conditions were affected by the related party nature of the arrangement. Private company stakeholders observed that determining the enforceable terms and conditions of a common control arrangement to apply Topic 842 often is difficult and costly. Specifically, private company stakeholders stated that determining the enforceable terms and conditions of those arrangements could necessitate obtaining a formal legal opinion in certain cases, which could be challenging because of the common control nature of the arrangement (even for written arrangements). The amendments in this Update provide a practical expedient for private companies and not-for-profit entities that are not conduit bond obligors to use the written terms and conditions of a common control arrangement to determine: 1. Whether a lease exists and, if so, 2. The classification of and accounting for that lease. 2 The practical expedient may be applied on an arrangement-by-arrangement basis. If no written terms and conditions exist (including in situations in which an entity does not document existing unwritten terms and conditions in writing upon transition to the practical expedient), an entity is prohibited from applying the practical expedient and must evaluate the enforceable terms and conditions to apply Topic 842. The practical expedient is expected to reduce (1) the costs associated with implementing and applying Topic 842 to those arrangements and (2) diversity in practice by entities within its scope when applying lease accounting requirements to common control arrangements.

Issue 2: Accounting for Leasehold Improvements Topic 842 generally requires that leasehold improvements have an amortization period consistent with the shorter of the remaining lease term and the useful life of the improvements, which is an approach that is largely consistent with legacy guidance. Lessees recognize leasehold improvements when they are the accounting owner of those improvements. Private company stakeholders noted that amortizing leasehold improvements associated with arrangements between entities under common control determined to be leases (hereinafter referred to as common control leases) over a period shorter than the expected useful life of the leasehold improvements may result in financial reporting that does not faithfully represent the economics of those leasehold improvements, particularly in common control leases with short lease terms. Those stakeholders further noted that this accounting, depending on the salvage value assigned to the leasehold improvements, may fail to recognize the transfer of value between the entities under common control when the lessee no longer controls the use of the underlying asset. Additionally, the Board noted that multiple methods of accounting for those improvements exist, causing diversity in practice. The amendments in this Update require that leasehold improvements associated with common control leases be: 1. Amortized by the lessee over the useful life of the leasehold improvements to the common control group (regardless of the lease term) as long as the lessee controls the use of the underlying asset (the leased asset) through a lease. However, if the lessor obtained the right to control the use of the underlying asset through a lease with another entity not within the same common control group, the amortization period may not exceed the amortization period of the common control group. 2. Accounted for as a transfer between entities under common control through an adjustment to equity (or net assets for not-for-profit entities) if, and when, the lessee no longer controls the use of the underlying asset. Additionally, those leasehold improvements are subject to the impairment guidance in Topic 360, Property, Plant, and Equipment. 3 The amendments in this Update improve current GAAP by clarifying the accounting for leasehold improvements associated with common control leases, thereby reducing diversity in practice. Additionally, the amendments provide investors and other allocators of capital with financial information that better reflects the economics of those transactions. The Company has adopted ASU No. 2023-01, Leases ("Topic 842).

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Note 1. Nature of Business and Significant Accounting Policies – Continued

Subsequent Events: The Company evaluated all events or transactions that occurred after December 31, 2023 up through the date that financial statements are issued or available to be issued. All subsequent events requiring recognition as of December 31, 2023 have been incorporated into these financial statements and there are no subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events."

Note 2. Accounts Receivable

Accounts receivables are primarily franchise income that are due from new franchisees. The Company has no outstanding account receivable as of December 31, 2023.

Note 3. Note Receivable

Notes receivables are mainly promissory notes for the development fees agreed upon with area developers. There is no outstanding notes receivable as of December 31, 2023.

Note 4. Prepaid and Other Assets

The prepaid and other assets consist primarily of the annual point of sale software subscriptions. There is zero balance for prepaid and other assets as of December 31, 2023.

Note 5. National Business Branding Fund

The Company collects from a percentage of gross sale a National Business Branding Fund from its franchisees to be used in cooperative advertising and to ensure brand consistency. As of December 31, 2023, the balance collected by the Company from the franchisees amounts to $66,273 and this fund is reported as a current liability to represent such intention and purpose.

Note 6. Deferred Gift Card Revenue

Gift cards sales are recorded as deferred revenue at the time of gift card sale. Revenue is recognized and record when the gift cards are redeemed. No gift card breakage is recognized or recorded. As of December 31, 2023, the deferred gift card revenue amounts to $195,311.

Note 7. Operating Lease Commitment

The Company leases its office and warehousing facilities, and certain equipment under an operating lease expiring December 31, 2028. For the year ended December 31, 2023, total rent expenses for office and warehousing facilities, and equipment rental totaled $24,128.

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Note 7. Operating Lease Commitment – Continued

Future minimum lease payments under the operating leases are summarized as follows:

As of December 31,	Amount
2024	72,480
2025	72,480
2026	72,480
2027	72,480
2028	72,480
Total	$ 362,400

*****

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Teapioca International, LLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2022

CONTENTS

	Pages
Independent Auditors' Report	3
Balance Sheet	4-5
Statement of Operations and member's Equity	6-7
Statement of Cash flows	8
Notes to the Financial Statements	9-12

Lin Accountancy Corporation

Audit • Tax • Advisory

Independent Auditors' Report

To the Management and Board of Directors
Teapioca International, LLC

Report on the Financial Statements
We have audited the accompanying financial statements of Teapioca International, LLC, which comprise the balance sheet as of December 31, 2022, and the related statements of operation and members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

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

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

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

Opinion
In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teapioca International LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Lin Accountancy Corporation

Diamond Bar, CA
February 21, 2023

Lin Accountancy Corporation 3333 S. Brea Canyon Road, Suite 201, Diamond Bar, CA 91101 USA
Tel: +1 909 348 7228 • Fax: +1 909 895 4157 • info@kwlcpa.com

Teapioca International, LLC
Balance Sheet
December 31, 2022

Assets

Current Assets		
Cash and cash equivalents	$	587,097
Total current assets		587,097
Property and Equipment		
Machinery and equipment		3,545
Less accumulated depreciation		(2,835)
Leasehold Improvements and Equipment, net		710
Other Assets		
Organizational cost		54,336
Less accumulated amortization		(25,354)
Total other assets		28,982
Total Assets	$	616,789

The accompanying notes are an integral part of the financial statements
4

Teapioca International, LLC
Balance Sheet
December 31, 2022

Liabilities and Member's Equity

Current Liabilities		
Accrued expenses	$	467
Branding funds reserve		90,798
Credit cards payable		16,964
Deferred gift cards revenue		202,926
Total current liabilities		311,155
Long-Term Liabilities		-
Equity		
Member's equity		305,634
Total member's equity		305,634
Total Liabilities and Member's Equity	$	616,789

The accompanying notes are an integral part of the financial statements
5

Teapioca International, LLC
Statement of Operations and Member's Equity
For the Year Ended December 31, 2022

Franchise Income	$	225,600
Service Income		885,601
Total Income		1,111,201
Cost of sales		-
Gross profit		1,111,201
Operating expenses		
Accounting fee		11,140
Advertising and Promotion		26,322
Amortization		3,622
Automobile Expenses		8,186
Bank Service Charges		545
Computer & Internet		23,962
Consulting		80,450
Depreciation		709
Dues & Subcription		19,682
Insurance		694
Legal & Professional Fee		95,155
Meals & Entertainment		23,034
Medical Fee		6,440
Office Expense		9,909
Payroll Expenses		467,164
Payroll Tax Expenses		36,465
Postage and Delivery		1,303
Rent		25,899
Repair and Maintenance		1,034
Security		304
Small Equipment		3,875
Software Subscription		32,970
Telephone		5,800
Travel Expense		28,588
Uniforms		1,584
Utilities		1,936
Website Services		18,633
Operating expenses		935,405
Income from operations		175,796

The accompanying notes are an integral part of the financial statements

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Teapioca International, LLC
Statement of Operations and Member's Equity
For the Year Ended December 31, 2022

Non-operating income (expenses)	
Other income	$ -
Total non-operating income (expenses)	0
Income before income taxes	175,796
Provision for income taxes (benefit)	-
Net Income	175,796
Member's equity, beginning of year	314,652
Member's withdrawals	184,814
Member's equity, 12/31/2022	$ 305,634

The accompanying notes are an integral part of the financial statements
7

Teapioca International, LLC
Statement of Cash Flows
For the Year Ended December 31, 2022

Cash Flows from Operating Activities		
Net income	$	175,796
Adjustments to reconcile net income to net cash		
Changes in assets and liabilities:		
Decrease in accounts receivable		1,555
Decrease in branding fund reserve		(30,603)
Increase in gift cards reserve		131,278
Decrease in notes receivable		9,500
Increase in credit cards payable		9,978
Decrease in accrued expenses		(494)
Net cash provided by operating activities		297,010
Cash Flows from Investing Activities		
Amortization		3,622
Depreciation		709
Net cash (used in) investing activities		4,331
Cash Flows from Financing Activities		
Member's withdrawals		(184,814)
Net cash provided by financing activities		(184,814)
Net increase in cash and cash equivalents		116,527
Cash and Cash Equivalents		
Beginning		470,570
Ending	$	587,097
Supplemental Disclosure of Cash Flows		
Cash paid during the year for:		
Interest	$	-

The accompanying notes are an integral part of the financial statements
8

Teapioca International, LLC
Notes to the Financial Statements
December 31, 2022

Note 1. Nature of Business and Significant Accounting Policies

Nature of Business: Teapioca International, LLC (hereinafter, "the Company"), is a Texas Domestic Limited Liability Company formed on January 27, 2015 and is primarily engaged in the business of franchising Teapioca Lounge's tea bars throughout the United States. The Company's franchisees provide high quality tea, shaved ice, smoothies and other dessert drinks to customers in a modern lounge setting.

A summary of the Company's significant accounting policies is as follows:

Use of Estimates: The preparation of 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 disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Cash and cash equivalents: For purposes of reporting cash flows, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents.

Accounts receivable: Accounts receivable are carried at original invoice amount less estimates made for doubtful receivables and returns based on a review of all outstanding amounts on a timely basis. The Company extends credit to its franchisees and generally does not require collateral. Management determines the allowance for doubtful accounts by regularly evaluating individual franchisee receivables and considering a franchisee's financial condition and credit history, and current economic conditions. Account balances are charged against the allowance after all collection efforts have been exhausted and the potential for recovery is considered remote. Accounts receivables are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. Actual credit loss may differ from management's estimates. No interest has been charged on franchisee's accounts.

Property and equipment: Property and equipment are recorded at cost. Depreciation is computed on the straight-line method over the estimated useful lives of the related assets as follows:

Furniture and fixtures	7 years
Machinery and equipment	5 to 7 years

Depreciation expense for the year ended December 31, 2022 amounted to $709. Expenditures for major renewals and betterment that extend the useful lives of property and equipment are capitalized. Expenditures for repairs and maintenance are charged to expense as incurred. When property and equipment are retired or otherwise disposed of, the asset and accumulated depreciation are removed from the accounts and the resulting profit or loss is reflected in the statement of income for the period.

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Note 1. Nature of Business and Significant Accounting Policies - Continued

Impairment of long-lived assets: The Company reviews its long-lived assets whenever events or circumstances indicate that the carrying amount of such assets may not be recoverable. Impairment is evaluated by comparing the carrying value of the long-lived assets with the estimated future net undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future net cash flows be less than the carrying value, the Company would recognize an impairment loss at that date. An impairment loss would be measured by comparing the amount by which the carrying value exceeds the fair value (estimated discounted future cash flows) of the long- lived assets.

Intangible Assets: Intangible assets primarily related to the franchise organizational cost that the Company incurred at start-up. The intangible assets are stated at historical cost and amortized on a straight-line basis over the expected useful lives of 15 years. Amortization expenses for the year ended December 31, 2022 amounted to $3,622.

Revenue recognition: Beginning January 1, 2017, the Company adopted ASC Topic 606, "Revenue from Contracts with Customers." ASC Topic 606 requires the Company to recognize revenue when control of the promised goods or services is transferred to customers at an amount that reflects the consideration to which the Company expects to be entitle to in exchange for those goods or services. The Company recognizes revenue based on the five criteria for revenue recognition established under Topic 606: 1) identify the contract, 2) identify separate performance obligations, 3) determine the transaction price, 4) allocate the transaction price among the performance obligations, and 5) recognize revenue as the performance obligations are satisfied.

The Company recognizes revenue in accordance with ASC 606. Revenue are recognized when control of the promised goods or services is transferred to customers, in an amount that reflects the consideration the Company expects to be entitled to in exchange for those goods or services. Revenue from the initial and establishment fees are generally recognized when all material services or conditions relating to the sale have been substantially performed or satisfied, which is generally upon the signing of the preliminary agreement, selection of a store site and training. The license royalties, which are based on a percentage of gross sale, are recognized as earned, which is generally upon sale of products by franchisees. The adoption of ASC 606 had no impact on the Company's financial statements and related footnote disclosure as of and for the year ended December 31, 2022.

Advertising costs: Advertising costs are expensed as incurred. The total advertising expense was $26,322 for the year ended December 31, 2022.

Income taxes: The Company is organized as a multiple-member limited liability company and has elected to be taxed as a partnership for income tax purposes. As such, for federal income tax purposes, the Company's income and losses will be "pass-through" to its partners therefore no provisions for federal income tax is recorded on the financial statements.

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Note 1. Nature of Business and Significant Accounting Policies – Continued

Fair Value of Financial Instruments: As defined in FASB ASC 820 "Fair Value Measurements," fair value is 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 (exit price). The Company utilizes market data or assumptions that market participants would use in pricing the asset or liability, including assumptions about risk and the risks inherent in the inputs to the valuation technique. These inputs can be readily observable, market corroborated, or generally unobservable. The Company classifies fair value balance based on the observability of those inputs. ASC 820 establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurement). The carrying values of certain assets and liabilities of the Company, such as cash equivalents, accounts receivable , inventory, prepaid expenses and other current assets, prepaid income tax, accounts payable, accrued expenses and other current liabilities, approximate fair value due to their relatively short maturities.

Concentration:

Cash and cash equivalents: The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. Accounts are guaranteed by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. As of December 31, 2022, one of the Company's bank account has exceeded the FDIC insured limits. The Company has not experienced any losses in such accounts.

Recently Issued Accounting Pronouncements:

Fair Value Measurement: In August 2018, the FASB issued ASU 2018-13, Fair Value Measurement ("Topic 820"): Disclosure Framework - Changes to the Disclosure Requirements for Fair Value Measurement. The ASU modifies the disclosure requirements in Topic 820, Fair Value Measurement, by removing certain disclosure requirements related to the fair value hierarchy, modifying existing disclosure requirements related to measurement uncertainty and adding new disclosure requirements, such as disclosing the changes in unrealized gains and losses for the period included in other comprehensive income for recurring Level 3 fair value measurements held at the end of the reporting period and disclosing the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements. This ASU is effective for all entities for annual reporting periods and interim periods within those annual periods beginning after December 15, 2019. The Company is currently evaluating the effect, if any, that the ASU will have on its financial statements.

In December 2019, the FASB issued ASU No. 2019-12, simplifying the accounting for income taxes, as part of its initiative to reduce complexity in accounting standards. The amendments in the ASU are effective for fiscal years beginning after December 15, 2020, including interim periods therein. Early adoption of the standard is permitted, including adoption in interim or annual periods for which financial statements have not yet been issued. The Company is currently evaluating the effect, if any, that the ASU will have on its financial statements.

Subsequent Events: The Company evaluated all events or transactions that occurred after December 31, 2022 up through the date that financial statements are issued or available to be issued. All subsequent events requiring recognition as of December 31, 2022 have been incorporated into these financial statements and there are no subsequent events that require disclosure in accordance with FASB ASC Topic 855, "Subsequent Events."

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Teapioca International, LLC
Notes to the Financial Statements
December 31, 2022

Note 2. Accounts Receivable

Accounts receivables are primarily franchise income that are due from new franchisees. The Company has no outstanding account receivable as of December 31, 2022.

Note 3. Note Receivable

Notes receivables are mainly promissory notes for the development fees agreed upon with area developers. There is no outstanding notes receivable as of December 31, 2022.

Note 4. Prepaid and Other Assets

The prepaid and other assets consist primarily of the annual point of sale software subscriptions. There is zero balance for prepaid and other assets as of December 31, 2022.

Note 5. National Business Branding Fund

The Company collects from a percentage of gross sale a National Business Branding Fund from its franchisees to be used in cooperative advertising and to ensure brand consistency. As of December 31, 2022, the balance collected by the Company from the franchisees amounts to $90,798 and this fund is reported as a current liability to represent such intention and purpose.

Note 6. Deferred Gift Card Revenue

Gift cards sales are recorded as deferred revenue at the time of gift card sale. Revenue is recognized and record when the gift cards are redeemed. No gift card breakage is recognized or recorded. As of December 31, 2022, the deferred gift card revenue amounts to $202,926.

Note 7. Operating Lease Commitment

The Company leases its office and warehousing facilities, and certain equipment under an operating lease expiring August 31, 2025. For the year ended December 31, 2022, total rent expenses for office and warehousing facilities, and equipment rental totaled $25,899.

Future minimum lease payments under the operating leases are summarized as follows:

As of August 31,	Amount
2023	16,000
2024	24,000
2025	16,000
Total	$ 56,000

*****

The accompanying notes are an integral part of the financial statements

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EXHIBIT B
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC
LIST OF FRANCHISE LOCATIONS

(a) Operational Developers and Franchisees.
The following are the names, addresses and telephone numbers of all Franchisees and Area Developers as of the date of this FDD who have paid, have a signed Ongoing Agreement and/or are operational:
Note: FA / ADA = Franchise Agreement / Area Development Agreement.
The number indicated is the number of franchise businesses purchased.

Company Name	Contact	Address	City, ST Zip	Phone
Colorado				
The Coconut Boba, LLC	Larry Tran	5660 Barnes Road	Colorado Springs, CO 80917	(719) 755-4823
Zenith Sips, LLC	Tayaru Bayanna	10583 Laurelglen Circle	Highland Ranch, CO 80130	(734) 358-0567
Florida				
N Family Company, Inc.	Hoang Cong Nguyen	15 Alafaya Woods Blvd. Ste 105	Oviedo, FL 32765	(407) 604-5900
Oklahoma				
Nilan Cha, LLC	Zhou (Joe) Ni	1185 E. 2nd Street	Edmond, OK 73034	(405) 920-2152
My Phan, LLC	Thomas Phan	1808 W Lindsey St., Ste 300	Norman, OK 73069	(405) 701-8221
A Nhu Triep, LLC	Triep Nguyen	203 S. Macarther Blvd.	Oklahoma City, OK 73128	(405) 589-1857
Phan Brothers	Thomas Phan	1101 NW 23rd St., Suite B	Oklahoma City, OK 73106	(405) 525-4108
Tue-My LLC - Unit 1	Thomas Phan	13415 N. Pennsylvania Ave	Oklahoma City, OK 73134	(405) 849-6981
Pennsylvania				
Pearl Nesh, LLC - Unit 3	Kenneth Chang	100 Sterling Drive	North Wales, PA 19454	(856) 313-6979
Pearl Um, LLC - Unit 2	Kenneth Chang	215 Lancaster Ave, Cte C9	Frazer, PA 19355	(856) 313-6979
JJA Group, Inc. - Unit 1	Kenneth Chang	1200 Welsh Rd, Suite M1	North Wales, PA 19454	(215) 647-9477
Texas				

5 Stone Ventures	Elizabeth Stone	6838 S. Clack	Abilene, TX 79606	(325) 280-4299
AA Business and Investments, LLC	Sundeep Amirineni	14300 Ronald Reagan Blvd.	Cedar Park, TX, 78641	(512) 410-4906
ATX Boba Tea, LLC	Duy Quang Nguyen	TBD	Texas	TBD
TPL Castle Hills, LLC	Christina Lu	6225 N Josey Lane, Ste L114	Lewisville, TX 75056	(469) 294-0445
BHCN, LLC	Christina Lu	1700 W. Parmer Lane, Ste 210	Austin, TX 78727	(512) 833-7888
Golden Swan Holdings, LLC	Swapna Vudutha	TBD	Texas	(312) 998-0100
Chengzhan Hsu Confections, LLC	Samantha Hsu	2061 Chatsworth	Austin	(661) 703-7244
Weijian Hsu Confections, LLC	Samantha Hsu	6620 Milwaukee Ave, Ste 200	Lubbock, TX 79424	(661) 703-7244
Lord Wheelin' LLC	Tonya Thomas	12800 Harrisglenn Dr	Austin, TX 78753	(512) 791-8885
Mello Tea, LLC	Meagan & Lorelei Mellenbruch	TBD	Bastrop, TX	TBD
Mello Tea Pflugerville, LLC	Meagan & Lorelei Mellenbruch	1713 FM 685, Ste. 140	Pflugerville, TX 78660	(512) 502-5133
RC Phamily, LLC	Robert Pham	21150 I-35	Kyle, TX 78640	(512) 740-4732
TPL Telfair, LLC	Christina Lu	1914 Wescott Avenue Ste 120	Sugar Land, TX 77479	(832) 886-5648
TPL Aquarena, LLC	Christina Lu	1504 Aquarena Springs Dr., Ste 306	San Marcos, TX 78666	(512) 355-7899
TPL Arboretum, LLC	Christina Lu	10000 Research Blvd, Ste 137	Austin, TX 78759	(512) 838-3656
TPL Lakeline, LLC	Christina Lu	11301 Lakeline Blvd, Suite 220	Austin, TX 78717	(512) 646-8970
TPL NGSL, LLC	Christina Lu	tbd	Austin, TX	(405) 816-6782
TPL Sky Ridge, LLC	Christina Lu	2000 S. IH-35, Ste. N-1	Round Rock, TX 78681	(512) 887-4883
TPL Southpark, LLC	Christina Lu	9600 S. IH-35, Ste. B-300	Austin, TX 78748	(512) 215-2261
TPL Windhaven, LLC	Christina Lu	3645 Dallas Parkway, Suite 523B	Plano, TX 75093	(405) 822-6935

TPL Wolf Crossing, LLC	Christina Lu	940 W. University Avenue	Georgetown, TX 78626	(512) 240-5588
Vismilah, LLC	Thania Karelli Teran Duran	140 Montecillo, Ste A3	El Paso, TX 79912	(915) 600-5841
Vismilah, LLC #2	Thania Karelli Teran Duran	2601 N. Zaragoza Rd.	El Paso, TX 79938	(915) 626-6444
Vismilah, LLC #3	Thania Karelli Teran Duran and Sergio Teran	4860 Woodrow Bean Transmountain Ste D-404	El Paso, TX 79924	(915) 600-5841
Vismilah, LLC #4	Thania Karelli Teran Duran and Sergio Teran	13647 Eastlake Rd	El Paso, TX 79928	(512) 571-8407
Vismilah, LLC #5	Thania Karelli Teran Duran and Sergio Teran	7729 Paseo de Norte Blvd. Suite E	El Paso, TX 79911	(512) 571-8407

EXHIBIT C
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC
BUSINESS ESTABLISHMENT TRAINING COURSE AGREEMENT

By and Between

TEAPIOCA INTERNATIONAL, LLC
TRAINOR

AND

_____, APPLICANT

BUSINESS ESTABLISHMENT TRAINING COURSE AGREEMENT

This Business Establishment Training Course Agreement (the "Agreement") is made and entered into on October 1, 2021, by and between Teapioca International, LLC, a Limited Liability Company, whose principal office is located at 2851 Joe Dimaggio Blvd., Suites 33 &34, Round Rock, TX 78665, ("Trainor", "TPI" and "Franchisor"), and _____, as authorized representative of _____, whose address is _____, jointly and severally, ("Applicant" or "Trainee").

WHEREAS, TPI is involved in the business of training people to open bubble tea businesses involving quick service drink shop businesses; and

WHEREAS, Applicant wishes to avail oneself/themselves of TPI's assistance and training in the Establishment of a bubble tea business (the "Business"); and

WHEREAS, TPI has received certain financial and other information provided by Applicant to TPI and is relying upon that information in permitting Applicant to enter into this Agreement.

NOW THEREFORE, in consideration of the mutual benefits contained herein, the parties agree as follows:

I. EVALUATION AND FEES.

Applicants must submit an Application to be accepted into the training program. Trainor's acceptance of Applicants Application is conditioned upon TPI's evaluation of the personal abilities, aptitudes, and financial qualifications of Applicant, if applicable. Such evaluation may include, without limitation, a financial and credit investigation, a background check, drug test, and a face-to-face interview with an officer of TPI to assess Applicant's demeanor and personality, if requested. In accordance therewith, Applicant and Applicant's manager, if applicable, shall submit all information requested and TPI shall have a reasonable time, not to exceed thirty days (30) days following Trainor's receipt of such information to prepare its evaluations. TPI has elected to accept / deny Applicant's Franchise Application

If Applicants Application is accepted by TPI, Applicant shall pay to TPI the sum of Twenty-Four Thousand Dollars ($24,000.00) (the "Establishment Agreement Fee"). The Fee is deemed fully earned upon its receipt by TPI.

II. PRE-TRAINING REQUIREMENTS.

2.1 Applicant has completed the Application and intends to negotiate a lease or purchase an identified Site, after and not until the completion of all TPI training levels.

2.2 Applicant will through this Establishment Training (the "Training"), become familiar with the types of entities available for operation of Applicants Business.

2.3 Applicant has identified any key employees that should also receive the Establishment Training and is prepared for the financial burden of training those key employees.

III. TRAINOR'S OBLIGATIONS

Trainor's sole obligation to the Applicant is to provide an Establishment Training Program and a Business Establishment Manual(s) specific to establishing a business within the quick service beverage Industry.

IV. BUSINESS ESTABLISHMENT MANUAL

Trainor will provide Applicant with a quick service beverage Industry Business Establishment Training Manual(s) (the "Manual"). The Table of Contents for the Manual(s), as of the date of this Agreement is as follows:

QUICK SERVICE BEVERAGE BUSINESS ESTABLISHMENT COURSE MANUAL	Page Count
1) Creating the Company	3
a) Types of Companies	
b) Operating Agreement	
c) Business Trust	
d) Succession Planning	
2) Banking and Credit Cards	7
a) What Type of Accounts to open	
b) Credit Card types	
c) Options for Processing	
d) Understanding Credit card Processors	
3) Utilities and Services	2
4) Licenses and Permits	2
a) Typical licenses required	
b) Direction to check local requirements regarding codes, zoning, etc.	
5) Signs	2
a) Requirements	
b) Approval process	
6) Your Tax Obligations	3
a) How to get a Federal Tax ID Number, etc.	
b) What to use the Tax ID Number for	
c) Federal Taxes	
d) State Taxes	
7) Insurance	8
a) Types of coverage	
b) Insurance company Rating Requirements	
8) General contractors	8
a) How to select a General Contractor	
b) How to work with any Sub-Contractors	
c) Liens and Lien Releases – How they function	
9) Equipment and Supplies	26
a) Types of Vendors Information	

b) Types of Equipment and Supplies	
c) Vendor Agreements	
10) Furnishings and Design	4
a) Architects	
b) Types of Typical Layouts for Your Industry	
c) Design Specs such as Paint, Finishes and Flooring	
11) Professionals needed	5
a) Accounting	
b) Bookkeeper	
c) CPA	
d) Insurance Agent	
e) Attorney	
12) POS Systems	14
a) What is it	
b) What Options are available	
c) What Reports should it provide	
d) What 3rd Party Providers should it work with	
13) Emergency Practices	1
a) Security	
b) Theft	
c) Natural Disasters (fire, earthquake, tornado, hurricane)	
d) Family Emergencies for Employees	
14) Policies	1
a) Privacy Policy	
b) Data Security Policy	
c) Credit Card Policies	
d) Opening and Closing Policies	
e) Money Handling policies	
15) Human Resources	73
a) Locating potential employees	
b) Interviewing	
c) Hiring	
d) Wage & Hour	
e) Reporting	
f) Taxes	
g) Handling Wage Garnishments	
h) Handling Write-ups	
16) Customer Service	52
a) Finding the Customer	
b) Marketing to the Customer	
c) Creating Culture	
d) Greeting the Customer	
e) Concluding the Sale Policy	
f) Return Policies	
g) After Sale Marketing	

TOTAL PAGES	235

V. BUSINESS ESTABLISHMENT TRAINING PROGRAM

Applicant will receive Business Establishment Training pertaining to the quick service beverage industry based off of the topics included in the Business Establishment Manual(s) discussed in Article 4 above.

VI. TERM OF AGREEMENT AND EXTENSIONS

This Agreement shall terminate upon Applicant's completion of the above-mentioned Training course, which must be completed within sixty (60) days of receipt of the Manual(s), unless waived in writing by TPI.

VII. TERMINATION/EXPIRATION PRIOR TO TRAINING

7.1 Notwithstanding anything to the contrary herein, TPI has the right to terminate this Agreement for any reason by providing written notice to Applicant at any time before Applicant begins the above-mentioned training.

7.2 Upon such termination, Applicant shall promptly return the Business Establishment Manual(s) and any other materials provided by TPI to Applicant and TPI will:

7.2.1. Owe no other duties and will not be obligated to Applicant in any manner, under this Agreement or otherwise; and

7.2.2. Be released and forever discharged by Applicant from all claims, debts, fees, liabilities, demands, obligations, costs, expenses, actions and causes of action which Applicant hold or may hold against TPI, arising prior to and through the date this Agreement is terminated by TPI.

VIII. APPLICANT'S INFORMATION

8.1 Applicant shall immediately notify TPI of any material change in the information provided to TPI in Applicant's preliminary questionnaire or any other application materials and provide TPI with updated personal financial information and a detailed written explanation of the change.

8.2 If, in TPI's reasonable discretion, there have been no material adverse changes in Applicant's information pursuant to Section 8.1 above, Applicant shall have the right, without the obligation, to apply to be granted TPI's then-current Ongoing Franchise Agreement.

IX. CONFIDENTIALITY/NON-COMPETITION

9.1 The Business Establishment Manual(s) and all materials included therein (the "Confidential Information") shall at all times remain the proprietary property of TPI and will be immediately returned to TPI upon the termination of this Agreement prior to training. However, if Applicant completes the course, the Business Establishment Manual(s) is the Applicant's to keep, but the Manual(s) may not reproduced in any manner, or sold for any commercial gain.

9.2 Applicant acknowledges that TPI will devote time, effort, and resources to assist Applicant in their training efforts. Applicant further acknowledges that the information that will be developed during these

efforts constitutes valuable, confidential trade secrets of TPI. Applicant therefore agrees that if this Agreement expires or is terminated for any reason, by Applicant or by TPI, the Applicant will not, for a period of two (2) years after the termination date of this Agreement disseminate any Confidential Information it may have gleaned from its relationship with TPI. Furthermore, Applicant acknowledges that TPI has devoted significant time, effort, money and resources to develop goodwill in the name "Teapioca." Accordingly, Applicant agrees that if this Agreement expires or is terminated for any reason, by Applicant or by TPI, to refrain from any discussions or communications, including via any public channels, forums or blogs on the Internet, with any employee, former employee, customer, broker, landlord or any person or persons associated or formerly associated with TPI, its CCIM network, vendors or any of those company's affiliates, that could be considered detrimental to the goodwill of the Teapioca System or the name "Teapioca."

9.3 Applicant further acknowledges that it will receive additional, valuable, confidential information in addition to the information referred to in the preceding paragraph. Applicant recognizes that the disclosure and/or use of any of this confidential information by Applicant or anyone affiliated with Applicant would be detrimental to TPI. Applicant's obligation to maintain the confidentiality of information received from TPI does not apply to information which came to Applicant's attention before' TPI disclosed it to Applicant or to information which becomes public knowledge through disclosure by others without the assistance of Applicant. Applicant agrees that Applicant:

9.3.1 Will hold in strict confidence any and all information that is designated by TPI as confidential and will not, directly or indirectly, reproduce, photocopy, disclose or distribute such information to another person, without the prior written consent of TPI;

9.3.2 Will neither use nor assist anyone else to use such confidential information unless such use is for the express purpose of designing and/or developing the Business; and

X. LIMITATION OF LIABILITY

In the event Applicant files a complaint or lawsuit, alleges a cause of action and/or makes a claim of any kind against TPI or one or more of its officer, directors, employees or affiliates (the "TPI Parties") in a court or tribunal or before an administrative agency, regarding, arising from or relating to this Agreement or TPI's actions thereunder, irrespective of the outcome of the complaint or lawsuit, the liability of the TPI Parties and each of them to Applicant shall be limited to a refund of the actual funds paid to TPI by Applicant pursuant to this Agreement and the TPI Parties and each of them shall have no other liability whatsoever to Applicant regardless of Applicant's allegations. A COURT MAY AWARD INJUNCTIVE RELIEF, BUT APPLICANT HEREBY WAIVES APPLICANT'S RIGHT TO COLLECT AND WILL HAVE NO AUTHORITY TO COLLECT PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.

XI. NON-ASSIGNMENT

This Agreement is personal to Applicant and may not be assigned, sold or otherwise transferred by Applicant to any other person or entity without TPI's prior written consent, which TPI may withhold at its sole and absolute discretion. Execution of this Agreement is not dependent on Applicant executing any future agreements with Trainor, nor is it a guarantee that Trainor will accept Applicant to enter into any future Agreements with Trainor.

XII. INTELLECTUAL PROPERTY

Nothing in this Agreement shall be construed as a right to use or access Trainor's Intellectual Property. Any use or disclosure of Trainor's Intellectual Property shall be for the sole purpose of identifying the rightful owner of said intellectual property. Furthermore, Trainor will not protect or assist you in any claim of infringement or unfair competition claims arising from Applicant's use of the materials.

NOTICES

Any and all notices, demands, and requests required or permitted under this Agreement will be in writing and will be personally delivered with a receipt or mailed by United States certified or registered mail, return receipt requested, postage paid, or sent by a nationally recognized overnight courier service which provides evidence of receipt, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to TPI:
Teapioca International, LLC
2851 Joe Dimaggio Blvd
Suites 33 & 34
Round Rock, TX 78665

Notices to Applicant:
_____

_____

All notices delivered in the foregoing manner will be deemed to have been given at the time the return receipt is executed, and, in any event, no more than five (5) business days after the notice is mailed. If Applicant's address, as stated above, changes during the term of this Agreement, Applicant shall immediately notify TPI of that change in writing.

XIII. APPLICABLE LAW/CONSENT TO FORUM

13.1 This Agreement and all of its provisions will be governed, interpreted and construed pursuant to the law of the State of Texas, which law will prevail in the event of any conflict of law; and the law of the State of Texas shall be used to enforce any and all rights and duties conferred by and which arise under this Agreement, provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of the State of Texas, those provisions will be interpreted and construed under the laws of the state of Applicant's principal address as set forth in the initial paragraph of this Agreement.

13.2 The parties agree that any cause of action by either party against the other must be filed in the United States District Court for the Western District in the State of Texas, and the parties and all personal guarantors hereof do hereby waive all questions of personal and subject matter jurisdiction or venue for the purpose of carrying out this provision; provided, however, if TPI moves its corporate offices to another state, the United States District Court for the judicial district to which the corporate offices are moved, and the state court in the county to which the corporate officers are moved, shall replace the United States District Court for the Western District in the State of Texas for purposes of this Section 13.2.

13.3 Nothing in this Agreement will bar TPI's right to apply for injunctive relief in any court of competent jurisdiction against threatened or actual conduct that will cause it loss or damages, under the

usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Should TPI obtain a restraining order or preliminary injunction against Applicant, Applicant shall be liable for all of TPI's attorneys' fees and costs that are related to and/or arise from obtaining such relief.

XIV. ENTIRE AGREEMENT

This Agreement, and the attachments to this Agreement constitute the entire, full and complete Agreement between TPI and Applicant concerning the subject matter of this Agreement and supersede all prior agreements. No other representation has induced Applicant to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not in this Agreement, which are of any force or effect with reference to this Agreement or otherwise. Except for those permitted to be made unilaterally by TPI under this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim the representations TPI made in the Franchise Disclosure Document that TPI furnished to Applicant.

XV. SEVERABILITY AND CONSTRUCTION

16.1 Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and/or provision of this Agreement will be considered severable; and if for any reason a portion, section, part, term and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, that will not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties of this Agreement; and the invalid portions, sections, parts and/or provisions will be deemed not to be a part of this Agreement.

16.2 Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity other than TPI or Applicant.

16.3 Applicant expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision in which TPI is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

16.4 All captions in this Agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

16.5 All references in this Agreement to the masculine, neuter or singular will be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations in this Agreement made or undertaken by Applicant will be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Applicant.

16.6 This Agreement may be executed in several parts, and each copy so executed will be deemed an original.

XVI. ACKNOWLEDGMENTS

17.1 Applicant acknowledges and agrees that this Agreement is not a franchise agreement and does not grant to Applicant any right to use the Teapioca System, TPI's Intellectual Property, or any of TPI's Marks in any manner.

17.2 Applicant hereby acknowledges and agrees that TPI's training on site selection does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of a particular site for the Business or for any other purpose. TPI shall not be responsible for the failure of a particular site chosen by Applicant to meet Applicant's expectations as to revenue or operational criteria. Applicant further acknowledges and agrees that its selection of a prospective site for the operation of the Business at the site is based on its own independent investigation of the suitability of the prospective site.

17.3 Applicant hereby acknowledges having read this Agreement (and TPI's standard Franchise Disclosure Document), and having the opportunity to clarify all of the terms contained herein and to consult with an attorney or other professional advisor. Further, Applicant understands all of the terms contained in this Agreement and agrees to be bound by all of the obligations contained herein.

17.4 Applicant acknowledges that TPI does not warranty any of the information within its programs.

17.5 Applicant acknowledges that Applicant shall hold harmless and indemnify Trainor against all loses and expenses incurred in connection with any action, suit, demand, claim, investigation, formal or informal inquiry, or settlement resulting from Applicants actions relating to the information contained in this Agreement or its associated training.

17.6 Applicant acknowledges that any disputes arising out of this Agreement must be settled through mandatory mediation.

17.7 Applicant acknowledges that TPI's requirements are that the Franchisee and the Designated Manager must speak, read and write in English.

XVII. ATTORNEYS' FEES

In the event that either party institutes a legal action that arises out of or relates to this Agreement, the prevailing party shall have the right to collect from the other party all attorney's fees and costs incurred in enforcing this Agreement and/or defending such an action.

XVIII. SURVIVAL

Sections 9, 10, 12, and any other provisions of this Agreement that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

By providing the above described Training the Applicant acknowledges: (1) Trainor does not have authority to control the day-to-day conduct and operation of Applicant's Business or employment decisions; and (2) Applicant and Trainor do not intend for Trainor to incur any liability to third parties in connection with or arising from any aspect of the Applicant's use of the Training, whether or not in accordance with the requirements of the Manuals.

Nothing in this Agreement or any related Agreement is intended to disclaim the representations TPI made in the Franchise Disclosure Document. The submission of this Agreement to Applicant

does not constitute an offer to Applicant, and this Agreement shall become effective only upon execution by TPI and Applicant.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date.

TRAINOR: **TEAPIOCA INTERNATIONAL, LLC**	**TRAINEE / APPLICANT INDIVIDUALS**: _____
By:	By:
Name: Bao Phan	Name: _____
Title: Chief Executive Officer	Title: _____
	[AND as individual(s)]
	Signed: _____
	Name printed: _____
	Signed: _____
	Name printed: _____

SCHEDULE 1 TO THE ESTABLISHMENT AGREEMENT
PERSONAL GUARANTY ADDENDUM

In consideration of, and as an inducement to, the execution and delivery by Teapioca International, LLC (TPI") of the Establishment Agreement, each of the undersigned individuals hereby personally and unconditionally, jointly and severally, (1) guarantees to TPI and its successors and assigns, for the term of the Establishment Agreement and thereafter as provided in the Establishment Agreement, that the Applicant shall punctually pay and perform every undertaking, agreement and covenant set forth in the Establishment Agreement (including without limitation the confidentiality and non-competition provisions in Section 9 of the Establishment Agreement), and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision of the Establishment Agreement as if the undersigned were the original signatories hereto. If any of the undersigned shall be husband and wife, the obligations of each such husband and wife under this personal guaranty shall be individual and joint and several.

TRAINEE(S) / APPLICANT INDIVIDUAL(S) FOR:

_____

as individual(s) OWNERS & PERSONAL GUARANTORS:

Signed: _____ Signed: _____

Name printed:_____ Name printed: _____

Membership/Ownership %:_____ Membership/Ownership %: _____

SCHEDULE 2 TO THE ESTABLISHMENT AGREEMENT
APPLICATION FOR FRANCHISE AGREEMENT
(Submit once applicable)

I certify that I have completed the following items, proof of which has been included, and, by submission of this form, desire to receive my TPI Site Selection and Real Estate Training Course.

- Business Establishment Training
- Franchise Application

*Business Name (Must have):*_____

Contact Name: _____

Address: _____

City, State, Zip: _____

Phone: _____ *Cell Phone:* _____

Email: _____

Date: _____

Comments: _____

_____

Fax This Form to 512-535-0084 or Email to Processing@SLA.Law

This Form must be submitted to TPI prior to taking the next training course.

Now that you have completed your Business Establishment Training, upon receipt of this Form, TPIs' attorneys will begin the preparation of the Site Selection Agreement for your execution within three (3) business days. You will receive the Site Selection Preliminary Agreement electronic, via DocuSign from TPIs' attorneys directly. If you have any questions please contact us and ask for Application Processing

SCHEDULE 2 TO THE ESTABLISHMENT AGREEMENT

PROMISSORY NOTE

FOR VALUE RECEIVED, _____, LLC ("Borrower"), _____, promise(s) to pay to Teapioca International, LLC located at 2851 Joe Dimaggio Blvd., Suites 33 & 34, Round Rock, TX 78665 ("Investor"), in lawful money of the United States of America, the principal sum of _____ Thousand Dollars ($_____) with interest on the principal balance from time to time remaining unpaid prior to default or maturity at the rate set forth below.

Principal and interest shall be paid to Investor, thirty (30) days after Your training has been completed (the "Effective Date") and continuing thereafter for 12 months, payable by automatic debit monthly and continue until the balance has been paid in full (the "Maturity Date"), which shall not exceed _____ from the Effective Date, based upon the provisions and covenants detailed below.

1. Monthly Installments. Borrower shall make monthly payments that shall be credited towards the all due balance described below. The balance, if any remaining, shall be due and payable on or before the Maturity Date.

2. Interest Rate. Interest on the principal balance hereof in totality to the Maturity Date shall be payable at a rate equal to 8%. No additional interest shall be added to nor taken away from the total interest due based upon when the full balance is paid.

3. Acceleration; Events of Default. Investor may at its option, without notice to Borrower or any other person, accelerate the Maturity Date at any time it shall reasonably deem itself insecure; or for any one of the following reasons, each of which shall be defined as an Event of Default: (i) Failure by Borrower to make any payment pursuant to this Note when due; or (ii) termination of or default under any other note, loan, or obligation Borrower may have with Investor or any of its Affiliates that is in existence at the Effective Date or which may later come into existence. At such time that Investor exercises its option to accelerate the Maturity Date, the entire principal and interest hereunder shall become immediately due and payable.

4. Excessive Interest. In no event, whether by reason of demand for payment, prepayment, acceleration of the Maturity Date or otherwise, shall the interest contracted for, charged or received by Investor exceed the maximum amount permissible under applicable law. If from any circumstances interest would otherwise be payable to Investor in excess of the maximum lawful amount, the interest payable to Investor shall be reduced automatically to the maximum amount permitted by applicable law. If Investor shall ever receive anything of value deemed interest under applicable law which would apart from this provision be in excess of the maximum lawful amount, an amount equal to any amount which would have been excessive interest shall be applied to the reduction of the principal amount owing hereunder in the inverse order of its maturity and not to the payment of interest, or if such amount which would have been excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to Borrower. All interest paid or agreed to be paid to Investor shall, to the extent permitted by applicable law be spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the

maximum permitted by applicable law, or the maximum amount reflected in Section 2 above. The provisions of this paragraph shall control all existing and future agreements between Borrower and Investor.

5. Payment. Unless otherwise designated by Investor, all payments hereunder shall be made to the Investor at the address reflected in paragraph one above.

Should any installment of principal and/or interest upon this Note become due and payable on any day other than a Business Day ("Business Day" means Monday through Friday upon which Savings and Loan Associations located in the state of Texas are open for business), the maturity thereof shall be extended to the next succeeding Business Day.

6. Prepayment. Borrower reserves the right to prepay the outstanding principal balance of this Note, in whole or in part, at any time and from time to time, without premium or penalty. Any such prepayment shall be made together with payment of interest on the amount of principal being prepaid through the date of such prepayment.

7. Notice. Addresses for Notices:

If to Borrower:

_____

_____

_____

If to Investor:

Teapioca International, LLC
2851 Joe Dimaggio Blvd.
Suites 33 & 34
Round Rock, TX 78665

8. Grammar. As used herein, where appropriate, the masculine gender includes the feminine and the neuter, and the singular numbers include the plural.

9. Governing Law. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN

ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE UNITED STATES OF AMERICA, EXCEPT THAT ANY CONFLICT OF LAWS RULE OF SUCH JURISDICTION WHICH WOULD REQUIRE REFERENCE TO THE LAWS OF SOME OTHER JURISDICTION SHALL BE DISREGARDED.

© Shelton Law & Associates, LLC 2 August 2025

IN WITNESS WHEREOF, this Note is effective on the day and year first above written.

BORROWER: _____

_____
Printed Name

_____
Signature of Franchisee

INVESTOR: TEAPIOCA INTERNATIONAL

Bao Phan
Printed Name

_____
Signature of Franchisor

EXHIBIT D
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC
SITE SELECTION AND REAL ESTATE TRAINING COURSE PRELIMINARY AGREEMENT

By and Between

TEAPIOCA INTERNATIONAL, LLC
TRAINOR

AND

_____, APPLICANT

SITE SELECTION AND REAL ESTATE TRAINING COURSE PRELIMINARY AGREEMENT

This Site Selection and Real Estate Training Course Preliminary Agreement (the "Agreement") is made and entered into on _____, by and between Teapioca International, LLC a Texas Limited Liability Company, with offices at 2851 Joe Dimaggio Blvd., Suites 33 & 34, Round Rock, TX 78665 ("Trainor" and "TPI"), and _____ whose principal address is _____ ("Applicant" or "Trainee").

WHEREAS, TPI is involved in the business of training people to open businesses in the quick service drink shop category; and

WHEREAS, Applicant has completed the TPI Business Establishment Training Course to TPI's satisfaction.; and

WHEREAS, Applicant has contacted TPI to assist in learning how to identify, analyze, and locate, a prospective site(s) (the "Prospective Site" or "Prospective Sites") for the development of a quick service drink shop business; and

WHEREAS, Applicant wishes to avail oneself/themselves of TPI's assistance and training in the quick service drink shop industry; and

WHEREAS, TPI has received certain financial and other information provided by Applicant to TPI and is relying upon that information in permitting Applicant to enter into this Agreement.

NOW THEREFORE, in consideration of the mutual benefits contained herein, the parties agree as follows:

I. EVALUATION AND FEES

Prior to entering into this Preliminary Agreement Applicant must have completed TPI's Business Establishment Training Course to TPI's satisfaction. Applicant must have also submitted in writing, through the forms available in the Business Establishment Agreement, the Application for Site Selection Preliminary Training. If, for any reason, Franchisor elects not to accept Applicant's Site Selection Preliminary Training Application, it shall notify Applicant within such ten (10) day period. Upon such notice TPI shall be under no further obligation to Applicant for any reason, and TPI shall be fully and forever released from any claims or causes of action Applicant may have under or pursuant to this Agreement or any other agreement or understanding between the parties hereto.

If Applicants Application is accepted by TPI, Applicant shall pay to TPI the sum of Twenty Thousand Dollars ($20,000.00) (the "Preliminary Agreement Fee"). The Preliminary Agreement Fee is deemed fully earned upon its receipt by TPI.

II. SITE SELECTION TRAINING

Applicant will receive Site Selection Training pertaining to the general real estate industry based off of the topics included in the Site Selection Manual(s) discussed below.

III. LOCATING A SITE FOR THE BUSINESS

Applicant is solely responsible for identifying and procuring a Prospective Site.

IV. SITE MANUAL

In further consideration of the Fee, TPI will provide Applicant with a Site Selection Manual(s) containing site selection training information. The Table of Contents for the Teapioca International Site Selection Manual(s), as of the date of this Agreement is as follows:

SITE MANUAL	Page Count
1) Types of locations	3
a) Site selection criteria	
i) Recommendations about the best sites	
b) User Needs – Considerations	
i) Size	
ii) Location	
iii) Term length	
iv) Zoning	
v) Where customers (going home or to work side, medians, etc.)	
vi) Demographics	
vii) Traffic counts	
viii) Brand image	
ix) Competition (Who's near? Who's missing?)	
x) Parking (can KILL a retail business)	
xi) Hours of operation	
xii) When needed to open (the process takes time-plan ahead)	
c) Site approval process	
i) Process for sites	
ii) Any requirements for locations	
2) Steps and Terms of the Lease	2
a) RFP vs LOI	
b) Letter of Intent	
c) Lease TI's	
d) Common Areas	
3) Types of leases	1
a) Single Net	
b) Double Net	
c) Triple Net	

d) Gross	
e) Modified Gross	
f) Modified Gross CAMs	
4) Finding a Real Estate Professional	2
a) Residential Real Estate	
b) Commercial Real Estate	
c) Investment Real Estate	
d) CCIM	
5) Marketing Analytics & Research	2
a) Chamber of Commerce	
b) ESRI	
6) Obtaining site data	2
a) Your Commercial Real Estate Agent	
b) Landlord Commercial Real Estate Agent	
c) Warnings regarding Landlord For Lease signs	
7) Uncovering special needs for Your industry	1
8) Evaluating Competitors	1
9) Locating Your Business	29
a) Utilizing the industry Site selection criteria	
b) Site approval process	
i) Process for sites and lease approval	
ii) Building out the FFE aspects into Your TI's	
c) Negotiating a Lease	
d) Timelines	
TOTAL PAGES	**45**

Note: It is advisable to not negotiate the actual lease until you have finalized all levels of training with TPI.

V. TERM OF AGREEMENT AND EXTENSIONS

5.1 This Agreement shall terminate upon Applicant's completion of the above-mentioned Training course, which must be completed within thirty (30) days of receipt of the Manual(s), unless waived in writing by TPI.

VI. TERMINATION/EXPIRATION PRIOR TO TRAINING

6.1 Notwithstanding anything to the contrary herein, TPI has the right to terminate this Agreement for any reason by providing written notice to Applicant at any time before Applicant begins the above-mentioned training. Upon such termination, Applicant shall promptly return the Site Manual(s) and any other materials provided by TPI to Applicant and TPI will refund to Applicant one hundred percent (100%) of the Fee minus costs, upon receipt of same by the Applicant, TPI will:

6.1.1 Owe no other duties and will not be obligated to Applicant in any manner, under this Agreement or otherwise; and

6.1.2 Be released and forever discharged by Applicant from all claims, debts, fees, liabilities, demands, obligations, costs, expenses, actions and causes of action which Applicant holds or may hold against TPI, arising prior to and through the date this Agreement is terminated by TPI.

VII. APPLICANT'S INFORMATION

7.1 Applicant shall immediately notify TPI of any material change in the information provided to TPI in Applicant's preliminary questionnaire or any other application materials and provide TPI with updated personal financial information and a detailed written explanation of the change.

7.2 If, in TPI's reasonable discretion, there have been no material adverse changes in Applicant's information pursuant to Section 7.1 above, Applicant shall have the right, without the obligation, to apply to be granted TPI's then-current Establishment Agreement.

VIII. CONFIDENTIALITY/NON-COMPETITION

8.1 The Site Manual(s) and all materials included therein shall at all times remain the proprietary property of TPI and will be immediately returned to TPI upon the termination of this Agreement prior to training. However, if Applicant completes the course, the Site Manual(s) is the Applicant’s to keep, but may not reproduce in any manner, or sell the Manual(s) for any commercial gain.

8.2 Applicant acknowledges that TPI will devote time, effort, and resources to assist Applicant in its training efforts. Applicant further acknowledges that the information that will be developed during these efforts constitutes valuable, confidential trade secrets of TPI. Applicant therefore agrees that if this Agreement expires or is terminated for any reason, by Applicant or by TPI, the Applicant will not, for a period of two (2) years after the termination date of this Agreement Applicant will not disseminate any Confidential Information it may have gleaned from its relationship with TPI. Furthermore, Applicant acknowledges that TPI has devoted significant time, effort, money and resources to develop goodwill in the name "Teapioca International." Accordingly, Applicant agrees that if this Agreement expires or is terminated for any reason, by Applicant or by TPI, to refrain from any discussions or communications, including via any public channels, forums or blogs on the Internet, with any employee, former employee, customer, broker, landlord or any person or persons associated or formerly associated with TPI, its CCIM network, vendors or any of those company’s affiliates, that could be considered detrimental to the goodwill of the Teapioca System or the name "Teapioca International."

8.3 Applicant further acknowledges that it will receive additional, valuable, confidential information in addition to the information regarding site training referred to in the preceding paragraph. This information includes, without limitation, TPI's Site Manual(s), site specifications and leasing background information, a sample form real property lease, and instructions for preparing a trade area study and competition survey. Applicant recognizes that the disclosure and/or use of any of this confidential information by Applicant or anyone affiliated with Applicant would be detrimental to TPI. Applicant's obligation to maintain the confidentiality of information received from TPI does not apply to information which came to Applicant's attention before' TPI disclosed it to Applicant or to information which becomes public knowledge through disclosure by others without the assistance of Applicant. Applicant agrees that Applicant:

8.3.1 Will hold in strict confidence any and all information that is designated by TPI as confidential and will not, directly or indirectly, reproduce, photocopy, disclose or distribute such information to another person, without the prior written consent of TPI;

8.3.2 Will neither use nor assist anyone else to use such confidential information unless such use is for the express purpose of designing and/or developing the Business; and

IX. LIMITATION OF LIABILITY

In the event Applicant files a complaint or lawsuit, alleges a cause of action and/or makes a claim of any kind against TPI or one or more of its officer, directors, employees or affiliates (the "Teapioca International Parties") in a court or tribunal or before an administrative agency, regarding, arising from or relating to this Agreement or TPI's actions thereunder, irrespective of the outcome of the complaint or lawsuit, the liability of the TPI Parties and each of them to Applicant shall be limited to a refund of the actual funds paid to TPI by Applicant pursuant to this Agreement and the Teapioca International Parties and each of them shall have no other liability whatsoever to Applicant regardless of Applicant's allegations. A COURT MAY AWARD INJUNCTIVE RELIEF, BUT APPLICANT HEREBY WAIVES APPLICANT'S RIGHT TO COLLECT AND WILL HAVE NO AUTHORITY TO COLLECT PUNITIVE, EXEMPLARY, OR CONSEQUENTIAL DAMAGES.

X. NON-ASSIGNMENT

This Agreement is personal to Applicant and may not be assigned, sold, or otherwise transferred by Applicant to any other person or entity without TPI's prior written consent, which TPI may withhold at its sole and absolute discretion. Execution of this Agreement is not dependent on Applicant executing any future agreements with Trainor, nor is it a guarantee that Trainor will accept Applicant to enter into any future Agreements with Trainor.

XI. APPLICABLE LAW/CONSENT TO FORUM

11.1 This Agreement and all of its provisions will be governed, interpreted and construed pursuant to the law of Texas, which law will prevail in the event of any conflict of law; and the law of Texas shall be used to enforce any and all rights and duties conferred by and which arise under this Agreement, provided, however, that if any of the provisions of this Agreement would not be enforceable under the laws of Texas, those provisions will be interpreted and construed under the laws of the state of Applicant's principal address as set forth in the initial paragraph of this Agreement. The parties further acknowledge and agree that this Agreement and the relationship created by this Agreement will not be subject to the provisions of the Texas Franchise Registration and Disclosure Law unless the Business is located in Texas.

11.2 The parties agree that any cause of action by either party against the other must be filed in the United States District Court for the Western District of Texas, and the parties and all personal guarantors hereof do hereby waive all questions of personal and subject matter jurisdiction or venue for the purpose of carrying out this provision; provided, however, if TPI moves its corporate offices to another state, the United States District Court for the judicial district to which the corporate offices are moved, and the state court in the county to which the corporate officers are moved, shall replace the United States District Court for the Western District of Texas for purposes of this Section 11.2.

11.3 Nothing in this Agreement will bar TPI's right to apply for injunctive relief in any court of competent jurisdiction against threatened or actual conduct that will cause it loss or damages, under the usual equity rules, including the applicable rules for obtaining restraining orders and preliminary injunctions. Should TPI obtain a restraining order or preliminary injunction against Applicant, Applicant shall be liable for all of TPI's attorneys' fees and costs that are related to and/or arise from obtaining such relief.

NOTICES

Any and all notices, demands, and requests required or permitted under this Agreement will be in writing and will be personally delivered with a receipt or mailed by United States certified or registered mail, return receipt requested, postage paid, or sent by a nationally recognized overnight courier service which provides evidence of receipt, to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other party:

Notices to TPI:
Teapioca International, LLC
2851 Joe Dimaggio Blvd.
Suites 33 & 34
Round Rock, TX 78665
Attn: Bao Phan

Notices to Applicant:
_____
_____
_____
Attn: _____

All notices delivered in the foregoing manner will be deemed to have been given at the time the return receipt is executed, and, in any event, no more than five (5) business days after the notice is mailed. If Applicant's address, as stated above, changes during the term of this Agreement, Applicant shall immediately notify TPI of that change in writing.

XII. ENTIRE AGREEMENT

This Agreement, and the attachments to this Agreement constitute the entire, full and complete Agreement between TPI and Applicant concerning the subject matter of this Agreement and supersede all prior agreements. No other representation has induced Applicant to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not in this Agreement, which are of any force or effect with reference to this Agreement or otherwise. Except for those permitted to be made unilaterally by TPI under this Agreement, no amendment, change or variance from this Agreement will be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. Nothing in this Agreement is intended to disclaim the representations TPI made in the Franchise Disclosure Document that TPI furnished to Applicant.

XIII. SEVERABILITY AND CONSTRUCTION

13.1 Except as expressly provided to the contrary in this Agreement, each portion, section, part, term and/or provision of this Agreement will be considered severable; and if for any reason a portion, section, part, term and/or provision in this Agreement is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, that will not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms and/or provisions of this Agreement as may remain otherwise intelligible; and the latter will continue to be given full force and effect and bind the parties of this Agreement; and the invalid portions, sections, parts and/or provisions will be deemed not to be a part of this Agreement.

13.2 Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity other than TPI or Applicant.

13.3 Applicant expressly agrees to be bound by any promise or covenant imposing the maximum duty permitted by law which is contained within the terms of any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement, that may result from striking from any of the provisions of this Agreement any portion or portions which a court may hold to be unreasonable and unenforceable in a final decision in which TPI is a party, or from reducing the scope of any promise or covenant to the extent required to comply with such a court order.

13.4 All captions in this Agreement are intended solely for the convenience of the parties, and none will be deemed to affect the meaning or construction of any provision of this Agreement.

13.5 All references in this Agreement to the masculine, neuter or singular will be construed to include the masculine, feminine, neuter, or plural, where applicable; and all acknowledgments, promises, covenants, agreements, and obligations in this Agreement made or undertaken by Applicant will be deemed jointly and severally undertaken by all those executing this Agreement on behalf of Applicant.

13.6 This Agreement may be executed in several parts, and each copy so executed will be deemed an original.

XIV. ACKNOWLEDGMENTS

14.1 Applicant acknowledges and agrees that this Agreement is not a franchise agreement and does not grant to Applicant any right to use the Teapioca International System, TPI's Intellectual Property, or any of TPI's Marks in any manner.

14.2 Applicant hereby acknowledges and agrees that TPI’s training on site selection does not constitute an assurance, representation, or warranty of any kind, express or implied, as to the suitability of a particular site for the Business or for any other purpose. TPI shall not be responsible for the failure of a particular site chosen by Applicant to meet Applicant's expectations as to revenue or operational criteria. Applicant further acknowledges and agrees that its selection of a prospective site for the operation of the Business at the site is based on its own independent investigation of the suitability of the Prospective Site.

14.3 Applicant hereby acknowledges having read this Agreement (and TPI’s standard Franchise Disclosure Document) and having the opportunity to clarify all of the terms contained herein and to consult with an attorney or other professional advisor. Further, Applicant understands all of the terms contained in this Agreement and agrees to be bound by all of the obligations contained herein.

14.4 Applicant hereby acknowledges and agrees to have entered into the then current TPI Establishment Agreement either previously or concurrently and will complete its training no later than Applicants completion of Site Selection Training as described above.

14.5 Applicant acknowledges that TPI’s requirements are that the Franchisee and the Designated Manager must speak, read and write in English.

XV. ATTORNEYS' FEES

In the event that either party institutes a legal action that arises out of or relates to this Agreement, the prevailing party shall have the right to collect from the other party all attorney's fees and costs incurred in enforcing this Agreement and/or defending such an action.

XVI. SURVIVAL

Articles 10, 11, 13, and any other provisions of this Agreement that by their terms extend beyond termination or expiration of this Agreement shall continue in full force and effect subsequent to and notwithstanding the termination or expiration of this Agreement.

By providing the above described Training the Applicant acknowledges: (1) Franchisor does not have authority to control the day-to-day conduct and operation of Applicant's Business or employment decisions; and (2) Applicant and Franchisor do not intend for Franchisor to incur any liability to third parties in connection with or arising from any aspect of the Applicant's use of the Training, whether or not in accordance with the requirements of the Manuals.

Nothing in this Agreement or any related Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document. The submission of this Agreement to Applicant does not constitute an offer to Applicant, and this Agreement shall become effective only upon execution by Franchisor and Applicant.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date.

TRAINOR / FRANCHISOR:
TEAPIOCA INTERNATIONAL, LLC

By:_____

Name: Bao Phan

Title: Chief Executive Officer

TRAINEE / APPLICANT INDIVIDUALS:
_____

By:_____

Name: _____

Title: _____

[AND as individual(s)]

Signed:_____

Name printed: _____

PERSONAL GUARANTY ADDENDUM

In consideration of, and as an inducement to, the execution and delivery by Teapioca International, LLC ("TPI") of the Site Selection and Real Estate Training Preliminary Agreement , each of the

undersigned individuals hereby personally and unconditionally, jointly and severally, (1) guarantees to TPI and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that the Applicant shall punctually pay and perform every undertaking, agreement and covenant set forth in the Agreement (including without limitation the confidentiality and non-competition provisions in Section 8 of this Agreement), and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision of the Preliminary Agreement as if the undersigned were the original signatories hereto. If any of the undersigned shall be husband and wife, the obligations of each such husband and wife under this personal guaranty shall be individual and joint and several.

TRAINEE(S) / APPLICANT INDIVIDUAL(S) FOR: _____

as individual(s) **OWNERS & PERSONAL GUARANTORS**:

Signed:_____

Name printed: _____

Membership/Ownership %: _____

SCHEDULE 1 TO THE SITE SELECTION AND REAL ESTATE TRAINING AGREEMENT
ONGOING FRANCHISE AGREEMENT REQUEST FORM
One Form for all attendees must be submitted who will attend training
(Submit once applicable)

I certify that I have completed the following items, which are included, and am now eligible to sign my Ongoing Franchise Agreement and begin my TPI Ongoing Franchise Agreement training.

- Note: It is advisable to not negotiate the actual lease until you have finalized all levels of training
- Business Establishment Training Course
- Franchise Application
- Background Check and Drug Test(s)

Preferred Training Dates: _____

Business Name (Must have): _____

Contact Name: _____

Address: _____

City, State, Zip: _____

Phone: _____ *Cell Phone:* _____

Email: _____

Date: _____

Comments: _____

_____

Fax This Form to 512-535-0084 or Email to Processing@SLA.Law

This Form must be submitted to TPI prior to being considered for a franchise. This form should be submitted at least 60 days prior to Your anticipated Business Opening date. Now that you have completed both the Business Establishment and Site Selection Training, upon receipt of this Form, TPI's attorneys will begin the preparation of the Ongoing Franchise Agreement within three (3) business days, for your execution. You will receive the Ongoing Franchise Agreement either electronic or in duplicate from TPIs' attorneys directly. If you have any questions please contact us and ask for Application Processing.

© Shelton Law & Associates, LLC 2 August 2025

SCHEDULE 2 TO THE SITE SELECTION AND REAL ESTATE TRAINING AGREEMENT PROMISSORY NOTE

FOR VALUE RECEIVED, _____, LLC ("Borrower"), _____, promise(s) to pay to Teapioca International, LLC located at 2851 Joe Dimaggi Blvd., Suites 33 & 34, Round Rock, TX 78665 ("Investor"), in lawful money of the United States of America, the principal sum of _____ Thousand dollars ($_____) with interest on the principal balance from time to time remaining unpaid prior to default or maturity at the rate set forth below.

Principal and interest shall be paid to Investor, _____ days after Your training has been completed (the "Effective Date") and continuing thereafter for 12 months, payable by automatic debit monthly and continue until the balance has been paid in full (the "Maturity Date"), which shall not exceed _____ from the Effective Date, based upon the provisions and covenants detailed below.

1. Monthly Installments. Borrower may, but is not required to, make monthly payments that shall be credited towards the all due balance described below. The balance, if any remaining, shall be due and payable on or before the Maturity Date.

2. Interest Rate. Interest on the principal balance hereof in totality to the Maturity Date shall be payable at a rate equal to 8%. No additional interest shall be added to nor taken away from the total interest due based upon when the full balance is paid.

3. Acceleration; Events of Default. Investor may at its option, without notice to Borrower or any other person, accelerate the Maturity Date at any time it shall reasonably deem itself insecure; or for any one of the following reasons, each of which shall be defined as an Event of Default: (i) Failure by Borrower to make any payment pursuant to this Note when due; or (ii) termination of or default under any other note, loan, or obligation Borrower may have with Investor or any of its Affiliates that is in existence at the Effective Date or which may later come into existence. At such time that Investor exercises its option to accelerate the Maturity Date, the entire principal and interest hereunder shall become immediately due and payable.

4. Excessive Interest. In no event, whether by reason of demand for payment, prepayment, acceleration of the Maturity Date or otherwise, shall the interest contracted for, charged or received by Investor exceed the maximum amount permissible under applicable law. If from any circumstances interest would otherwise be payable to Investor in excess of the maximum lawful amount, the interest payable to Investor shall be reduced automatically to the maximum amount permitted by applicable law. If Investor shall ever receive anything of value deemed interest under applicable law which would apart from this provision be in excess of the maximum lawful amount, an amount equal to any amount which would have been excessive interest shall be applied to the reduction of the principal amount owing hereunder in the inverse order of its maturity and not to the payment of interest, or if such amount which would have been excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to Borrower. All interest paid or agreed to be paid to Investor shall, to the extent permitted by applicable law be spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account

of such indebtedness does not exceed the maximum permitted by applicable law, or the maximum amount reflected in Section 2 above. The provisions of this paragraph shall control all existing and future agreements between Borrower and Investor.

5. Payment. Unless otherwise designated by Investor, all payments hereunder shall be made to the Investor at the address reflected in paragraph one above.

Should any installment of principal and/or interest upon this Note become due and payable on any day other than a Business Day ("Business Day" means Monday through Friday upon which Savings and Loan Associations located in the state of Texas are open for business), the maturity thereof shall be extended to the next succeeding Business Day.

6. Prepayment. Borrower reserves the right to prepay the outstanding principal balance of this Note, in whole or in part, at any time and from time to time, without premium or penalty. Any such prepayment shall be made together with payment of interest on the amount of principal being prepaid through the date of such prepayment.

7. Notice. Addresses for Notices:

If to Borrower:

_____

_____

_____

If to Investor:

Teapioca International, LLC
2851 Joe Dimaggio Blvd.
Suites 33 & 34,
Round Rock, TX 78665

8. Grammar. As used herein, where appropriate, the masculine gender includes the feminine and the neuter, and the singular numbers include the plural.

9. Governing Law. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN

ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE UNITED STATES OF AMERICA, EXCEPT THAT ANY CONFLICT OF LAWS RULE OF SUCH JURISDICTION WHICH WOULD REQUIRE REFERENCE TO THE LAWS OF SOME OTHER JURISDICTION SHALL BE DISREGARDED.

IN WITNESS WHEREOF, this Note is effective on the day and year first above written.

BORROWER: _____

_____
Printed Name

_____
Signature of Franchisee

INVESTOR: TEAPIOCA INTERNATIONAL

Bao Phan
Printed Name

_____
Signature of Franchisor

EXHIBIT E
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC
ONGOING FRANCHISE AGREEMENT

[Date]

Teapioca of _____, Franchise Unit #_____

By and Between

TEAPIOCA INTERNATIONAL, LLC, FRANCHISOR

and

JOE FRANCHISE LOCATION, LLC, FRANCHISE

ONGOING FRANCHISE AGREEMENT

SUMMARY PAGE(S)

EFFECTIVE DATE:		_____
FRANCHISEE:		Joe Franchise Location, LLC
FRANCHISEE'S ADDRESS FOR NOTICES:		
TELEPHONE NUMBER:		
EMAIL ADDRESS:		
FRANCHISE LOCATION:		
SITE SELECTION AND REAL ESTATE TRAINING AGREEMENT FEE:		Twenty Thousand Dollars ($20,000.00) for access to the information provided in the Site Selection and Real Estate Training Manual
BUSINESS ESTABLISHMENT AGREEMENT FEE		Twenty-Four Thousand Dollars ($24,000.00) for access to the information provided in the Business Establishment Agreement
DISCOUNTS:		10% off the Initial Fees for Franchisee's first unit for U.S. military who would be eligible for the VetFran membership A Five Thousand Dollar ($5,000.00) discount off the Initial Inventory Order, only valid in 2025; a Federal Employee discount of Ten percent (10%) off of the Initial Fees, only valid in 2025; a Ten percent (10%) discount towards the Initial Fees for any existing Franchisee signing a new Franchise Agreement, only valid in 2025.
INITIAL FRANCHISE FEE:		Zero Dollars ($0.00) for a single unit. Franchisor acknowledges previous receipt of the Site Selection and Real Estate Training Agreement Fee and the Establishment Agreement Fee
INITIAL TERM:		Ten (10) years
GRAND OPENING EXPENDITURE:		Ten Thousand Dollars ($10,000.00)
ROYALTY FEE:		Five percent (5%) of Gross Sales
BUSINESS BRANDING FUND FEE:		Two percent (2%) of weekly Gross Sales. Franchisee can earn a lower percent of one percent (1%) of weekly Gross Sales. To qualify for the one percent (1%) branding fee Franchisee's Gross Sales must reach Five Hundred Thousand Dollars ($500,000.00) during any fiscal year (January 1st through December 31st). Once Franchisee has qualified for the lower fee the fee will remain the same for the rest of the term.

LOCAL ADVERTISING REQUIREMENT:		Franchisee must spend at least One Thousand and Fifty-One Dollars ($1,051.00) on local advertising per month, Five Hundred Dollars ($500.00) of which must be utilized for Digital Marketing for Your location. which must be proven by submitting the required report and receipts discussed herein.
TECHNOLOGY & INTRANET FEE:		One Hundred Fifty Dollars ($150.00) per week, or it can be paid monthly prior to the Franchised Business opening to the public, or this Fee can be deferred until the date the Franchised Business opens to the public, by extending the Franchise Agreement Term to be ten (10) years from the date the business opens, further discussed in Section 3.7
ANNUAL CONVENTION FEE:		One Thousand Five Hundred Dollars $1,500.00 for two attendees (Non-attendance incurs an additional penalty of $2,000.00)
RENEWAL FEE:		The Renewal fee is equal to Eight Thousand Seven Hundred Fifty Dollars ($8,750.00) due at the time of submitting the request to renew.
RENEWAL TERM:		Franchisee's right to a successor franchise is limited to one (1) successive term of ten (10) years
TRANSFER FEE:		Transfer Fee payable to Franchisor upon notice is Ten Thousand Dollars ($10,000.00); plus a Transfer Training Fee of Fifteen Thousand Dollars ($15,000.00)
MINIMUM SALES VOLUME:		Franchisee must meet or exceed Seventy Thousand Dollars ($70,000.00) in Gross Sales during the first quarter (3 months) you are in operation and will increase by fifteen (15%) each calendar year for the next year's quarters for the first three (3) years Franchisee is in operation.
REPLACEMENT OF OPERATION MANUAL(S):		Franchisee will pay the One Thousand Five Hundred Dollars ($1,500.00) fee if Franchisor must supply another set of Manual(s), either electronic or a hard copy version. This is a penalty, not a replacement cost, for not keeping Franchisor's confidential information safe.
SITE SELECTION DEADLINE DATE:		_____ pursuant to Section 2.3
TRAINING DEADLINE DATE:		_____ pursuant to Section 16.4
OPEN FOR BUSINESS DEADLINE DATE:		_____ pursuant to Sections 5.4 and 16.2
FRANCHISEE'S TERRITORY:		(A portion of) The Metropolitan Statistical Area, MSA _____ which is _____
MEDIATION REQUIRED:		Mediation required in the State of Texas for all disputes
FRANCHISE LOCATION IDENTIFIER:		The Approved Location shall be known as "Teapioca of _____"
FRANCHISOR ADDRESS FOR NOTICES:		Teapioca International, LLC Attn: Franchise Operations 2851 Joe Dimaggio Blvd. Suites 33 & 34 Round Rock, TX 78665 **with copy to:** Teapioca International

		c/o Shelton Law & Associates, LLC 1320 Arrow Point Drive, Ste 501 Cedar Park, TX 78613
ACH BANKING INFORMATION FOR FRANCHISEE:		Financial Institution Name: _____ Branch: _____ City: _____ State: _____ Zip: _____ Phone: _____ ACH/Routing Number: _____ (Must be Nine Digits) Account Number: _____

Even though this Agreement contains provisions requiring Franchisee to operate the Business and the Franchised Business in compliance with the System: (1) Franchisor does not have authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; and (2) Franchisee and Franchisor do not intend for Franchisor to incur any liability to third parties in connection with or arising from any aspect of the System or Franchisee's use of the System, whether or not in accordance with the requirements of the Manuals.

Nothing in this Agreement or any related Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement shall become effective only upon execution by Franchisor and Franchisee.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date, and hereby accepts and approves the attached Franchise Agreement, with its Exhibits 1-14. Franchisee hereby acknowledges that the Exhibits include Non-Competition and Non-Disclosure items, Personal Guaranty's and the requirement to abide by the laws under the United States Department of Homeland Security to name just a few. This Agreement was requested to be sent electronically for ease of signing, and is hereby acknowledged by the parties that both Parties have and had the ability prior to signing to review the final Franchise Agreement in its entirety and the ability to have it reviewed by their respective legal and financial counsel, or advisors of their choosing.

The Parties intend to be bound by all the terms of the Franchise Agreement and all its attached Exhibits, including specifically, the clauses and terms of:

- Non-Disclosure and Non-Competition Agreement attached as Exhibit 2
- The Guaranty and Assumption of Obligations attached as Exhibit 3
- Holders of Legal or Beneficial Interest attached as Exhibit 4
- The Applicable State Addendum attached as Exhibit 5
- The Trademarks Guidelines attached as Exhibit 6
- The Truthfully filled out Franchise Disclosure Questionnaire attached as Exhibit 7
- The ACH Withdrawal Form attached as Exhibit 8
- The Telephone Number Assignment Agreement and Power of Attorney attached as Exhibit 9
- The Credit and Security Agreement attached as Exhibit 10
- The Territory attached as Exhibit 11
- The Lease Addendum attached as Exhibit 12
- The Homeland Security Agreement attached as Exhibit 13
- The Promissory Note attached as Exhibit 14, as applicable

FRANCHISEE:

By:_____

Name: _____

Title: _____

GUARANTY AND OBLIGATIONS OF GUARANTORS, PURSUANT TO EXHIBIT 3 ATTACHED

FRANCHISEE PERSONAL GUARANTOR	**FRANCHISEE PERSONAL GUARANTOR**
_____	_____
Personally, and Individually (Printed Name)	Personally, and Individually (Printed Name)
_____	_____
Personally, and Individually (Signature)	Personally, and Individually (Signature)
HOME ADDRESS	HOME ADDRESS
_____	_____
_____	_____
TELEPHONE NO.: _____	TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____ %	PERCENTAGE OF OWNERSHIP IN FRANCHISEE: _____%
Social Security #: _____	Social Security #: _____

IN WITNESS WHEREOF, The Franchisor hereby agrees to award the attached Franchise Agreement opportunity to the above listed individuals and their legal entity, as listed as the Franchisee, based upon the terms and conditions contained in this Franchise Agreement, and all its Exhibits currently numbered 1 through 14.

FRANCHISOR:

TEAPIOCA INTERNATIONAL, LLC

By:_____

Name: Bao Phan

Title: Chief Executive Officer

ONGOING FRANCHISE AGREEMENT

TABLE OF CONTENTS

SUMMARY PAGE(S) i

ARTICLE 1 - DEFINITIONS 3

ARTICLE 2 - GRANT OF EXCLUSIVE FRANCHISE 12

Section 2.1 Grant of Franchise 12

Section 2.2 Location of Your Teapioca Franchise 12

Section 2.3 Approved Location Not Determined 12

Section 2.4 Sub-franchising/ Agents 13

Section 2.5 The Exclusive Territory 13

Section 2.6 Franchisor's Reservation of Rights 13

Section 2.7 Diligence and Best Efforts 14

Section 2.8 Key Accounts 14

ARTICLE 3 - FEES 14

Section 3.1 Initial Fees 15

Section 3.2 Weekly Royalty Fees 15

Section 3.3 Business Branding Fund Contribution 15

Section 3.4 Local Advertising Contributions 15

Section 3.5 Taxes 15

Section 3.6 Electronic Transfer 16

Section 3.7 Technology Fees 16

Section 3.8 Late Fees and Insufficient Funds Fee 17

Section 3.9 Application of Payments 17

Section 3.10 No Withholding 18

ARTICLE 4 - TERM OF AGREEMENT AND RENEWAL 18

Section 4.1 Initial Term 18

Section 4.2 Renewal 18

ARTICLE 5 - APPROVED LOCATION 20

Section 5.1 Selection of Site 20

Section 5.2 Failure to Select a Site 20

Section 5.3 Lease of Approved Location / Vehicle 20

Section 5.4 Development of Approved Location 21

Section 5.5 Failure to Develop Approved Location 22

Section 5.6 Opening 22

Section 5.7 Use of Approved Location 23
Section 5.8 Relocation 23
ARTICLE 6 - PROPRIETARY MARKS 24
Section 6.1 Ownership 24
Section 6.2 Limitations on Use 24
Section 6.3 Notification of Infringements and Claims 24
Section 6.4 Indemnification for Use of Marks 25
Section 6.5 Discontinuance of Use 25
Section 6.6 Right to Inspect 25
Section 6.7 Franchisor's Sole Right to Domain Name 26
ARTICLE 7 - TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION 27
Section 7.1 Confidentiality of Trade Secrets and Other Confidential Information 27
Section 7.2 Additional Developments 27
Section 7.3 Exclusive Relationship 28
Section 7.4 Non-Disclosure and Non-Competition Agreements with Certain Individuals 28
Section 7.5 Reasonableness of Restrictions 29
ARTICLE 8 - TRAINING AND ASSISTANCE 29
Section 8.1 Initial Training 29
Section 8.2 Opening Project/ Advanced Marketing Training 30
Section 8.3 Failure to Complete Initial Training Program 31
Section 8.4 New Manager 31
Section 8.5 Refresher Training 31
Section 8.6 Ongoing and Special Assistance 31
Section 8.7 Additional Training ..... Error! Bookmark not defined.
Section 8.8 Temporary Management 32
Section 8.9 Additional Operations Assistance 32
Section 8.10 National or Regional Meetings 32
ARTICLE 9 - MANUAL 33
Section 9.1 Loan by Franchisor 33
Section 9.2 Revisions 33
Section 9.3 Confidentiality 33
ARTICLE 10 - FRANCHISE SYSTEM 33
Section 10.1 Uniformity 33
Section 10.2 Modification of the System 34
Section 10.3 Variance 34

ARTICLE 11 - ADVERTISING AND PROMOTIONAL ACTIVITIES 34

Section 11.1 Local Advertising 34

Section 11.2 Business Branding Fund 35

Section 11.3 Cooperative Advertising 36

Section 11.4 Internet Advertising 37

Section 11.5 Telephone Directory Advertising 37

Section 11.6 Advertising Council 38

ARTICLE 12 - ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS 38

Section 12.1 Records 38

Section 12.2 Financial Management 38

Section 12.3 Gross Sales Reports 38

Section 12.4 Financial Statements 38

Section 12.5 Other Reports 39

Section 12.6 Computer/Software/Phone System 39

Section 12.7 Right to Inspect 41

Section 12.8 Release of Records 41

ARTICLE 13 - STANDARDS OF OPERATION 41

Section 13.1 Authorized Products, Services and Suppliers 42

Section 13.2 Appearance and Condition of the Franchised Business; Refurbishment 43

Section 13.3 Ownership and Management 43

Section 13.4 Days of Operation 43

Section 13.5 Inspections 43

Section 13.6 Licenses and Permits 44

Section 13.7 Notification of Proceedings 44

Section 13.8 Compliance with Good Business Practices 44

Section 13.9 Uniforms 45

Section 13.10 Credit Cards 45

Section 13.11 Best Efforts 45

Section 13.12 Period of Operation 46

Section 13.13 Former Franchisees 46

Section 13.14 Franchisees Employees 46

Section 13.15 Customer Lists 47

Section 13.16 Non-Discrimination Requirement 47

ARTICLE 14 - FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE 47

Section 14.1 General Advice and Guidance 47

Section 14.2 Periodic Visits 48
Section 14.3 System Improvements 48
Section 14.4 Marketing and Promotional Materials 48
ARTICLE 15 - INSURANCE 48
Section 15.1 Types and Amounts of Coverage 48
Section 15.2 Future Increases 49
Section 15.3 Additional Insured; Certificates of Coverage 49
Section 15.4 Carrier Standards 49
Section 15.5 Evidence of Coverage 49
Section 15.6 Failure to Maintain Coverage 49
ARTICLE 16 - DEFAULT AND TERMINATION 50
Section 16.1 Termination by Franchisee 50
Section 16.2 Termination by Franchisor 50
Section 16.3 Reinstatement and Extension 53
Section 16.4 Right of Franchisor to Discontinue Services to Franchisee 54
Section 16.5 Cross-Defaults, Non-Exclusive Remedies, etc. 54
ARTICLE 17 - RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION 54
Section 17.1 Actions to be Taken 55
Section 17.2 Post-Termination Covenant Not to Compete 57
Section 17.3 Unfair Competition 58
Section 17.4 Franchisor's Option to Purchase Certain Business Assets 58
Section 17.5 Survival of Certain Provisions 59
Section 17.6 Existence of Claim 60
Section 17.7 Injunction 60
Section 17.8 Franchisor is Attorney In Fact 60
Section 17.9 Liquidated Damages 60
ARTICLE 18 - TRANSFERABILITY OF INTEREST 61
Section 18.1 Transfer by Franchisor 61
Section 18.2 Transfer by Franchisee to a Third-party 61
Section 18.3 Transfer to a Controlled Entity 63
Section 18.4 Franchisor's Disclosure to Transferee 64
Section 18.5 For-Sale Advertising 64
Section 18.6 Transfer by Death or Incapacity 64
Section 18.7 Transfer upon Divorce or Partnership Dissolution 65
ARTICLE 19 - RIGHT OF FIRST REFUSAL 65

Section 19.1 Submission of Offer 65
Section 19.2 Franchisor's Right to Purchase 66
Section 19.3 Non-Exercise of Right of First Refusal 66
ARTICLE 20 - BENEFICIAL OWNERS OF FRANCHISEE 66
ARTICLE 21 - RELATIONSHIP AND INDEMNIFICATION 67
Section 21.1 Relationship 67
Section 21.2 Standard of Care 67
Section 21.3 Indemnification 67
Section 21.4 Right to Retain Counsel 69
ARTICLE 22 - GENERAL CONDITIONS AND PROVISIONS 69
Section 22.1 No Waiver 69
Section 22.2 Injunctive Relief and Specific Performance 69
Section 22.3 Notices 69
Section 22.4 Guaranty and Assumption of Obligations 70
Section 22.5 Approvals 70
Section 22.6 Entire Agreement 70
Section 22.7 Severability and Modification 70
Section 22.8 Construction 71
Section 22.9 Force Majeure 71
Section 22.10 Timing 71
Section 22.11 Withholding Payments 71
Section 22.12 Further Assurances 71
Section 22.13 Third-Party Beneficiaries 71
Section 22.14 Multiple Originals 72
Section 22.15 Survival of Terms 72
ARTICLE 23 - DISPUTE RESOLUTION 72
Section 23.1 Choice of Law 72
Section 23.2 Consent to Jurisdiction 72
Section 23.3 Rights and Remedies 73
Section 23.4 Limitations of Claims 73
Section 23.5 Limitation of Damages 73
Section 23.6 Waiver of Jury Trial 73
Section 23.7 Mediation 74
Section 23.8 Withholding Consent 74
Section 23.9 No Class Actions 75

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ARTICLE 24 - ACKNOWLEDGMENTS **75**

Section 24.1 Receipt of this Agreement and the Franchise Disclosure Document **75**

Section 24.2 Consultation by Franchisee **75**

Section 24.3 True and Accurate Information **76**

Section 24.4 Risk **76**

Section 24.5 No Guarantee of Success **76**

Section 24.6 No Violation of Other Agreements **76**

Section 24.7 Independent Obligations **76**

Section 24.8 Gender **77**

Section 24.9 Duty of Good Faith and Fair Dealing **77**

Section 24.10 Franchisor's Business Judgment **77**

EXHIBITS BY NAME ..... **Exh. #**

General Release **1**

Non-Disclosure and Non-Competition Agreement **2**

Guaranty and Assumption of Obligations **3**

Holders of Legal or Beneficial Interest **4**

Multi-State Addendums **5**

Trademarks **6**

Franchise Disclosure Questionnaire **7**

ACH Withdrawal Form **8**

Telephone Number Assignment Agreement and Power of Attorney **9**

Credit and Security Agreement **10**

Territory **11**

Lease Addendum **12**

Homeland Security Agreement **13**

Promissory Note **14**

ONGOING FRANCHISE AGREEMENT

This Ongoing Franchise Agreement ("Franchise Agreement") made as of the Effective Date shown on the Franchise Agreement Summary Page by and between the Franchisor, shown on the Franchise Agreement Summary Page, (hereinafter also known as "We" "Us" "TPI" or "Teapioca") and the Franchisee, shown on the Franchise Agreement Summary Page whose principal address is also listed on the Franchise Agreement Summary Page ("Franchisee", "You", "Your" and "Yours").

WHEREAS, Franchisor has developed, and is in the process of further developing, a System identified by the trademark "Teapioca Lounge" and relating to the establishment and operation of a franchised business, (hereinafter "Franchised Business" or "TPI") providing high quality, boba, bubble tea and dessert drink confections; and

WHEREAS, Franchisor has developed a business plan and method of establishing, conducting and operating the Franchised Business emphasizing prompt and courteous service in a friendly and helpful atmosphere which is intended to be attractive to patrons and utilizing certain standards, specifications, methods, procedures, techniques, management techniques, proprietary marks, commercial symbols, trade dress, Know-How and other proprietary or confidential information, as they may be improved, and further developed from time to time hereafter by Franchisor (the "System"); and

WHEREAS, the distinguishing characteristics of the System include, without limitation, the trade names, Know-How, trademarks, trade dress, and service marks and associated logos and symbols set forth on Exhibit 6 attached hereto and made a part hereof by reference, and such other marks as Franchisor may develop from time to time hereafter and designate for use in connection with the System (the "Marks"); the trade dress of the Business; signage, decorations, equipment, furnishings and materials, as necessary; the Confidential Operations Manual; uniform operating methods, procedures and techniques; methods and techniques for inventory and cost controls, record keeping, reporting, personnel management, and purchasing (all of which may be improved and further developed by Franchisor from time to time); all such Marks and other distinguishing characteristics being owned by Franchisor; and

WHEREAS, Franchisor grants to qualified persons and business entities the right to own and operate Teapioca Businesses using the System and the Marks; and

WHEREAS, Franchisee has completed successfully a Site Selection and Real Estate Training Course and the Business Establishment Training Course, and desiring to operate a Teapioca Franchised Business, has applied for an Ongoing Franchise Agreement and such application has been approved by Franchisor in reliance upon all of the representations made herein and therein; and

WHEREAS, Franchisee acknowledges that it is essential to the maintenance of the high standards of the System, and to the preservation of the integrity of the System and the Marks and goodwill of the Franchisor, that each Franchisee in the System maintain and adhere to certain uniform standards, procedures and policies hereinafter described, and operate the Franchised Business in strict conformity with Franchisor's standards and specifications; and

WHEREAS, Franchisor has, and continues to develop, use, protect, and control the Marks for the benefit and exclusive use of itself and its Franchisees in order to identify for the public the source of the products and/or services marketed under the System and to represent the System's high standards of quality; and

WHEREAS, the establishment and maintenance of a close working relationship with Franchisee and Franchisee's adherence to the tenants of Franchisor's System constitute the essence of this Ongoing Franchise Agreement; and

WHEREAS, Franchisee desires, upon the terms and conditions set forth herein, to enjoy the benefits of operating under the System and of using the Marks and to be licensed to operate a Business in strict accordance with the standards and specifications of the System; and

WHEREAS, Franchisee has had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Ongoing Franchise Agreement by counsel of its own choosing; and

WHEREAS, Franchisee acknowledges that Franchisor requires that the Franchisee and the Designated Manager must speak, read and write in English.

WHEREAS, Franchisor is willing to grant Franchisee a license under the System and the Marks to operate a Franchised Business, subject to Franchisee's strict compliance with the terms and conditions of this Agreement and in reliance upon Franchisee's representations made in this Agreement and in Franchisee's application to become a Franchisee under the System.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and for other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

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ARTICLE 1 - DEFINITIONS

Note: All fixed dollar amounts or fixed percentage amounts stated, or used in the Development Agreement and any Addenda may, in our sole discretion, be adjusted as of January 1st of each year in proportion to the changes in the CPI (Consumer Price Index) (U.S Average, all items) maintained by U.S Department of Labor (or such equivalent index as may be adopted in the future) between January 1st of the previous year and January 1st of the then-current year (the "Index"). Each adjustment will be made effective as of January 1st based on the January Index, but the 1st adjustment will not be made until the 2nd January following the Agreement Date (i.e., for an Agreement Date of July 1, 2024, the 1st adjustment would be effective as of January 1, 2026). Our failure to adjust any fixed dollar amounts due to changes in the Index at any time does not constitute a waiver of our right to make future adjustments. However, we will not impose such adjustments retroactively.

Whenever used in this Agreement, the following words and terms have the following meanings:

"Additional Training" means Franchisor shall charge Five Hundred Dollars ($500.00) per day for additional training for additional trainees at Franchisors facility. Further description and requirements can be found in the terms contained in Section 8.7;

"Additional Operations Assistance" means upon Franchisee request, and Franchisor approval, Franchisor may provide Additional Operations Assistance to the benefit of Franchisee, for no more than sixty (60) days or the number of maximum days and at the rates published in the Manual; currently, per eight (8) hour day, Five Hundred Dollars ($500.00) plus Franchisor's expenses. Further description and requirements can be found in the terms contained in Section 8.9;

"Affiliate" means any business entity that controls, is controlled by, or is under common control with Franchisor;

"Agreement" means this agreement entitled "Teapioca International, LLC Franchise Agreement" and all instruments supplemental hereto or in amendment, exhibit or confirmation hereof;

"Approved Location" means the site for the operation of the Franchised Business selected by Franchisee and approved in writing by Franchisor;

"Approved Location Identifier" means the Franchisor Approved Identifier for Franchisees Location, as listed on the Summary Page, to be used in consumer and public facing marketing, fictious name filings, and other related uses;

"Approved Supplier(s)" means only those companies, and vendors who provide the services, product items, supplies, signs, equipment and other items Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. Franchisor shall provide Franchisee, in the Manual(s) or other written or electronic form, with a list of Approved Suppliers. Further description and requirements can be found in the terms contained in Section 13.1;

"**Architect Assistance Fee**" means paying the fee of Five Hundred Dollars ($500.00) per day that we assist in working with Franchisee's Architect. This Fee covers the coordination with Your Architect. You are required to work with Us or Our Architect prior to working with Your Architect, and prior to approval. You must submit the layout of the site and We will create a TPI styled layout and submit it to You and Your Architect, then the elevation (or all sets of plans) must be submitted back for final approval, before buildout. We will communicate with Your Architect as needed;

"Business Branding Fund" means the collective fund supplied by the Business Branding Fund Contributions by all Franchisees which allows the Franchisor to establish and administer national or regional marketing, pursuant to the terms in Section 11.3, Franchisor anticipates not utilizing more than one percent (1%) towards administration fees. This shall have the same meaning as the term Marketing Fund and each may be interchanged throughout this Agreement;

"Business Branding Fund Contribution" means paying weekly to Franchisor two percent (2%) of Gross Sales collected by ACH from the Electronic Depository Transfer Account, for the previous week ending the last full day of the preceding week, which will be credited to the collective Franchisee Marketing Fund, pursuant to the terms in Section 3.3, often referred to as Marketing Fund Contributions; To qualify for the lower branding fee of one percent (1%) of Gross Sales, Franchisee's Gross Sales must reach Five Hundred Thousand Dollars ($500,000.00) during any fiscal year (January 1st through December 31st). Once Franchisee has qualified for the lower fee the lower fee will apply for the remainder of the Ongoing Franchise Agreement term and any subsequent Renewal terms.

To receive the lower one percent (1%) Business Branding Fund, Franchisee must notify Franchisor via the Weekly Sales Report of Franchisee's qualification, Franchisor will then verify Franchisee's qualification as described in the Manual(s) and the following week the one percent (1%) will be due.

"CPI" means the Consumer Price Index, further discussed in Article 3 of this Agreement;

"Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) boba, bubble tea and dessert drink confections that are offered or supplied by Teapioca Franchisees at the date of Franchisee's termination or separation from Franchisor, which are the same as or similar to those provided by Teapioca Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or Teapioca's other Franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a franchise agreement with Franchisor, (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest, (c) any business operated by Franchisee or its Affiliate(s) that has been disclosed, in writing, to Franchisor and Franchisor has acknowledged in writing, prior to the Effective Date of this Agreement, or (d) any business such as a marketing or scheduling company whose primary business is not affiliated with the boba, bubble tea and dessert drink confections industry;

"Confidential Information" means technical and non-technical information used in or related to Teapioca Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by Franchisor. Confidential Information shall not include, however, any information established by documentary evidence that: (a) is now or subsequently becomes generally available to the public through no fault of Franchisee; (b) Franchisee can demonstrate was rightfully in its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third-party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

"Confidential Information Fee" means a one-time fee which covers Your access to the Manual(s), in which You are required to maintain an up-to-date copy of all Manual(s);

"Cooperative Advertising" means the combined advertising program that more than one (1) Franchisee established within a common market for Teapioca Businesses within a particular region. Franchisee will pay an equal amount as all other Franchisees in the Cooperative;

"Covered Person" means (i) the individual executing this Agreement as Franchisee; (ii) each officer, director, shareholder, member, manager, trustee, or general partner and Manager of Franchisee and each Franchisee Affiliate if Franchisee is a Business entity; and (iii) the spouse, adult children, parents, collaterals, or siblings of the individuals included in (i) and (ii). A collateral relative is any blood relative who is not your direct ancestor. Franchisee ancestors are the individuals included in (i) and (ii)'s parents, grandparents, great-grandparents, etc., and their collateral relatives are cousins, nieces, nephews, aunts, uncles, siblings, etc. Covered Person shall mean an individual who falls within the identified categories where on the Effective Date or later during the Term of this Agreement, and all successive Renewal Agreements;

"Customer(s)" means any person or entity that purchases or receives goods or services from Franchisee, as applicable;

"Customer Service Fees" means the reimbursement of costs and expenses to Franchisor by Franchisee if Franchisor determines it is necessary for Franchisor to provide service directly to the Franchisees Customer(s);

"Effective Date" means the date set forth in the introductory paragraph of this Agreement which commences this Agreement's effectiveness and term;

"Electronic Depository Transfer Account" means an account established at a national banking institution approved by Franchisor and providing Franchisor with access to electronically withdraw any funds due Franchisor;

"Establishment Agreement Fee" means the previously paid amount of Twenty-Four Thousand Dollars ($24,000.00) paid to the Franchisor for access to the Business Establishment Training Course information provide under the Establishment Agreement;

"Former Franchisee" means any Teapioca Franchisee(s) that have been terminated or whose Franchise Agreements have expired naturally under the terms of those Franchise Agreements;

"Franchise" means the right granted to Franchisee by Franchisor to use the System and the Marks, while not in Default;

"Franchised Business" means the business to be established and operated by Franchisee pursuant to this Agreement, often also referred to as the Teapioca Business, which shall have the same meaning;

"Franchisee" means the individual or entity defined as "Franchisee" in the introductory paragraph of this Agreement;

"Franchisor" means Teapioca International, LLC;

"Franchisor Indemnitees" means Franchisor, any Affiliate, all holders of a legal or beneficial interest in Franchisor and/or any corporate parent, any corporate subsidiaries, affiliates, successors, assigns, and designees of either entity and their respective directors, officers, employees, agents, shareholders, designees, and representatives of each, members, partners, owners, employees, agents, successors and assigns as further discussed in Section 21.3;

"Good Cause" means the failure of Franchisee to substantially comply with the lawful requirements imposed upon Franchisee by this Franchise Agreement;

"Good Faith" means the honest intent to act without taking an unfair advantage over another person or to fulfill a promise to act, even when some legal technicality is not fulfilled. Franchisee has a duty to act according to the Implied Covenant of Good Faith and Fair Dealing with Franchisor;

"Grand Opening Advertising" means the Grand Opening Celebration cost of Ten Thousand Dollars ($10,000.00) for Franchisee's location. "Opening" includes thirty (30) days prior to opening Franchisees Franchised Business through sixty (60) days after opening Franchisees Franchised Business to the public, as further discussed in Section 8.2;

"Gross Sales" means the aggregate of all income and monthly fees Franchisee receives from Customers, or any other person or business entity for the Franchised Business in connection with the Franchised Business (whether or not in accordance with the terms of the Franchise Agreement) for the purchase or provision of any goods or services, including gift cards, or industry fees, and whether for check, cash, credit or otherwise, from the sale of products and services (including service charges in lieu of gratuity) regardless of the dollar amount Franchisee sells each product or service for, including, without limitation, all proceeds from any business interruption insurance, but excluding (a) all insurance payments, check, cash, credit or debit card refunds made in good faith provided, prior to granting the refunds, the revenue related to the refunds was included in Gross Sales, (b) any sales and equivalent taxes that Franchisee collects for or on behalf of and pays to any governmental taxing authority, and (c) any rebate Franchisee receives from a manufacturer or supplier;

"Gross Sales Reports" has the meaning given to such term in Section 12.2;

"Implied Covenant of Good Faith and Fair Dealing" means that Franchisee will act In Good Faith and deal fairly without breaking their word, using shifty means to avoid obligations or denying what the other party obviously understood;

"Incapacity" means the inability of Franchisee to operate or oversee the operation of the Franchised Business on a regular basis by reason of any continuing physical, mental or emotional condition, chemical dependency or other limitation;

"Internet" means any one (1) or more local or global interactive communications media that is now available, or that may become available, including, but not limited to, sites and domain names on the World Wide Web (1) and (2);

"Initial Fees" means paying the training course fees totaling Forty-Four Thousand Dollars ($44,000.00) for both course certifications, which include Business Establishment Course Fee of Twenty-Four Thousand Dollars ($24,000.00), and the Site Selection and Real Estate Training Course Fee of Twenty Thousand Dollars ($20,000.00), additional terms are contained in Section 3.1;

"Initial Term" shall be ten (10) years as more fully defined in Section 4.1;

"Initial Training" shall have the meaning as described in Section 8.1;

"Insurance Requirements" means Franchisee shall procure within thirty (30) days of the Effective Date, and maintain in full force and effect during the term of this Agreement, the types of insurance listed below from an A- or better rated Insurance company. Franchisee, pursuant to Article 15 of this Agreement, shall have a minimum amount of coverage on the Franchised Business, in the following categories:

a) "all risk" property insurance, including business interruption insurance, customarily obtained by similar businesses in Franchisees general area to cover, at a minimum, all assets including inventory, furniture, fixtures, equipment, supplies and other property used in the operation of the Teapioca Franchised Business;

b) General commercial liability insurance, including Cyber Liability coverage, in an amount of not less than $2,000,000.00 per occurrence with a $2,000,000.00 general aggregate;

c) Comprehensive general liability insurance, including products and contractual, in an amount of not less than $100,000.00 per occurrence with a $300,000.00 general aggregate;

d) Workers' compensation insurance for statutory limits and employer's liability insurance in an amount not less than $300,000.00;

e) Sexual/physical abuse insurance of not less than $100,000.00 per occurrence with a $300,000.00 general aggregate;

f) An umbrella policy in amount of not less than $2,000,000.00;

g) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $100,000.00 combined single limit;

h) Franchisor reserves the right to change the amount of insurance coverage requirements;

"Key Accounts" means any (a) potential or existing commercial customer that has multiple sites, offices, or retail premises, at least one of which is located outside Your Territory, (b) any retail, manufacturing or wholesale company, contractor, or similar business whose clientele or employees includes potential customers for regular services or products or team building exercises, and (c) operators of web sites (or similar referral sources) that offer to refer customers to Franchisor or Franchisees for a fee;

"Late Fee" and "Insufficient Funds Fee" means Two Hundred Fifty Dollars ($250.00) as a late fee per incident plus eighteen percent (18%) interest; plus, legal late and bank fees, if applicable;

"Local Advertising Spend" means a minimum contribution of One Thousand and Fifty-One Dollars ($1,051.00) per month, of which Five Hundred Dollars ($500.00) must be spent on Digital Marketing at minimum, further discussed in Section 3.4;

"Local Advertising" means the services required to fulfill Franchisee's local marketing requirements through Franchisee's own effort or by contracting with an Approved Supplier, if any. Franchisee may choose to spend any amount on Local Advertising they wish; however, it may not ever fall below the minimum spend amount discussed above. You must use only pre-approved advertising pieces in commerce. If Franchisor does not approve the advertising or promotions piece that Franchisee submits for approval within 14 day(s), the advertising piece is deemed denied and Franchisee may not use them. Marketing methods utilized may include but not be limited to those contained within the Manual(s), and approved advertising materials such as Digital Marketing, Newspaper ads, Direct Mail, Coupon Direct Mail CoOps, Print Media and Business to Business marketing efforts within Franchisees Exclusive Territory, and non-monetary sponsorships within the community or gifts to select Customers in the community, such as military, police, fireman, or other service people. Requirements for Local Advertising are further discussed in Sections 3.4 and 11.1;

"Manager" means the person designated in writing by Franchisee and approved in writing by Franchisor who has primary responsibility for managing the day-to-day affairs of the Franchised Business, also known as "Designated Director", and if Franchisee is an individual and not a business entity, the **Manager** shall be the Franchisee;

"Manual" means the Teapioca Operations Manual(s), which consist of Five (5) or more separate manuals and other materials as designated by Franchisor and may be in written or electronic form, and any

other items as may be provided, added to, changed, modified or otherwise revised by Franchisor from time to time. They include or contain or describe the standards, methods, procedures and specifications of the System, including other operations, administration and Managers' manuals and all books, computer programs, password-protected portions of an Internet site, pamphlets, memoranda and other publications prepared by, or on behalf of, Franchisor. Replacement costs are as stated on the Summary Pages of this Agreement;

"Marketing Fund" shall have the same meaning as Business Branding Fund;

"Marketing Fund Contributions" shall have the same meaning as Business Branding Fund Contributions;

"Marks" means the trademark "Teapioca Lounge" and such other trade names, trademarks, service marks, trade dress, designs, graphics, logos, emblems, insignia, fascia, slogans, drawings, patents and other commercial symbols as Franchisor may designate to be used in connection with Teapioca Businesses, whether or not registered or recognized by the U.S. Patent and Trademark Office, or any other Agency no matter where located. Registered Marks are shown on Exhibit 6 attached hereto;

"Minimum Sales Volume" means the stated amount on the Summary Page for Franchisee's minimum annual Gross Sales, pursuant to the terms in Section 2.7;

"Money Flow" is utilized to describe how the Franchisee gets paid and pays its fees under this Agreement;

"National or Regional Meetings" means that Franchisor provides annual training at the National or Regional Meeting aka Annual Convention, and that Franchisor will provide all entrance fee costs for up to two people. Franchisee's attendance is mandatory. Franchisee shall pay for all expenses including travel, room and board, as well as the One Thousand Five Hundred Dollars ($1,500.00) for two attendees by the first Week in September annually. If Franchisee signs the Ongoing Franchise Agreement during the months of September through June, Franchisee shall prepay the first years National Convention Fee upon signing the Ongoing Franchise Agreement. Additional attendees are recommended and will be billed at Seven Hundred Fifty Dollars ($750.00) per additional attendee. If Franchisee fails to attend the Annual Convention Franchisee will incur an additional non-attendance penalty of Two Thousand Dollars ($2,000.00) or as listed in the Manual(s) Further description and requirements can be found in the terms contained in Section 8.10;

"Non-Traditional Location" describes a location which is not a traditional Teapioca Lounge® location. Such locations include but are not limited to sporting venues and convention halls; state and national parks; airports, train depots and other transit centers; hotels; cruise ships; college and university campuses; state and federal military installations; underwater structures; and any building or structure not permanently affixed to the ground;

"Ongoing Training and Special Assistance" means if Franchisor must deal directly with the Franchisee's Customers, Franchisee's vendors or others directed by Franchisee, Franchisee will pay the Additional Assistance fee equal to the then-current daily rate as set forth in the Manual(s). Additionally, Franchisor has the right to require that the Franchisee, Manager, Franchisee's other managers and/or employees attend ongoing training programs or seminars. Further description and requirements can be found in the terms contained in Section 8.6;

"Opening" shall be defined as the time period of thirty (30) days directly before, and continuing through sixty (60) days directly following the date the Franchised Business is anticipated to be open to the public;

"Opening Advertising" has the meaning given to such term in Section 11.1;

"Prospective Supplier Evaluation" means the reimbursement of all costs associated with the obtaining of the approval of new or prospective product or suppliers and all costs associated with that process plus, the payment of a One Hundred Fifty Dollars ($150.00) fee. If Franchisee wishes to have Franchisor test out a new supplier, the new supplier will go through a one hundred twenty (120) day approval timeframe and test marketing for at least ninety (90) days. Test marketing shall consist of a minimum of ninety and a maximum of ninety and must be tested at the Franchisee's location as well as possibly a corporate store. For additional requirements see "Vendor and Product Approval Requirements" below;

"Refresh, Refurbishment and Modification to the System" means Franchisee shall refresh the floors, walls, seating and signage including vehicle wraps, if you have them, to like-new condition at minimum every three (3) years, or as needed to maintain the like-new condition. The expense of such maintenance shall be borne by Franchisee and shall be in addition to any required System modifications, as described in Section 10.2. Further, Franchisee shall be required to refurbish and update the Approved Location throughout the term of this Agreement as necessary and/or as directed by Franchisor with an overall refurbishment every seven (7) years, if the Teapioca Business is open to vendors, contractors, or the public.

"Relocation Fee" would be paid only in the event if it is agreed upon in writing by both Franchisee and Franchisor, that Franchisee is allowed to relocate the Franchised Business. If approved, Franchisee will owe a Ten Thousand Dollar ($10,000.00) Relocation Evaluation Fee, or as updated in the Manual(s) from time to time, payable to Franchisor. Any such relocation will be at Franchisee's sole expense, and must follow the requirements of Section 5.8 of this Agreement including all timeframes. Franchisor has the right to charge for any costs incurred in providing assistance to Franchisee, including, legal and accounting fees.

"Required Pricing Parameters" means that Franchisee cannot raise the product / services more than twenty percent (20%) above the stated Suggested Retail in the Manual(s), which Franchisor can modify from time to time with thirty (30) days' notice to Franchisee;

"Renewal Fee" means the amount equal to Eight Thousand Seven Hundred Fifty Dollars ($8,750.00) due at the time of submitting the written request to renew the Ongoing Franchise Agreement for another Term of ten (10) years ("Renewal Term") not less than nine (9) months prior to the end of the Initial Term. Franchisor shall have the right to inspect the Location and notify Franchisee, pursuant to Section 10.2, of all requirements for maintenance and refurbishment, at least ninety (90) days prior to the expiration of the Initial Term. Franchisee shall agree to complete at its expense and to Franchisor's satisfaction, all maintenance, refurbishing, renovating, and remodeling required by Franchisor's notice no later than thirty (30) days prior to expiration of the Initial Term. Then Franchisee will, not less than thirty (30) days prior to the expiration of the Initial Term, execute the then-current form of the Ongoing Franchise Agreement. Additional terms are contained in Section 4.2;

"Royalty Fee" means paying Franchisor for the limited right to use the Franchisor's Tradename, System and Marks at the rate of Five percent (5%) of Gross Sales, by ACH from the Electronic Depository Transfer Account every Wednesday, for the previous week ending the previous reporting period, pursuant to the terms in Section 3.2, including the right to raise this fee;

"Site Selection and Real Estate Training Agreement Fee" means the payment of Twenty Thousand Dollars ($20,000.00) previously paid to the Franchisor for access to the information provided in the Site Selection and Real Estate Training Course governed by the previously executed Site Selection and Real Estate Training Agreement;

"Social Media" means online content created by individuals and/or entities using highly accessible and scalable publishing technologies through their desktop computer, laptop computer, smart phones, mobile phone or by other means available in the future. Social Media allows individuals and/or entities to connect in the online world to form relationships for personal and business use. The definition of Social Media includes user-generated content and consumer-generated media. Social Media occurs in many different forms, including, but not limited to, Internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos. Technologies for Social Media include, but are not limited to: blogs, picture-sharing, vlogs, wall-postings, e-mail, instant messaging, music-sharing, crowdsourcing, and voice over IP, to name a few. Some examples of Social Media sites and/or applications are Google Groups (reference, social networking), Wikipedia (reference), MySpace (social networking), Facebook (social networking), MouthShut.com and yelp.com (product reviews), Youmeo (social network aggregation), YouTube (social networking and video sharing), Avatars United (social networking), Second Life (virtual reality), Flickr (photo sharing), Twitter (social networking and microblogging), LinkedIn (business social media),Open Diary (blogging) and other microblogs such as Twitter and Jaiku, among others. This list is not inclusive and shall mean all Social Media available now and created in the future;

"Soft-Opening Support Package" means upon Franchisee request, and Franchisor Approval, Franchisor will provide five (5) days of assistance at the Franchisee's location for Soft Opening for a fee of Two Thousand Dollars ($2,000.00). Further description and requirements can be found in the terms contained in Section 8.11;

"System" means the Marks, the trade dress, uniform standards, methods, procedures and specifications developed by Franchisor and as may be added to, changed, modified, withdrawn or otherwise revised by Franchisor for the operation of Teapioca Businesses. The Teapioca Lounge® System is for the operation of a unique business dealing in boba, bubble tea and dessert drink confections. The Teapioca system includes among other things, confidential operating procedures, a management program, and accounting procedures;

"Technology & Intranet Fee (Technology")" means the weekly contribution, beginning the week after signing this Agreement, by Franchisee in the amount stated on the Summary Page of this Agreement and in Software Fee above, to pay for the Site Development and Technology used in connection with the Franchised Business, and subject to change with thirty (30) days' notice, or this Fee can be deferred until the date the Franchised Business opens to the public, by extending the Franchise Agreement Term to be ten (10) years from that day, further discussed in Sections 3.7 and 5.4;

"Technology Setup Fee" means the initial setup costs as state on the Summary Page of this Agreement, to ensure Franchisee's Initial Store Layout Development plan after the lease is executed and Technology is ready upon the Opening of the Franchised Business, as further discussed in Sections 3.7 and 5.4;

"Temporary Management Fee" means the fee paid, as published in the Manual(s), currently, two percent (2%) of the Gross Sales daily, plus Five Hundred Dollars ($500.00) for Franchisor to assume operation of the Franchised Business until the deceased or incapacitated Franchisee owner's interest is transferred to a third-party approved by Franchisor, for up to a maximum of sixty (60) days. This fee is charged during the time Franchisor is operating the Franchised Business plus reimbursement of any

expenses incurred that are not paid out of the operating cash flow of the Franchised Business; further discussed in Section 8.8;

"Termination Date" also known as Date of Termination, means the date when the Franchisee no longer has time to cure any Defaults under this Agreement, pursuant to Article 16;

"Territory" has the meaning given to such term in Section 2.5, as well as Exhibit 11;

"Trade Secrets" means information in any form (including, but not limited to, technical or non-technical data, Know-How, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, product plans, passwords, lists of actual or potential customers or suppliers) related to or used in Teapioca Businesses that is not commonly known by or available to the public and that information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertained by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy;

"Traditional Location" describes a location that meets the criteria of an approved Teapioca Business, which includes size, demographics, and psychographics, as further described in the Manual;

"Training Timelines" means Franchisor shall provide, and Franchisee and their Manager must successful complete in conjunction with beginning operation of the Franchised Business, four levels of training, a Pre-Training; the Initial Training; the Soft Opening Training which shall be completed prior to opening to the general public; and the Grand Opening Program, which includes a total of three to five (3-5) day(s) of training at the Franchised Business through Grand Opening. Additional trainees or a returning / retraining trainee will be charged Five Hundred Dollars ($500.00) per day, or Ten Thousand Five Hundred Dollars ($10,500.00) for the full twenty-one (21) calendar day(s) of training. The following amount of training will occur during each phase of the Onboarding and Opening periods:

Training Level	Amount of Training
Pre-Training Courses	Fifty-nine (59) hours of Business Establishment training, and thirty-three (33) hours of Site Selection and Real Estate training.
Initial Training Program	Twenty-one (21) calendar day(s) of classroom training and on-the-job initial training program
Pre-Soft Opening Assistance	One to two (1-2) 8-hour day(s) prior to the Soft Opening
Soft Opening	One (1) 8-hour day of operation to the public for Soft Opening assistance
Grand Opening	One to two (1-2) 8-hour business day(s) of Franchisor's presence associated with Franchisee's Grand Opening

"Transfer" means changing owner, or ownership of an interest in the Franchise, the Ongoing Franchise Agreement, the Approved Location, the Franchised Business' assets or the Franchisee entity;

"Transfer Fee" means paying the Franchisor Ten Thousand Dollars ($10,000.00) for transferring Franchisees Franchised Business to another individual or entity, or a lesser amount if Transferee is already a Franchisee of the System, as stated in the Manual(s). The Transfer fee is due when submitting the Notice of Selling, which is when Franchisee places the Franchised Business up for sale. This fee is not refundable Further described in Section 18.2;

“Transfer Training Fee” means the fee due of Fifteen Thousand Dollars ($15,000.00), for up to two (2) people, additional attendees billed at Five Hundred Dollars ($500.00) each per day, which will be due upon signing of the new Franchise Agreement with Transferee. If the previously certified Manager is retained during the sale, then Franchisee shall pay Ten Thousand Dollars ($10,000.00) for training. Additional details in Section 18.2;

"Transferee" means the individual or entity third-party buyer, who purchases this Franchise Agreement if the Franchisee chooses to sell;

“Vendor and Product Approval Requirements” means if Franchisee desires to have an additional vendor or product to be approved, Franchisee must along with the submission of suggested suppliers’ information, submit to Franchisor a One Hundred Fifty Dollars ($150.00) fee, in addition to any costs incurred for product or against Franchisor, for Franchisor to begin the process of reviewing the suggested supplier. Franchisee or supplier shall bear all expenses incurred by Franchisor in connection with test marketing the product to determine whether Franchisor shall approve an item, service or supplier. Franchisee shall test market the vendor and/or product prior to final approval. Test marketing shall consist of a minimum of ninety (90) days and a maximum of ninety (90) days and must be tested at the Franchisee’s location as well as the corporate store. Franchisor will decide, in its sole discretion, within one hundred and twenty (120) days after receiving the required information, as stated in Section 13.1, whether Franchisor temporarily approves the supplier. If Franchisor does not submit approval in writing to the Franchisee within one hundred and twenty (120) days, the proposed item, service, or supplier is deemed denied. Franchisor may refund any supplier fees, at its sole discretion, if the supplier is approved for use in the Franchised Business. Franchisor may revoke its approval of any item, service or supplier at any time by notifying Franchisee and/or the supplier. Franchisee shall, at its own expense, promptly cease using, selling or providing any items or services disapproved by Franchisor and shall promptly cease purchasing from suppliers disapproved by Franchisor within thirty (30) days. Additional terms are contained in “Prospective Supplier Evaluation” above, and in Section 13.1.

ARTICLE 2 - GRANT OF EXCLUSIVE FRANCHISE

Section 2.1 Grant of Franchise

Franchisor hereby grants to Franchisee, and Franchisee undertakes and accepts, upon the terms and conditions herein contained, a revocable, limited license to operate one Teapioca Business using the System and Marks.

Section 2.2 Location of Your Teapioca Franchise

Subject to all of the terms and conditions herein, Franchisor grants to Franchisee the Exclusive right and license to operate a Franchised Business using the System and the Marks solely within the Territory described in Section 2.5 (the "Location"), which Location must be pre-approved by Franchisor according to its then-current criteria, and Franchisee hereby accepts such right and license subject to such terms and conditions and undertakes to operate the Franchised Business and to use the System and Marks solely in connection therewith. The rights and license herein granted are sometimes referred to in this Agreement as the "Franchise" or the "Franchised Business."

Section 2.3 Approved Location Not Determined

Prior to signing this Franchise Agreement Franchisee will have executed the Site Selection and Real Estate Training Agreement. Site selection is determined after the signing of this Agreement. Franchisor provides Franchisee with Site Selection and Real Estate Services at no additional cost through Franchisor's Approved Vendor. If Franchisee chooses not to make use of this service, Franchisee will bear the costs associated with Franchisor obtaining the necessary Site Selection analytics including demographics, psychographics, and other information from Franchisor's Approved CCIM Vendor. These costs can vary widely, are dependent on a number of factors, and typically range from Three Thousand Dollars to Ten Thousand Dollars ($3,000.00 to $10,000.00). Franchisor does not recommend Franchisee use any other Real Estate service than Franchisor's Approved Vendor. Franchisee will sign its lease only after Franchisor approval. However, If the Approved Location of the Franchised Business is not determined as of the Effective Date, then Franchisee shall have up to ninety (90) days to propose a location to Franchisor for approval. If Franchisor does not deny Franchisee's proposed location within ninety (90) business days, the location shall be deemed approved. If Franchisee receives a denial from Franchisor, Franchisee must submit a new location until approved. When the Approved Location is determined, its description shall be inserted into Section 2.5. Subject to other provisions of the Agreement, the failure to insert such description shall not automatically affect the enforceability of this Agreement.

Section 2.4 Sub-franchising/ Agents

Franchisee shall not sublicense the use of the System or Marks to any person or entity to perform any part of Franchisee's rights or obligations licensed herein, or to grant any person or entity the right to act as Franchisee's agent to perform any part of Franchisee's rights or obligations herein.

Section 2.5 The Exclusive Territory

So long as this Agreement is in force and effect and Franchisee is not in default under any of the terms hereof, subject to Franchisor's reservation of rights set forth in Section 2.6, Franchisor shall grant to Franchisee a Territory. After the Territory and location (aka "the Premises") are approved, Franchisor will describe the Territory in Exhibit 11.

Franchisee is restricted from directly soliciting or advertising outside of Franchisee's Territory, including Franchisee may not advertise on the Internet without Our prior written consent.

Section 2.6 Franchisor's Reservation of Rights

Except to the extent provided in Section 2.2, Franchisor retains all of its rights and control with respect to the System and Marks, including the right to:

i. Establish, own or operate, or continue to own or operate, and license others to establish, own or operate, or continue to own or operate, Teapioca Businesses outside of the protected Territory;

ii. Establish, own or operate, and license others to establish, own or operate, or continue to own or operate, other businesses under other systems using other trademarks at locations inside and outside of the Territory;

iii. Purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as Franchisor or licensor with respect to such Franchisees

or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such Franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

a. Offer to sell any such businesses to Franchisee or to any third-party at the business's fair market value to be operated as a Teapioca Business; or

b. Offer Franchisee the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

iv. Be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses Competitive Businesses within the Territory;

v. Sell any products authorized for Teapioca Businesses using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, Internet sales and catalog sales; provided, however, that no such sales shall be made to any Competitive Business within the Territory;

vi. Establish, own, or operate, and license other to establish, own and operate, or continue to own or operate, Teapioca Business in Non-Traditional locations whether inside or outside the Franchisee's Territory; and

vii. Engage in any activities not expressly forbidden by this Agreement.

Section 2.7 Diligence and Best Efforts

Franchisee shall in Good Faith diligently and fully exploit the rights in this Agreement by personally devoting best efforts, and in the case more than one individual has executed this Agreement as Franchisee, the individual so designated in this Agreement shall personally devote his or her best efforts towards the operation of the Franchised Business, or provide for full time management, trained and approved by the Franchisor, to manage the Franchised Business. The continued right of Franchisee's Territory does depend on Franchisee's Minimum Gross Sales as stated on the Summary Page of this Agreement.

Section 2.8 Key Accounts

Franchisee must participate in Key Accounts that contemplate performance in Franchisee Territory of sales or parties, or other services or products, unless Franchisee opts out in writing. Key Accounts means any (a) potential or existing commercial customer that has multiple sites, offices, or retail premises, at least one of which is located outside Franchisee's Territory, (b) any retail, manufacturing or wholesale company, contractor, or similar business whose clientele or employees includes potential customers for regular services or products or team building exercises, and (c) operators of web sites (or similar referral sources) that offer to refer customers to Franchisor and Franchisor's Franchisees for a fee. If Franchisee opts-out, as stated in the Manual(s), Franchisee will receive no compensation even if the Key Account is located in Franchisee's Territory.

ARTICLE 3 - FEES

All dollar amounts or percentage amounts stated, or used in the Franchise Agreement and any Addenda may, in our sole discretion, be adjusted as of January 1st of each year in proportion to the changes in the CPI (Consumer Price Index) (U.S Average, all items) maintained by U.S Department of Labor (or such equivalent index as may be adopted in the future) between January 1st of the previous year and January of the then-current year (the "Index"). Each adjustment will be made effective as of January 1st based on the January Index, but the 1st adjustment will not be made until the 2nd January following the Agreement Date (i.e., for an Agreement Date of July 1, 2024, the 1st adjustment would be effective as of January 1, 2026). Our failure to adjust any dollar amounts or percentages due to changes in the Index at any time does not constitute a waiver of our right to make future adjustments. However, we will not impose such adjustments retroactively.

Section 3.1 Initial Fees

Franchisee must have previously paid Franchisor the Site Selection and Real Estate Training Agreement Fee and the Business Establishment Agreement Fee, as set forth in Article 1, to secure Franchisees chosen Territory, which includes the Training and use of the Confidential Information to be eligible to be granted a Single Unit Franchise. The Initial Franchise Fee under this Agreement is Zero Dollars ($0.00).

Section 3.2 Weekly Royalty Fees

For the limited right to use Franchisor's tradename and/or items listed on Exhibit 6 attached hereto, Franchisee shall, pay the Royalty Fees as stated in Article 1, for so long as this Agreement shall be in effect. The Royalties shall be based on the Gross Sales Report, as required by Section 12.3, for the same period. Franchisor currently requires Franchisee to pay Royalty Fees through ACH transfer from Electronic Depository Transfer Account, as set forth in Section 3.5, however, if Franchisee uses an Approved Vendor for billing and collection, Franchisor may collect Royalty Fees directly from the Approved Vendor. Franchisor reserves the right to increase the Royalty Fees based upon the terms and conditions contained in Articles 1 and 3 of this Agreement.

Section 3.3 Business Branding Fund Contribution

Franchisee shall be required to contribute their Business Branding Fund Contribution Weekly to the Business Branding Fund on Wednesday of each Week for so long as this Agreement shall be in effect. Each Week Business Branding Fund Contribution shall be based on the Gross Sales Report, as required by Section 12.2. Franchisor may adjust the Business Branding Fund Contribution amount from time to time, in its sole discretion, but any total adjustment shall not exceed a raise of more than One percent (1%) yearly over the term of this Agreement. Franchisor shall notify Franchisee at least thirty (30) days before implementing or changing the Business Branding Fund Contribution requirements. The Business Branding Fund shall be maintained and administered by Franchisor or its designee in accordance with the provisions contained in Section 11.3.

Section 3.4 Local Advertising Contributions

Franchisee shall be required to contribute to their Local Advertising pursuant to the amount and terms contained on the Summary Page, and further discussed in Section 11.1.

Section 3.5 Taxes

Franchisee shall pay to Franchisor an amount equal to all sales taxes, use taxes and similar taxes imposed on the fees payable by Franchisee to Franchisor herein and on services or goods furnished to

Franchisee by Franchisor at the same time as Franchisee remits such fees to Franchisor, if any taxing authority imposes such taxes on Franchisor, whether such services or goods are furnished by sale, lease or otherwise, unless the tax is an income tax assessed on Franchisor for doing business in the state where the Franchised Business is located.

Franchisee will promptly pay, when due, all taxes required by any federal, state or local tax authority including unemployment taxes, withholding taxes, sales taxes, use taxes, income taxes, tangible commercial personal property taxes, real estate taxes, intangible taxes and all other indebtedness incurred in the conduct of Franchisee's Teapioca Business. Franchisee agrees it will not permit a tax sale or seizure by levy or execution or similar writ or warrant or attachment by a creditor to occur against the location or any asset used in Franchisee's Teapioca Business.

Section 3.6 Electronic Transfer

Franchisor has sole discretion to determine and change the method by which Franchisee pays to Franchisor any and all amounts due to Franchisor under this Agreement. Currently, Franchisor requires all Royalty Fees, Business Branding Funds, and other amounts due from Franchisee to Franchisor to be paid either (a) through an Electronic Depository Transfer Account or (b) by Franchisee electronically transferring to Franchisor any funds due Franchisor. Within thirty (30) days after successfully completing training, but no later than fifteen (15) days prior to opening the Franchised Business, Franchisee shall open and maintain an Electronic Depository Transfer Account ("ACH") and shall provide Franchisor with continuous access to such account for the purpose of receiving any payments due to Franchisor, by signing and returning the ACH Withdrawal Form attached as Exhibit 8. Franchisee will give its financial institution instructions, in a form Franchisor provides or approves, and will obtain the financial institutions agreement to follow these instructions. Franchisee will provide Franchisor with copies of these instructions and agreements. The financial institution's agreement may not be withdrawn or modified without Franchisor's written approval, which approval is within Franchisor's sole discretion. Franchisee will also sign all other forms for fund transfers as Franchisor or the financial institution may request.

Franchisor may require Franchisee's financial institution to send a monthly statement of all activity in the designated account to Franchisor at the same time it sends statements to the Franchisee. Franchisor may further require Franchisee's financial institution to send any other reports of activity in the Franchisee's Operating Account to Franchisor as Franchisor reasonably determines and requests. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account.

If Franchisee maintains any other bank accounts for the Franchised Business, Franchisee must identify these accounts to Franchisor and provide Franchisor with copies of the monthly statements for all of these accounts and the details of all deposits and withdrawals to those accounts along with access to those accounts as set forth in the above paragraphs.

Every week, Franchisee shall make timely deposits to the account sufficient to cover amounts owed to Franchisor prior to the date such amounts are due. Franchisee shall execute any documents Franchisor's or Franchisee's bank requires to establish and implement the Electronic Depository Transfer Account. Once established, Franchisee shall not close the Electronic Depository Transfer Account without Franchisor's written consent and the establishment of a replacement Electronic Depository Transfer Account.

Section 3.7 Technology Fees

Franchisee shall pay a Technology & Intranet Fee (hereafter "Technology Fees"). On the Wednesday of each Week, beginning the first week after singing the Agreement, for so long as this

Agreement shall be in effect, Franchisee shall pay to Franchisor through deductions from Gross Sales without offset, credit or deduction of any nature, the Weekly Technology Fee as well as any initial setup fees, as stated in Article 1, to implement the applicable Technology services. Franchisee may prepay this Fee monthly prior to opening the Franchised Business to the public.

In addition, Franchisor requires Franchisee to purchase through the approved supplier stated in the Manual(s), the approved point of sale system ("POS"). Franchisee will be responsible for any ongoing upgrades or updates to the POS, ongoing maintenance packages, and computer and software packages after installation.

Franchisee shall: (1) use proprietary software programs, as may be developed and prescribed by Franchisor, including system documentation manuals and other proprietary materials now and hereafter developed by Franchisor, in connection with the operation of the Business; (2) execute Franchisor's standard software license agreement, if necessary; (3) input and maintain in Franchisee's computer such data and information as Franchisor prescribes in the Manuals, software programs, documentation or otherwise; and (4) purchase new, different or upgraded software programs, system documentation manuals and other proprietary materials at then-current prices (except as provided in this Section), whenever Franchisor adopts such new, different or upgraded programs, manuals and materials system-wide; provided that, with respect to any required purchase of new, different or upgraded software programs (i) Franchisee shall be required to purchase any such program only after it has been tested and implemented in Franchisor-owned Businesses, if any such Businesses then exist, and (ii) Franchisee shall be notified of the required purchase in advance, as stated in the Manual(s) before Franchisee is required to implement the program.

Franchisor has the right to independently access all information collected or compiled by or in accordance with Franchisee's use of any of the software packages at any time without first notifying Franchisee. Franchisee must update or upgrade any and all hardware and software as Franchisor deems necessary.

Franchisor requires that Franchisee have a business telephone, telephone line, and phone service. Franchisee shall pay third-party providers for phone service and systems.

Section 3.8 Late Fees and Insufficient Funds Fee

Although each failure to pay monies when due is an Event of Default, to encourage prompt payment and to cover the costs involved in processing late payments or where Franchisee's bank account has insufficient funds, if any payment under this Agreement or any other agreement between Franchisor or its Affiliates and Franchisee for the Franchised Business is overdue for any reason or if Franchisee's bank account has insufficient funds to cover any payment due, Franchisee must pay to Franchisor, in addition to the original amount due, a late fee pursuant to Article 1, or the maximum amount as permitted by State law, per incident plus eighteen percent (18%) interest compounded per day until the amount due is paid in full. If any fee owed by Franchisee is overdue by more than six (6) calendar days after notice has been sent by Franchisor, Franchisor may immediately terminate this Agreement.

Franchisee shall pay Franchisor for all costs incurred by Franchisor in the collection of any unpaid and past due Royalty Fees, Business Branding Funds or any other amounts due Franchisor, including reasonable accounting and collection fees. This Section shall not constitute an agreement by Franchisor to accept any payments after the due date or a commitment by Franchisor to extend credit to or otherwise finance Franchisee.

Section 3.9 Application of Payments

No payment by Franchisee or acceptance by Franchisor of any monies under this Agreement for a lesser amount than due shall be treated as anything other than a partial payment on account. Any endorsement, statement or communication by Franchisee to the effect that Franchisee's payment of a lesser amount than due constitutes full payment shall be given no effect and Franchisor may accept the partial payment without prejudice to any rights or remedies it may have against Franchisee. Franchisor's acceptance of payments by Franchisee other than as set forth in this Agreement shall not constitute a waiver of Franchisor's right to demand payment in accordance with the requirements of this Agreement. Notwithstanding any designation by Franchisee, Franchisor shall have the right to apply any payments by Franchisee to any past due indebtedness of Franchisee for Royalty Fees, Business Branding Funds, purchases from Franchisor or its Affiliates, or any other amount owed to Franchisor in any proportion or priority. Franchisor's acceptance of payment from any entity other than the named Franchisee shall be deemed to be payment by the named Franchisee and shall not be deemed to be recognition or substitution of the paying entity for the named Franchisee.

Section 3.10 No Withholding

Franchisee agrees that under no circumstances will Franchisee withhold or suspend payment of, or reduce the amount of the Royalty Fee, Business Branding Funds or purchases payable under this Agreement. Notwithstanding the foregoing, if Franchisee disputes in Good Faith the amount of an individual payment due under this Agreement, Franchisee may pay only the amount Franchisee believes is due, provided that prompt notice to the Franchisor is giving stating the reason(s) Franchisee disputes the amount of the payment and proceeds to make Good Faith efforts to resolve the dispute.

ARTICLE 4 - TERM OF AGREEMENT AND RENEWAL

Section 4.1 Initial Term

This Agreement shall take effect as of the date of the execution hereof (the "Effective Date"), and the initial term ("Initial Term") hereof shall extend until the earlier of (1) the date that is precisely ten (10) years from the Effective Date, or (2) the date on which this Agreement terminates pursuant to Section 16 hereof, or (3) the expiration of Franchisee's lease at the Location.

Section 4.2 Renewal

Subject to the conditions below, Franchisee has the right to obtain a successor franchise at the expiration of the term of this Agreement by entering into a new then-current Ongoing Franchise Agreement with Franchisor and paying the Renewal Fee as stated on the Summary Page and in Article 1. Franchisee's right to a successor franchise is limited to one (1) successive term. To qualify for a successor franchise, all the timelines contained in Article 1 definition for Renewal Fee shall have been met along with each of the following conditions must have been fulfilled and remain true as of the last day of the term of this Agreement:

i. Franchisee shall give Franchisor written notice of such election to renew based upon the timeline in Renewal definition stated in Article 1, prior to the end of the Initial Term;

ii. Franchisee shall schedule to attend a refresher training and certification course with Franchisor at Franchisor's next available training;

iii. Franchisor shall have the right to inspect the Location and give notice of all required maintenance, refurbishing, renovating, and remodeling and Franchisee shall agree to complete at its expense and to Franchisor's satisfaction, all maintenance, refurbishing, renovating, and remodeling required by Franchisor's notice by the stated due date, pursuant to Article 1;

iv. Franchisee shall not be in material default of any provision of this Agreement, or any amendment hereof, or any Agreement Franchisee has with Franchisor, and shall at all times have substantially complied with all the terms and conditions of this Agreement during the term hereof or fully cured all Noticed Default(s);

v. Franchisee shall have satisfied all monetary obligations owed by Franchisee to Franchisor and its subsidiaries and affiliates and shall have timely met such obligations throughout the Initial Term;

vi. Franchisee shall execute the then-current form of the Ongoing Franchise Agreement being used by Franchisor, which may have terms that are materially different than the terms of this Franchise Agreement;

vii. Franchisee shall comply with Franchisor's then-current criteria for operation of a Franchised Business;

viii. Franchisee shall submit themselves and any Manager(s) to drug tests and background checks, and submit the results to Franchisor for recordkeeping prior to the natural end of the Initial Term;

ix. Both parties shall execute a General Release of all claims, in a form like Exhibit 1 attached hereto, against each other which accrued or may have accrued during the Term, whether or not such claim had yet been discovered by the parties;

x. Franchisee shall present evidence satisfactory to Franchisor that it has the right to remain in possession of the Location, has valid Licenses, or certifications as applicable, passed new Background Checks, as required, or another suitable location or licensure needs approved by Franchisor according to its then-current criteria for the duration of the Option Term; and

xi. Franchisee shall submit written documentation establishing that all certifications required during the Initial Term are in good standing and shall remain in good standing for the duration of the Option Term.

The Initial Term and any Option Term collectively may be referred to herein as the "Term" of this Agreement.

Section 4.3 Interim Period

If Franchisee does not sign a Successor Ongoing Franchise Agreement prior to the expiration of this Ongoing Franchise Agreement and continue to accept the benefits of this Ongoing Franchise Agreement after the expiration of this Ongoing Franchise Agreement, then at Franchisor’s option, this Ongoing Franchise Agreement may be treated either as (i) expired as of the date of expiration with Franchisee then operating without a franchise to do so and in violation of Franchisor rights, in which case an injunction (temporary and permanent) and Franchisor’s step-in rights to take over the location and

Territory, shall be deemed justified and agreed to in advance; or (ii) continued on a month-to-month basis ("Interim Period") until one party provides the other with written notice of such party's intent to terminate the Interim Period, in which case the Interim Period will terminate 30 days after receipt of the notice to terminate the Interim Period. In the latter case, all Franchisee's obligations shall remain in full force and effect during the Interim Period as if this Ongoing Franchise Agreement had not expired, and all obligations and restrictions imposed on Franchisee upon expiration of this Ongoing Franchise Agreement, as shown in Articles 16 and 17, shall be deemed to take effect upon termination of the Interim Period.

ARTICLE 5 - APPROVED LOCATION

Section 5.1 Selection of Site

Franchisee, with the assistance of the assigned CCIM, shall promptly select three (3) sites for the Franchised Business and shall notify Franchisor of such selections by submitting Franchisor's Site Selection and Real Estate Training form with all supporting data and attachments pursuant to Section 5.3 below. Franchisee will then choose which of the approved sites they want as the Franchised Business Location and proceed with the LOI (Letter of Intent) phase with the landlord. Once the landlord has approved the LOI, Franchisee will notify Franchisor, and the site shall be designated as the Approved Location on Exhibit 11. If Franchisor does not approve of such selections, Franchisee shall select and notify Franchisor of new sites until Franchisor approves a site for the Franchised Business. Franchisor shall provide Franchisee with general guidelines to assist Franchisee in selecting a site suitable for the Approved Location. Franchisor has the right to approve or disapprove a proposed location based on such factors as it deems appropriate, including, without limitation: the condition of the premises; demographics of the surrounding area; proximity to other Teapioca Businesses and competitors; lease requirements; proximity to other Teapioca Lounge Business and competitors; lease requirements; proximity to at least 1 mall, movie theater, office park, sports complex, college/university, or similar business destination that attracts large amounts of potential customers on a regular basis; and overall suitability. Franchisor shall notify Franchisee of its approval or disapproval of a proposed site within thirty (30) calendar days after Franchisor receives all requested information from Franchisee. If the Franchisor fails to respond in writing to the Selection of Site request within thirty (30) calendar days, the site is deemed approved.

Franchisor does not represent that it, or any of its Affiliates, owners or employees, have special expertise in selecting sites. Neither Franchisor's assistance nor its approval is intended to indicate or indicates that the Franchised Business will be profitable or successful at the Approved Location. Franchisee is solely responsible for identifying the Approved Location and assumes all risks with respect to the selection of the Approved Location.

Franchisee shall have the option to hire the Commercial Broker for additional services, specifically for negotiation and other services for the commercial lease or commercial purchase as offered by the CCIM.

Section 5.2 Failure to Select a Site

Franchisee will continue selecting sites until the Franchisor has approved the site to be the Approved Location for Franchisee or until Franchisor selects a site on behalf of Franchisee. Failure to find a site within ninety (90) calendar days will result in termination of Your Franchise Agreement.

Section 5.3 Lease of Approved Location / Vehicle

After the designation of the Approved Location (and if the site is to be leased or purchased), Franchisee shall execute a lease for, or a binding agreement to purchase, the Approved Location, the terms

of which must have been previously approved by Franchisor in writing. Franchisor shall not unreasonably withhold its approval.

Franchisor will coordinate with Franchisee and our then-current approved Commercial Broker, CCIM / Vendor to assist Franchisee in locating an appropriate location for Franchisee's business within the Territory. After the CCIM and Franchisee locate the best one to three (1-3) locations, Franchisor shall have final approval, prior to the location being designated as the Approved Location.

Franchisor's review of a lease or purchase agreement, or any advice or recommendation offered by Franchisor, shall not constitute a representation or guarantee that Franchisee will succeed at the Approved Location nor constitute an expression of Franchisor's opinion regarding the terms of such lease or purchase agreement.

Franchisor shall be entitled to require that nothing therein contained is contradictory to, or likely to interfere with, Franchisor's rights or Franchisee's duties under this Agreement. Franchisee shall take all actions necessary to keep the lease, if any, of the Approved Location in full force while this Agreement is in effect. Any default for which the lease may be terminated shall also be deemed a default of this Agreement and the time to cure the same shall expire when the lease is terminated. Franchisor has the right to require that the lease for the Approved Location be collaterally assigned by Franchisee to Franchisor, pursuant to the terms of its standard collateral assignment of lease form, to secure performance by Franchisee of its obligation under this Agreement. Franchisor's approval of a lease shall be conditioned upon Franchisee's and the Landlord's execution of the Lease Addendum attached as Exhibit 12.

Section 5.4 Development of Approved Location

Franchisor shall make available to Franchisee, at no charge to Franchisee, copies of standard plans, an Initial Store Layout Development, but not blueprints, for the development of a Teapioca Franchised Business once an executed lease is obtained. Franchisor will provide a site specific floor plan which will reduce the amount of time for Franchisee's architect to develop the site plan. The Initial Store Layout does not include Architecture, Structural, Mechanical, Electrical, Plumbing, as this is part of the work of the architect. It also does not include the lighting, sound or furniture plans. This is part of the work of the Interior Designer.

Such standard plans and specifications as well as Franchisee's particular plans and specifications are subject to alteration as Franchisor deems necessary, or as Franchisee's local or state law requires. Franchisee shall cause the Approved Location to be developed, equipped and improved in accordance with such plans by the date listed on the Summary Page, under Open For Business Deadline Date. In connection with the development of the Approved Location, Franchisee shall:

i. employ an approved competent licensed architect or engineer, as required;

ii. obtain all zoning classifications and clearances which may be required by state and local laws, ordinances or regulations;

iii. obtain all building, utility, sign, health, and business permits and licenses, and any other permits and licenses required for the build-out and operation of the Franchised Business and certify in writing and provide evidence to Franchisor that all such permits and certifications have been obtained;

iv. employ a qualified, licensed general contractor to complete construction of all required improvements to the Approved Location;

v. purchase any supplies or inventory, necessary for the operation of the Franchised Business;

vi. purchase and install all equipment, signs, furniture and fixtures, including any computer equipment and Point of Sale systems, required for the operation of the Franchised Business from Approved Suppliers;

vii. install indoor and outdoor signage in compliance with Franchisor's then current specifications;

viii. provide a monthly written report to Franchisor, on Franchisor's prescribed form, describing the activities begun, completed and, if not completed, the percentage completed in connection with the development of the Approved Location; and

ix. establish a persistent broadband with a minimum download speed of 756 kbps and a minimum upload speed of 756 kbps with static Internet protocol address or a persistent high-speed Internet access with a minimum download speed of 756 kbps and a minimum upload speed of 756 kbps and obtain at least two (2) telephone numbers and one (1) facsimile number solely dedicated to the Franchised Business.

The limited scope of the Initial Store Layout Development includes up to forty (40) hours maximum, which includes up to thirty (30) hours of initial store layout development and deliver to Franchisee's architect, up to five (5) hours of internal reviews and communication to integrate the initial floor plan with the official site plan, including revisions to the initial store layout up to a maximum of three (3) meetings with architect, and up to five (5) hours for the procurement list with links to various vendors, enabling pre-inquiries into cost estimations, and support to Franchisee's in buildout budget comprehension. The Site Layout Development is considered complete when the Site Plan drawing is submitted to the city and approved. Any additional needs beyond those listed above will be billable to Franchisee at the rates stated in the Manual(s) for additional assistance.

If Franchisee is unable to commence the operation of the Franchised Business due to circumstances beyond Franchisee's reasonable control, then Franchisee may be entitled to such additional time as may be reasonably required and as to which Franchisor may consent, provided such request for extension is provided to Franchisor in writing at least thirty (30) days before the planned opening date.

Section 5.5 Failure to Develop Approved Location

Should Franchisee fail to develop the Approved Location for the Franchised Business by the Open for Business Deadline Date listed on the Summary Page, subject to Section 5.4 above, Franchisor has the right to terminate this Agreement with no refund to Franchisee of any amounts.

Section 5.6 Opening

Before opening the Franchised Business and commencing business, Franchisee must:

i. fulfill all of its obligations pursuant to the other provisions of this Section 5.6;

ii. furnish Franchisor with copies of all insurance policies required by this Agreement and by the lease (if the Approved Location is leased), or such other evidence of insurance coverage and payment of premiums as Franchisor may request;

iii. complete Initial Training to the satisfaction of Franchisor;

iv. hire and train the personnel necessary or required for the operation of the Franchised Business;

v. obtain all necessary permits and licenses;

vi. purchase all Opening Inventory and Equipment Package and additional inventory not purchased pursuant to Section 5.4, as stated in Section 8.2;

vii. if Franchisee is a business entity, Franchisee has caused each of its stock certificates or other ownership interest certificates to be conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that such ownership interest is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement, and has provided a copy of all ownership certificates to Franchisor; and

viii. pay in full all amounts due to Franchisor, or execute the Promissory Note if applicable, for any amounts due Franchisor.

Franchisee shall comply with these conditions and be prepared to continuously operate the Franchised Business by the Open for Business Deadline Date listed on the Summary Page. Time is of the essence.

Section 5.7 Use of Approved Location

Franchisee shall not use the Approved Location for any purpose other than for the operation of a Teapioca Franchised Business in full compliance with this Agreement and the Manual(s).

Franchisor may use Franchisee location as a training facility upon notice. If Franchisor elects to use the Franchised Business for training, Franchisor shall provide to Franchisee, in lieu of payment, which shall be considered payment in full, for use of the facilities: 1) the ability for Franchisee to enroll Franchisee's employees or 2) contractors into the training class being taught by Franchisor at Franchisee's location. There is no limit on the number of times during this Agreement that Franchisor may use the Franchised Business.

Section 5.8 Relocation

Franchisee shall not relocate the Franchised Business without the prior written consent of Franchisor. If the lease for the Approved Location expires or terminates through no fault of Franchisee, or if the Franchised Business's premises is destroyed, condemned or otherwise rendered unusable or as otherwise may be agreed upon in writing by Franchisor and Franchisee, Franchisor may allow Franchisee to relocate the Franchised Business. Any such relocation shall be at Franchisee's sole expense and shall proceed in accordance with the requirements set forth in Sections 5.1 through 5.6 with the timeframes set forth therein, modified in the sole discretion of the Franchisor, to reflect the new circumstances. Franchisor charges a Relocation Fee as stated in Article 1, or as listed in the Manual(s), and has the right to charge Franchisee for any costs incurred by Franchisor in providing relocation assistance to Franchisee, including,

but not limited to, legal and accounting fees. Notwithstanding the foregoing, Franchisor has no obligation to provide relocation assistance. If no relocation site meets with Franchisor's approval, this Agreement shall revert to the Franchisor, as provided in Section 16.4.

ARTICLE 6 - PROPRIETARY MARKS

Section 6.1 Ownership

Franchisee's right to use the Marks is derived solely from this Agreement, is nonexclusive and is limited to the conduct of business by Franchisee pursuant to, and in compliance with, this Agreement and all applicable standards, specifications and operating procedures prescribed from time to time by Franchisor including those set forth in the Manual. Franchisee's continued right to use proprietary Marks is contingent upon Franchisee's payment of Royalties when due. Any unauthorized use of the Marks by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Marks and shall render this Agreement Terminated immediately. Franchisee's use of the Marks, and any goodwill created thereby, shall inure to the benefit of Franchisor. Franchisee shall not at any time acquire an ownership interest in the Marks by virtue of any use it may make of the Marks. This Agreement does not confer any goodwill, title or interest in the Marks to Franchisee. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership of any of the Marks or assist any other person in contesting the validity or ownership of any of the Marks.

Section 6.2 Limitations on Use

Franchisee must use the Marks as the sole trade identification of the Franchised Business, and in accordance with Exhibit 6, attached hereto. Franchisee shall not use any Mark or portion of any Mark as part of any business entity name. Franchisee shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business, for example, Jane Doe d/b/a "Teapioca Lounge of Tampa". Franchisee shall not use any Mark in connection with the sale of any unauthorized product or service or in any other manner not expressly authorized in writing by Franchisor. Franchisee shall give advanced written notice to Franchisor before filing applications for trademark and/or service mark registrations. Franchisee shall obtain such fictitious or assumed name registrations as may be required under applicable law to do business as a Franchised Business. Franchisee shall not register or seek to register as a trademark or service mark, either with the United States Patent and Trademark Office or any state or foreign country, any of the Marks or a trademark or service mark that is confusingly similar to any Mark licensed to Franchisee. Franchisee shall include on its letterhead, forms, cards and other such identification, and shall display at the Approved Location, a prominent notice stating that the Franchised Business is an "Independently Owned and Operated Teapioca Lounge" Franchised Business.

Franchisor has the sole right to maintain Social Media sites and/or applications including, but not limited to: Twitter, Facebook, LinkedIn and other sites or applications that Franchisor may establish. Franchisor does not allow Franchisee to establish or utilize Social Media sites or applications for business purposes. Franchisee and Franchisee's employees do not have the right to utilize the Marks on any Social Media sites and/or applications, even if made from a personal Social Media account. Further, any representations from Franchisee or Franchisee's employees regarding Franchisee's profits or earnings made on any Social Media site or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement.

Section 6.3 Notification of Infringements and Claims

Franchisee shall immediately notify Franchisor of any infringement of the Marks or challenge to its use of any of the Marks or claim by any person of any rights in any of the Marks. Franchisee shall not communicate with any person other than Franchisor and Franchisor's counsel in connection with any such infringement, challenge or claim; provided, however, Franchisee may communicate with Franchisee's counsel at Franchisee's expense. Franchisor has the right to take such action as it deems appropriate and the right to exclusively control any settlement, litigation or other proceeding arising out of any infringement, challenge, or claim or otherwise relating to any of the Marks. Franchisee shall execute any and all instruments and documents, render such assistance, and do such acts and things as may, in the opinion of Franchisor's counsel, be necessary or advisable to protect and maintain Franchisor's interests in any such litigation or other proceeding or to otherwise protect and maintain Franchisor's interest in the Marks.

Section 6.4 Indemnification for Use of Marks

Franchisor shall reimburse Franchisee for all expenses reasonably incurred by Franchisee in any trademark or similar proceeding disputing Franchisee's authorized use of any Mark, provided Franchisee has timely notified Franchisor of such proceeding, agreed to be a witness in any legal proceeding and has complied with this Agreement and Franchisor's directions in responding to such proceeding. At Franchisor's option, Franchisor or its designee may defend and control the defense and settlement of any proceeding arising directly from Franchisee's use of any Mark. This indemnification shall not include the expense to Franchisee for removing signage or discontinuance of the use of the Marks. This indemnification shall not apply to litigation between Franchisor and Franchisee wherein Franchisee's use of the Marks is disputed or challenged by Franchisor. This indemnification shall not apply to any separate legal fees or costs incurred by Franchisee in seeking independent counsel separate from the counsel representing Franchisor and Franchisee in the event of litigation disputing Franchisor and Franchisee's use of the Marks.

Section 6.5 Discontinuance of Use

If Franchisor deems it necessary for Franchisee to modify or discontinue use of any of the Marks, and/or use one (1) or more additional or substitute trade names, trademarks, service marks or other commercial symbols, Franchisee shall comply with Franchisor's directions within thirty (30) days after notice to Franchisee by Franchisor and subject to the limitations in Section 13.2. Franchisor shall not be required to reimburse Franchisee for its expenses in modifying or discontinuing the use of a Mark or any loss of goodwill associated with any modified or discontinued Mark or for any expenditures made by Franchisee to promote a modified, additional or substitute Mark. (see also Section 10.2)

Section 6.6 Right to Inspect

To preserve the validity and integrity of the Marks and any copyrighted materials licensed herein, and to ensure that Franchisee is properly employing the Marks in the operation of the Franchised Business, Franchisor and its designees have the right to enter and inspect the Franchised Business and the Approved Location at all reasonable times and, additionally, have the right to observe the manner in which Franchisee renders services and conducts activities and operations, and to inspect facilities, equipment, accessories, products, supplies, reports, forms and documents and related data to ensure that Franchisee is operating the Franchised Business in accordance with the quality control provisions and performance standards established by Franchisor. Franchisor and its agents shall have the right, at any reasonable time, to remove sufficient quantities of products, supplies or other inventory items offered for retail sale, or used in rendering services, to test whether such products or items meet Franchisor's then-current standards. Franchisor or its designee has the right to observe Franchisee and its employees during the operation of the Franchised Business, to interview and survey Customers and employees by any means it chooses, including in person,

by secret shoppers, mail, telephone, video conference, the Internet, social media or e-mail, and to photograph or video tape or by using web cameras to monitor the premises.

Section 6.7 Franchisor's Sole Right to Domain Name

Franchisee shall not advertise on the Internet using, or establish, create or operate an Internet site or website using a domain name or uniform resource locator containing, the Mark or the words "Teapioca Lounge", Teapioca, TPI or any variation thereof without Franchisor's prior written approval. CHBN Holdings, LLC, is the sole owner of all right, title and interest in and to such domain names as Franchisor shall designate in the Manual(s) including, but not limited to, www.TeapiocaLounge.com, which CHBN Holdings, LLC, has licensed to Franchisor the right to utilize the foregoing domain name(s).

The Website may include one or more interior pages that identify Teapioca Lounge® franchisees operating under the Marks, including the Franchised Business, by among other things, geographic region, address, telephone numbers, and other appropriate matters. The Website may also include one or more interior pages dedicated to franchise sales by Franchisor and/or relations with Franchisor investors.

Franchisor may, from time to time, establish the Franchisee Page. Franchisor may permit Franchisee to customize or post certain information to the Franchisee Page, subject to Franchisee signing and delivery of the then-current participation agreement, and Franchisee compliance with the procedures, policies, standards and specifications that Franchisor may establish from time to time. Such participation agreement may require Franchisee to pay a reasonable fee (not to exceed $250 per month) for the privilege of having a Franchisee Page, and may include, but shall not be limited to, specifications and limitations for the data or information to be posted to the Franchisee Page, customization specifications, the basic template for design of the Franchisee Page, parameters and deadlines specified by Franchisor, disclaimers, and such other standards and specifications and rights and obligations of the parties as Franchisor may establish from time to time. Any modifications (including customization, alterations, submissions or updates) to the content made by Franchisee for any purpose will be considered to be made under a contract of service under the Copyright Act, and therefore Franchisor will own the modifications and the intellectual property rights, including all right, title and interest in and to all copyright in such modifications. To the extent any modification does not qualify as a work made under a contract of service as outlined above, Franchisee assign those modifications, and all rights, title and interest in and to all copyright in such modifications to Franchisor for no additional consideration and with no further action required and shall sign and deliver such further assignments as Franchisor may request.

Without limiting the Franchisor's general unrestricted right to permit, deny and regulate your participation on the Website, if Franchisee breach or default under the Ongoing Franchise Agreement, or any other agreement with Franchisor or Franchisor Vendors, or Affiliates, Franchisor may disable or terminate the Franchisee Page and remove all references to the Franchised Business on the Website and/or redirect customer leads to other Teapioca Lounge® franchisees pursuant to Section 16 of the Ongoing Franchise Agreement until the breach or default is cured to Franchisor satisfaction and Franchisee provides written notice that they have cured such breach or default to Franchisor, or Franchisor counsel.

Franchisor has no control over the stability or maintenance of the Internet generally; as a result, Franchisor is not responsible for damage or loss caused by errors of the Internet. Furthermore, Franchisor is not liable for any direct, indirect, general, special, incidental, exemplary or consequential damages arising out of the use of, or the inability to use, the Website or the Internet, including loss of profits, goodwill, or savings; downtime; or damage to or replacement of programs and data, whether based in contract, tort, product liability, or otherwise.

ARTICLE 7 - TRADE SECRETS AND OTHER CONFIDENTIAL INFORMATION

Section 7.1 Confidentiality of Trade Secrets and Other Confidential Information

Franchisee acknowledges Franchisor owns copyrights in the Manual(s), Franchisor's website (but not the domain names referred to above), and other copyrightable items that are part of the System. Franchisee acknowledges that while Franchisor claims copyrights in these and similar items, Franchisor has not registered, and is not required to register these copyrights with the United States Registrar of Copyrights. Franchisor shall disclose Trade Secrets and other Confidential Information to Franchisee during the training program, through the Manual(s), and as a result of guidance furnished to Franchisee during the term of this Agreement. Franchisee shall not acquire any interest in the Trade Secrets or other Confidential Information, other than the right to use it in the development and operation of the Franchised Business and in performing its duties during the term of this Agreement. Franchisee acknowledges that the use or duplication of the Trade Secrets or other Confidential Information in any other business venture would constitute an unfair method of competition. Franchisee acknowledges the Trade Secrets and other Confidential Information are proprietary and are disclosed to Franchisee solely on the condition that Franchisee and any Covered Person: (a) shall not use the Trade Secrets or other Confidential Information in any other business or capacity; (b) shall maintain the absolute confidentiality of the Trade Secrets and other Confidential Information during and after the term of this Agreement; (c) shall not make any unauthorized copies of any portion of the Trade Secrets or other Confidential Information disclosed in written or other tangible form; and (d) shall adopt and implement all reasonable procedures prescribed from time to time by Franchisor to prevent unauthorized use or disclosure of the Trade Secrets and other Confidential Information. Franchisee shall enforce this Section as to its employees, agents, representatives and Covered Persons, and shall be liable to Franchisor for any unauthorized disclosure or use of Trade Secrets or other Confidential Information by any of them. Franchisee shall only divulge Trade Secrets or other Confidential Information to individuals who must have access to it in order to operate the Franchised Business and shall follow the requirements of Section 7.4 in doing so.

Franchisor claims common law rights, copyright protection and trade dress for the Manual(s), guidelines, photographs, product names, signage, promotional materials, training materials, this Agreement and any other documents, materials and items for the general ambiance and decor used in the operation of the System and the Teapioca Businesses. All information is proprietary, and this Agreement requires Franchisee to keep such information confidential. Franchisee agrees not to contest, directly or indirectly, Franchisor's ownership, title, right or interest in Franchisor's common law rights, copyrights, trade dress, Trade Secrets, Confidential Information, the System, Know-How, methods, procedures or any other intellectual property rights that are part of Franchisor's System or contest Franchisor's sole right to register, use or license others to use, except as limited by this Agreement, the common law rights, copyrights, trade dress, Trade Secrets, Confidential Information, System, Know-How, methods, procedures or any other intellectual property rights that are a part of Franchisor's System.

Section 7.2 Additional Developments

All ideas, concepts, Know-How, techniques, advertising or materials concerning the System or developed, in whole or in part, using Trade Secrets or other Confidential Information, whether or not protectable intellectual property and whether created by or for Franchisee or its owners or employees, or other Covered Persons, shall be promptly disclosed to Franchisor and shall be deemed the sole and exclusive property of Franchisor and works made-for-hire for Franchisor, and no compensation shall be due to Franchisee or its owners or employees therefore. Further, any advertising materials Franchise submits to Franchisor for review will become Franchisor's property, and Franchisor may use or distribute these materials in any manner Franchisor deems appropriate, without compensation to Franchisee. Franchisor has the right to incorporate such items into the System and/or disclose them to other Franchisees and other

persons or entities. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, Franchisee shall assign, and by this Agreement, does assign, ownership of that item, and all related rights to that item, to Franchisor and shall sign any assignment or other document as Franchisor requests to assist Franchisor in obtaining or preserving intellectual property rights in the item. Franchisor shall disclose to Franchisee concepts and developments of other Franchisees that are made part of the System. As Franchisor may request, Franchisee shall take all actions to assist Franchisor's efforts to obtain or maintain intellectual property rights in any item or process related to the System, whether developed by Franchisee or not.

Section 7.3 Exclusive Relationship

Franchisee acknowledges that Franchisor would be unable to protect the Trade Secrets and other Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Teapioca Franchisees if owners of Teapioca Businesses, and Covered Persons were permitted to hold an interest in or perform services for any Competitive Business. Therefore, during the term of this Agreement, neither Franchisee nor Covered Persons, either directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, partnership, corporation, Limited Liability Company or other business entity, shall:

i. divert or attempt to divert any customer, employee or other business associate of the Franchised Business, Franchisor, its Affiliate(s) or any other Franchisee to any Competitive Business or solicit or otherwise attempt to induce or influence any customer, employee or other business associate of any of the foregoing to terminate or modify his, her or its business relationship with the Franchised Business, Franchisor, its Affiliate(s) or any other Franchisee, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks or the System; or

ii. own an interest in, manage, operate, or perform services for any Competitive Business wherever located.

Section 7.4 Non-Disclosure and Non-Competition Agreements with Certain Individuals

Franchisor requires Franchisee and any Covered Person to execute a Non-Disclosure and Non-Competition Agreement, in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached as Exhibit 2, upon execution of this Agreement or prior to each such person's affiliation with Franchisee. Franchisee shall use the Managers specific Non-Disclosure Non-Compete Agreement contained in the Manual(s) for all their employed or independently contracted Managers, or one substantially similar in terms and compliant with the Franchisee's state law. Franchisee shall provide Franchisor with copies of all Non-Disclosure and Non-Competition Agreements signed pursuant to this Section. Such agreements shall remain on file at the offices of Franchisee and are subject to audit or review as otherwise set forth herein. Franchisor shall be a third-party beneficiary with the right to enforce such agreements.

Section 7.4.1 It is the intention of these provision that any person or entity with any legal or beneficial interest in or traceable to, down through Franchisee, be bound by the provisions of this covenant Article.

Section 7.4.2 Lesser Included Covenants Enforceable At Law

If all or any portion of the covenants not to compete set forth in this Article 7 are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court or agency will be empowered to revise and/or construe the

covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. Franchisee expressly agree to be bound by any lesser covenant subsumed within the terms of this Article 7 as if the resulting covenants were separately stated in and made a part of this Agreement.

Section 7.4.3 Enforceable of Covenants Not to Compete and Non-Solicitation

Franchisee acknowledge that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to us for which no adequate remedy at law will be available. Accordingly, Franchisee consents to the entry of an injunction prohibiting any conduct by Franchisee, or any of its members, owners, shareholders, managers, or employees, in violation of the terms of the covenants not to compete set forth in this Agreement. Franchise expressly agrees that it may conclusively be presumed that any violation of the terms of the covenants not to compete was accomplished by and through Franchisee's unlawful use of Franchisor's Confidential Information, Know-How, methods and procedures. Further, Franchisee expressly agrees that any claims Franchisee may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to our enforcement of the covenants not to compete in this Agreement. Franchisee agrees to pay all costs and expenses, including reasonable attorneys' and experts' fees, that we incur in connection with the enforcement of the covenants not to compete set forth in this Agreement.

Section 7.4.4 Procurement of Additional Covenants

Franchisee agrees to require and obtain the execution of our Confidentiality / Non-Competition Agreement (Exhibit 2) from all of the following persons: (i) before employment or any promotion, all of the Office Managers, all of the Designated Trainees, or any personnel you employee who have received or will receive training from the Franchisor, and all the Franchisee's other managerial employees; (ii) if this Agreement has been assigned to a corporation, all of your officers, directors, and shareholders and those of any corporation directly or indirectly controlling the Franchisee at such time as they assume such status; and, (iii) all of the persons enumerated in the covenants not to compete set forth in this Agreement as intended to be embraced by them. Franchisee agrees to furnish Franchisor with copies of all executed Confidentiality / Non-Compete Agreements no later than ten days following their execution, or of the date the individual begins working for Franchisee, whichever occurs first.

Section 7.5 Reasonableness of Restrictions

Franchisee acknowledges the restrictive covenants contained in this Section are essential elements of this Agreement and without their inclusion; Franchisor would not have entered into this Agreement. Franchisee acknowledges each of the terms set forth herein, including the restrictive covenants, is fair and reasonable and is reasonably required for the protection of Franchisor, other Franchisees, the System and the Marks and Franchisee waives any right to challenge these restrictions as being overly broad, unreasonable or otherwise unenforceable.

ARTICLE 8 - TRAINING AND ASSISTANCE

Section 8.1 Initial Training

Franchisor shall make an initial training program available to the Franchisee and its Manager upon submission of the "Pre-training Request Form" with the required Business Establishment Training and Site Selection and Real Estate Training Certificates. After Franchisee submits the completed form and

Certificates along with the screening and background reports, Franchisor will initiate Franchisee's training course.

Franchisee training: prior to opening the Franchised Business, at a minimum, the Franchisee, and/or the Manager must successfully complete, to Franchisor's satisfaction, the Initial Training Program, as shown in Article 1 of this Agreement. Instruction pertains to all material aspects of the operation of a Teapioca Franchised Business, including such topics as: Teapioca mission and principles, establishment of the business structure; legal filings; business licenses; banking and checking accounts; insurance; accounting and legal support; computer system and software installation; set up accounting systems; market research; marketing plan; employment suggestions; incoming call scripts; office administration; administrative management training; trademark usage guidelines; maintenance of quality standards; customer service techniques; record keeping and reporting procedures; other operational issues; resale, transfer, renewals and assignment training; vendor interaction and ordering, and on-the-job training. Franchisor shall conduct the Initial Training program either in person at its headquarters or at another designated location or locations, as Franchisor requires.

If circumstances require, a substitute trainer may provide training. Franchisor also reserves the right to name additional trainers periodically. There are no limits on our right to assign a substitute to provide training. Franchisor may use Franchisee's Franchised Business location as a training facility upon notice. If Franchisor elects to use the Franchised Business for training others, Franchisor will provide to Franchisee, instead of paying Franchisee, which is to be considered payment in full for use of the facilities, the ability for Franchisee to enroll Franchisee's employees or contractors into the training class being taught by Franchisor, free of all charges. There is no limit on the number of times during the Ongoing Franchise Agreement that Franchisor can use the Franchised Business as a training facility.

All expenses incurred by Franchisee and its employees in attending such program including, but not limited to, travel costs, room and board expenses and employees' salaries, shall be the sole responsibility of Franchisee. Additional trainees will be at the published rates within the Manual(s).

After Initial Training, Franchisee will register for the Franchised Business location training. Immediately prior to the Soft Opening date, Franchisor shall provide pre-opening training, as stated in Article 1, which shall ensure that all materials, equipment, preparations and staff are prepared for Opening. Upon the completion of the pre-opening training, Franchisor and Franchisee shall open the Teapioca Business to the invited soft opening guests or individuals. Franchisor will debrief with the Franchisee on any items that could be closer aligned with Teapioca standards. All travel, room, board, and expenses for Franchisor trainers are Franchisee's responsibility.

After You have successfully completed the Soft Opening time period described in the Manual(s), You will register for the Franchised Business location Grand Opening Training, as shown in Article 1. Immediately prior to the Grand Opening date, Franchisor shall review the location setup and customer training, which shall ensure that all items and staff are prepared for Grand Opening. Upon the completion of the training, Franchisor and Franchisee shall open the Teapioca Business to the public. Franchisor shall provide support to Franchisee through the Grand Opening at the Franchisee's location. All travel room, board, and expenses for Franchisor's trainers is Franchisee's responsibility.

Section 8.2 Opening Project/ Advanced Marketing Training

In conjunction with beginning operation of the Franchised Business, Franchisor will provide Franchisee with training and address any concerns highlighted in the operation of the Franchised Business during the Training Timelines reflected in Article 1 of this Agreement.

Franchisee shall provide written and photographic proof, if requested by Franchisor, of all opening marketing and Local Advertising actually performed. Said proof shall be remitted along with the Monthly Gross Sales Report as stated in Section 3.2.

Franchisor will provide Franchisee with assistance in procuring equipment, signs, fixtures, opening inventory, and supplies. Franchisor will either provide it to Franchisee directly or provide a list of approved suppliers with written specifications in the Manual(s). Franchisor does not install any items.

Section 8.3 Failure to Complete Initial Training Program

If Franchisor determines that the Manager is unable to satisfactorily complete the training program described above, and if Franchisee fails or refuses to appoint or designate an alternative Manager, Franchisor has the right to terminate this Agreement. If this Agreement is terminated pursuant to this Section 8.3, Franchisee will execute a General Release, the same as the General Release attached as Exhibit 1; provided, however, that if a General Release is prohibited, Franchisee shall give the maximum release allowed by law. If Franchisee is a business entity and the Manager fails to complete the initial training program to Franchisor's reasonable satisfaction, Franchisee may be permitted to select a substitute Manager (who must be approved in writing by Franchisor) and such substitute Manager must complete the initial training to Franchisor's satisfaction. Franchisee will be required to pay Franchisor's then-current rates for Additional Training, at an already scheduled class, as set forth in the Manual.

Section 8.4 New Manager

After beginning operations, should Franchisee name a new Manager, Franchisee must notify Franchisor in writing of the identity of the new Manager and Franchisor must approve in writing the new Manager. The new Manager must attend and complete the next available initial training program to Franchisor's satisfaction. Franchisee shall be responsible for all travel costs, room and board, and employees' salaries incurred in connection with the new Manager's attendance at such training. Franchisor reserves the right to require Franchisee to pay Franchisor's then-current rates for additional training, per class for an already scheduled class, for providing the new Manager an initial training program as set forth in the Manual.

Section 8.5 Refresher Training

From time to time, Franchisor may provide, and if it does, has the right to require that the Manager, Franchisee's other managers and/or employees attend ongoing training programs or seminars during the term of this Agreement.

Franchisor shall not require the Manager, Franchisee's other managers and/or employees to attend more than one (1) session(s) in any calendar year and collectively not more than three (3) days in any calendar year, not including any annual convention that is held by Franchisor. Franchisee shall be responsible for all travel costs, room and board and employees' salaries incurred in connection with the Manager's, Franchisee's other managers' and/or employees' attendance at such training.

Section 8.6 Ongoing and Special Assistance

Franchisor will provide Franchisee with Ongoing Assistance as Franchisor deems necessary. However, if Franchisee needs Special Assistance, or if Franchisor must deal directly with the Franchisee's Customers, Franchisee's vendors or others directed by Franchisee, Franchisee will pay the Additional Assistance fee equal to the then-current daily rate as set forth in the Manual(s), payable by ACH Withdrawal, Wednesday of the week following the support overage, pursuant to Section 3.6.

Section 8.7 Additional Training

From time to time, Franchisor may provide, and if it does, has the right to require that the Manager, Franchisee's other managers and/or employees attend additional training programs. Franchisor shall charge the amount stated in Article 1, or in the Manual(s), for additional training per additional trainees at Franchisors facility.

Section 8.8 Temporary Management

Following the death or incapacity of an owner of the Franchised Business, Franchisor may assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third-party approved by Franchisor, up to the maximum time stated in Article 1. Franchisor shall charge the temporary management fee, as stated in the Manual(s) and/or in Article 1, plus per diem costs, during the time Franchisor is operating Franchisees Franchised Business. Franchisor shall also be entitled to reimbursement of any expenses Franchisor incurs that are not paid out of the operating cash flow of the Franchised Business, plus the plus the percentage of Franchisees Daily Gross Sales stated in the Manual(s) during the time of assistance.

Section 8.9 Additional Operations Assistance

Upon Franchisee request, and Franchisor approval, Franchisor may provide Additional Operations Assistance to the benefit of Franchisee. If Franchisor provides such assistance, it shall be for no longer than the time frame stated in Article 1, or as modified in the Manual(s). Franchisor shall be reimbursed at the rates then published in the Manual(s), plus Franchisee shall be responsible for all per diem and actual costs incurred by Franchisor or Franchisor staff in providing such assistance, including reimbursement of replacement personnel at Franchisor's business.

Section 8.10 National or Regional Meetings

Franchisor provides annual training at the National or Regional Convention. Franchisee's attendance is mandatory. Franchisee shall pay for all expenses including travel, room and board, as well as the staff's payroll or income for two attendees annually. If Franchisee signs the Ongoing Franchise Agreement during the months of September through June, Franchisee shall prepay the first years National Convention Fee upon signing the Ongoing Franchise Agreement. Additional attendees are recommended and will be billed the fees listed in Article 1 or the Manual(s). If Franchisee fails to attend the Annual Convention Franchisee will incur an additional non-attendance penalty as listed in the Manual(s).

Section 8.11 Soft Opening Support Package

Franchisor provides additional training for any new or Multi Unit Franchisee needing further assistance with the Soft Opening of the location. In addition to your Soft Opening Training, You can request to receive this Additional Soft Opening Support Package for Your facility for a fee of Two Thousand Dollars ($2,000.00) for a five (5) day week (eight (8) hour session) plus (i) Our travel expenses. We will provide additional assistance for five (5) days in accordance with Your Soft Opening dates to the public. Teapioca Support Personnel will assist Franchisees with their location, staff management, and customers. The Soft Opening Support Package is offered to any Franchisee with one (1) or more stores.

ARTICLE 9 - MANUAL

Section 9.1 Loan by Franchisor

While this Agreement is in effect, Franchisor shall lend to Franchisee one (1) copy of the Manual(s) or grant Franchisee access to an electronic copy of the Manual. Franchisee shall conduct the Franchised Business in strict accordance with the provisions set forth in the Manual. The Manual(s) shall, at all times, remain the sole property of Franchisor and shall promptly be returned to Franchisor upon expiration or termination of this Agreement. Franchisee will be charged pursuant to the amount stated on the Summary Page for each Replacement copy of the Manual(s).

Section 9.2 Revisions

Franchisor has the right to add to or otherwise modify the Manual(s) from time to time to reflect changes in the specifications, standards, operating procedures and rules prescribed by Franchisor; provided, however, that no such addition or modification shall materially alter Franchisee's fundamental status and rights under this Agreement. Franchisor may make such additions or modifications without prior notice to Franchisee. Franchisee shall immediately, upon notice, adopt any such changes and shall ensure that its copy of the Manual(s) is up-to-date at all times. If a dispute as to the contents of the Manual(s) arises, the terms of the master copy of the Manual(s) maintained by Franchisor at Franchisor's headquarters shall be controlling.

Franchisee agrees that, because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor reserves the right, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchisee.

Section 9.3 Confidentiality

The Manual(s) contains Trade Secrets, Know-How and other Confidential Information of Franchisor and the intellectual property owner, CHBN Holdings, LLC and approved vendors, and its contents shall be kept confidential by Franchisee and all Covered Persons both during the term of the Franchise and subsequent to the expiration and non-renewal or termination of this Agreement. Franchisee shall at all times ensure that its copy of the Manual(s) is available at the Approved Location in a current and up-to-date manner. Whether the Manual(s) is in paper form or stored on computer-readable media, or both, Franchisee shall maintain the Manual(s) in a secure manner at the Approved Location. If the Manual(s) is in electronic form, Franchisee shall maintain the Manual(s) in a password-protected file. Franchisee shall only grant authorized personnel, as defined in the Manual(s), access to the Manual(s) or any key, combination or passwords needed for access to the Manual. All persons whom Franchisee permits to have access to the Manual(s) or any other Confidential Information must first be required by Franchisee to sign the Confidentiality Agreement provided by Franchisor. Franchisee shall not disclose, duplicate or otherwise use any portion of the Manual(s) in an unauthorized manner.

ARTICLE 10 - FRANCHISE SYSTEM

Section 10.1 Uniformity

Franchisee shall strictly comply and shall cause the Franchised Business and its employees to strictly comply, with all requirements, specifications, standards, operating procedures and rules set forth in this Agreement, the Manual(s) or other communications supplied to Franchisee by Franchisor.

Franchisee must strictly enforce the Teapioca Culture and individual appearance requirements and dress code requirements with all employees and independent contractors that Franchisee contracts with or hires, as more specifically stated in the Manual(s). Franchisee must accommodate all religion requirements, and at all times be non-discriminatory to all Teapioca Customers.

Franchisee does not have any rights to charge, offer or sell any product or service except within the stated Required Pricing Parameter stated in Article 1, or in the Manual(s). Additionally, Franchisee will be required to honor all pricing published in national advertisements for products and services.

Franchisor shall treat all Franchisees equal; however, Franchisor reserves the right, in its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary standards for any Franchisee. All services and support shall be on a first come first served basis. All Franchisees shall enjoy a "favorite Franchisee" provision with the Franchisor. Large or multi-unit owners shall not receive any special treatment by Franchisor over single unit Franchisees. If Franchisor creates or rolls out new System programs, services or benefits, they shall be immediately applicable to all Franchisees in the Teapioca System, unless Franchisor is conducting a test market study with certain Franchisees. All Franchise Agreements shall contain this same provision.

Section 10.2 Modification of the System

Franchisee recognizes that from time to time, Franchisor may introduce, as part of the System, other methods or technology which require certain System modifications including, without limitation, the adoption and use of modified or substitute Marks, new computer hardware and software, equipment, signs, or fixtures. Franchisee agrees to make all required upgrades and modifications at its expense as may be required by Franchisor; provided, however, Franchisee shall not be required to make any expenditure that will require Franchisee to spend more than Franchisee's initial investment during the initial term of the Franchise Agreement. If such additional investment is required to be made in the last year of the initial term, Franchisee may avoid making the investment by providing notice of intent not to renew the Franchise Agreement unless the investment is in connection with a modification to the System required by law or court order. Franchisee acknowledges any required expenditures for changes or upgrades to the System shall be in addition to expenditures for refurbishment, remodeling, repairs and maintenance as required in Article 5 of this Agreement.

Section 10.3 Variance

Franchisor has the right to vary standards or specifications for test market purposes or for any Franchisee based upon that particular Franchisee’s qualifications, the peculiarities of the particular site or circumstances, the demographics of the trade area, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of any particular Teapioca Business. Franchisor shall not be required to disclose or grant to Franchisee a like or similar variance.

ARTICLE 11 - ADVERTISING AND PROMOTIONAL ACTIVITIES

Section 11.1 Local Advertising

Franchisee shall continuously promote the Franchised Business through Local Advertising and participate in any local marketing and promotional programs Franchisor establishes from time to time which includes a graphics package for use on Franchisee's vehicles as specified in the Manuals. ("Local Advertising")

During every one (1) month period after the Franchised Business opens, Franchisee must contribute the minimum stated on the Summary Page and within Article 1, on local advertising in an effort to assist Franchisee to grow the business.

During Grand Opening, which is defined in Article 1 of this Ongoing Franchise Agreement, Franchisee must spend the required amount shown in Article 1 on the approved advertising items with only approved suppliers. Franchisee will not be required to control their own advertising for Grand Opening, and will have input into the advertising used which may include print or news media or direct mail advertising, dues for business organizations, event dues, or other solicitation and promotional efforts. Franchisee will report, pursuant to Section 8.2 what advertising was actually used for the Grand Opening.

Franchisee may choose to spend whatever amount Franchisee determines best; however, at no time may Franchisee spend less than what is required.

Franchisee must submit to Franchisor, for its prior approval, all advertising and promotional materials to be used by Franchisee, in accordance with Article 1 and the Manual(s), including for Grand Opening. Franchisor shall use reasonable efforts to provide notice of approval or disapproval within the time stated in the Manual(s) from the date of receipt by Franchisor. If Franchisor does not approve of the submitted materials in writing, such materials shall be deemed to have not received the required approval. Franchisee shall not use any marketing or promotional materials prior to receiving written approval by Franchisor. Any advertising materials Franchisee creates will become Franchisor's exclusive property, and Franchisor may use or distribute these materials in any manner Franchisor deems appropriate, without compensation to Franchisee. Additional terms are contained in Section 11.2 and 12.5.

Section 11.2 Business Branding Fund

Franchisor has established a Business Branding Fund, which Franchisee, and all Franchisor locations, must contribute to as defined in Section 3.3. This Marketing Fund shall be maintained and administered by Franchisor or its designee as follows:

i. The program(s) may be local, regional, or System-wide;

ii. Franchisor shall oversee all marketing programs, with sole control over creative concepts, materials and media used in such programs, and the placement and allocation thereof. Franchisor does not warrant that any particular Franchisee will benefit directly or pro rata from expenditures by the Marketing Fund. The program(s) may be local, regional or System-wide;

iii. Franchisee's Marketing Fund Contributions may be used to meet the costs of, or to reimburse Franchisor for its costs of producing, administering (including the cost of personnel), maintaining, directing and conducting research and advertising. Advertising shall include without limitation: the cost of preparing and conducting television, radio, billboard, Internet, video, video-streaming, digital signage, audio, magazine, newspaper, direct mail advertising campaigns, conventions and other public relations activities; developing and/or hosting an Internet web page or site and similar activities; employing

advertising agencies to assist therein; and providing promotional brochures and other marketing materials to Franchisees;

iv. all Business Branding Fund Contributions shall be maintained in a separate account(s) from Franchisor's other monies and shall not be used to defray any of Franchisor's general operating expenses, except up to the amount shown in Article 1 for such reasonable costs and expenses Franchisor may incur in activities reasonably related to the media creation and administration of the Business Branding Fund, including the cost of personnel;

v. Franchisor shall endeavor to spend all Business Branding Fund Contributions on marketing programs and promotions during Franchisor's fiscal year within which such contributions are made. If excess amounts remain in any Business Branding Fund at the end of such fiscal year, all expenditures in the following fiscal year(s) shall be made first out of such excess amounts, including any interest or other earnings of the Business Branding Fund, and then out of current contributions;

vi. although Franchisor intends the Business Branding Fund, if established, to be of perpetual duration, Franchisor has the right to terminate the Business Branding Fund at any time. The Business Branding Fund shall not be terminated, however, until all Business Branding Fund Contributions and earnings have been expended for advertising and promotional purposes or returned to Franchisee and other Franchisees on a pro rata basis based on total Business Branding Fund Contributions made in the aggregate by each Franchisee;

vii. an accounting of the operation of the Business Branding Fund shall be prepared annually and shall be available to Franchisee upon request; however, it is the intention of the Franchisor to provide an unaudited copy of the Business Branding Fund accounting to all Franchisees annually. Franchisor retains the right to have the Business Branding Fund audited, at the expense of the Business Branding Fund, by an independent certified public accountant selected by Franchisor; and

viii. Franchisee acknowledges the Business Branding Fund is not a trust and Franchisor assumes no fiduciary duty in administering the Business Branding Fund. Franchisor can adjust the percentage with advanced notice to Franchisee. Franchisor can establish the fee up to an increase in the amount stated in the Manual(s).

Section 11.3 Cooperative Advertising

Franchisees have the right, but not the obligation, to create a Cooperative Advertising program for the benefit of Teapioca Businesses located within a particular region. If, at the time Franchisee signs the Franchise Agreement, any Cooperative Advertising program is in place that encompasses the geographic areas comprising Franchisee's Territory; Franchisee must join the Cooperative Advertising program and comply with the requirements set forth by the governing body. Franchisor has the right, but not the obligation, to allocate any portion of the Business Branding Fund to a Cooperative Advertising program. The Franchisees have the right to determine the composition of all geographic territories and market areas for the implementation of each Cooperative Advertising program and to require that Franchisor owned units participate in such Cooperative Advertising programs when established within Franchisor unit's region.

If a Cooperative Advertising program is implemented in a particular region, Franchisee has the right to establish an advertising council to self-administer the Cooperative Advertising program. Franchisee

may participate in the council according to the council's rules and procedures and if Franchisee does participate, Franchisee shall abide by the council's decisions.

Franchisor shall require the Cooperative Advertising program to prepare periodic financial statements which are available for Franchisee's and Franchisor's review, which will delineate the amount each Franchisee will be required to contribute, which must be based upon a per location division, of a pro-rated portion of Gross Sales for the last three months split between all Franchisees in the program, and specifically not based on a per company / owner division. Franchisor requires the Cooperative Advertising program to operate from written governing or contractual documents that are available for all applicable Franchisee's review. Franchisor does not have the right to require the Cooperative Advertising program to be created, dissolved or merged. All advertisements created by the Cooperative must still be pre-approved by Franchisor prior to being utilized in public.

Section 11.4 Internet Advertising

Franchisee, and any Cooperative Advertising program, may not establish a presence on, or market using, the Internet in connection with the Franchised Business without Franchisor's prior written consent. Franchisor has established and maintains an Internet website at the uniform resource locator, www.TeapiocaLounge.com, which provides information about the System and the services Franchisor, its Affiliates and its Franchisees provide. Franchisor will include at the Teapioca website an interior page containing information about the Franchised Business.

Franchisor retains the exclusive right to advertise or use the Marks on the Internet, including the use of websites, domain names, uniform resource locators, linking, search engines (and search engine optimization techniques), banner ads, video, video-streaming, digital signage, audio, meta-tags, marketing, auction sites, e-commerce and co-branding arrangements. Franchisee may be requested to provide content for Franchisor's Internet marketing and shall be required to follow Franchisor's intranet and Internet usage rules, policies and requirements. Franchisor retains the sole right to approve any linking to, or other use of, the Teapioca website. Further, Franchisor retains the right to utilize whatever form of advertising that may become available in the future.

Franchisor has the sole right to maintain Social Media sites and/or applications including, but not limited to: Twitter, Facebook, Instagram, Tik Tok, LinkedIn and other sites or applications that Franchisor may establish. Franchisor does not allow Franchisee to establish or utilize Social Media sites or applications for business purposes. Franchisee and Franchisee's employees do not have the right to utilize the Marks, any of the Trade Secrets, the Confidential Information, the common law copyrighted materials including the programs, photographs, program names, signage, promotional materials, Manual(s), training materials, Franchise Agreements, and/or any other documents, materials and items for the general ambiance and decor used in the operation of the System and the Teapioca Businesses on any Social Media sites and/or applications, even if made from Franchisee's personal Social Media account. Further, any representations from Franchisee or Franchisee's employees regarding Franchisee's profits or earnings made on any Social Media site and/or application, even if made from a personal Social Media account, is deemed a breach of Confidential Information under this Franchise Agreement.

Section 11.5 Telephone Directory Advertising

Franchisee is required to list and advertise the telephone number(s) for the Franchised Business in the "white pages" telephone directory distributed in its trade area. Franchisee must be in the directory heading or category as specified by Franchisor. Advertising Franchisees must place the classified directory advertisement and listings together with other Teapioca Businesses operating within the distribution area of the directories. If a joint listing is obtained, all Teapioca Businesses listed together shall pay a *pro rata*

share of the cost of the advertisements and listings. Franchisee must list the Franchised Business in or on Google Places, Facebook Ads, Print Ads, Radio Ads, Bing and Google Adwords. All online or Internet-based requirements will be completed by our Marketing agency, Franchisee will be responsible for the costs associated with this online requirement.

Section 11.6 Advertising Council

At this time, there is no Advertising Council option for the Franchisees. Franchisor retains the right to create one at any time in the future.

ARTICLE 12 - ACCOUNTING, RECORDS AND REPORTING OBLIGATIONS

Section 12.1 Records

After the opening date of the Franchised Business, Franchisee shall in Good Faith, submit to Franchisor, monthly, the financial, operational and statistical reports and information as Franchisor may require to (i) provide Franchisee with consultation and advice in accordance with this Agreement; (ii) monitor Franchisee's performance under this Agreement and Franchisee's purchases, revenue, operating costs, expenses and profitability; (iii) develop chain-wide or system statistics; (iv) develop new operating procedures; (v) develop new authorized services, remove unsuccessful authorized services, including unsuccessful Approved Suppliers and improve and enhance authorized services; and (vi) implement changes in the Teapioca System to respond to competitive and marketplace changes.

During the term of this Agreement, Franchisee shall maintain full, complete and accurate books, records and accounts in accordance with generally accepted accounting principles described by Franchisor in the Manual(s) or otherwise in writing. Franchisee shall retain during the term of this Agreement, and for three (3) years thereafter, all books and records related to the Franchised Business including, without limitation, purchase orders, invoices, payroll records, sales tax records, state and federal tax returns, bank statements, cancelled checks, copies of negotiated checks, deposit receipts, cash receipts and disbursement journals, general ledgers, and any other financial records designated by Franchisor or required by law.

Section 12.2 Financial Management

Franchisee shall make available sufficient working capital to permit operation of the Franchised Business in compliance with this Agreement. Franchisee shall pay the debts of, and taxes and assessments against the Franchised Business. Franchisee shall discharge any encumbrance within thirty (30) days, or enter into an arrangement with debtor within thirty (30) days to, within a reasonable time, discharge the debts / encumbrance against the Franchised Business.

Section 12.3 Gross Sales Reports

Franchisee in Good Faith, shall maintain an accurate record of Gross Sales and shall deliver to Franchisor by close of business each Wednesday via facsimile transmission, e-mail or intranet system a signed and verified statement of Gross Sales ("Gross Sales Report") for the previous Wednesday to Tuesday in a form that Franchisor approves or provides in the Manual(s), which shall be submitted together with the Royalty Fee, as well as any documentation proving You have satisfied the requirements for the Local Advertising minimums have been spent.

Section 12.4 Financial Statements

Franchisee shall supply to Franchisor on or before the first Wednesday of each month, in a form approved by Franchisor, a balance sheet as of the end of the last day of the preceding month and an Income Statement or Profit & Loss Statement for the preceding month and the fiscal year-to-date. Franchisee shall, at its expense, submit to Franchisor within thirty (30) days after the end of each calendar year, an Income Statement for the calendar year just ended and a Balance Sheet as of the last day of the calendar year. Such financial statements shall be prepared in accordance with generally accepted accounting principles applied on a consistent basis. If required by Franchisor, such financial statements shall be compiled, reviewed or audited by a certified public accountant. Franchisee shall submit to Franchisor such other periodic reports in the manner and at the time specified in the Manual(s) or otherwise in writing.

Monthly and on the 31st of January of each year, after the Franchised Business opens, Franchisee must furnish to Franchisor a full sales report from the POS, plus an accurate accounting of the full expenditures and income on the Profit & Loss Statement for the preceding month or calendar year. These reports must utilize the approved Chart of Accounts provided for in the Manual(s).

Both reports will incur a Late Fee if they are not provided by their due date.

Section 12.5 Other Reports

Franchisee shall submit the Local Marketing Report and the Business Branding Fund Contribution Reports weekly along with the Gross Sales Reports as stated in Section 12.3. Franchisee shall submit to Franchisor copies of all state sales tax returns that are required to be filed with the appropriate governmental agency and such other records as Franchisor may reasonably request from time to time or as specified in the Manual. Franchisor shall have the right to release financial and operational information relating to the Franchised Business to Franchisor's prospective Franchisees, Franchisor's lenders or prospective lenders, as required with respect to offering Franchisor's or its Affiliate's securities to the public or as required to sell, merge or in any other manner transfer Franchisor's assets or any type of certificates representing an ownership interest in Franchisor. Franchisee shall certify as true and correct all reports to be submitted pursuant to this Agreement.

Section 12.6 Computer/Software/Phone System

Franchisee must purchase, install, update, upgrade and use computer, credit card processing systems, surveillance systems, point-of-sale system, software and phone systems consisting of hardware and software in accordance with Franchisor's specifications listed in the Manual(s).

Franchisor may establish and maintain an Intranet (the "Intranet") through which Franchisor, Franchisor's employees and Franchisor's franchisees may communicate with each other, and through which Franchisor may disseminate the Manual(s), updates thereto and other Confidential Information. Franchisor has discretion and control over all aspects of the Intranet, including its content and functionality. Franchisor have no obligation to maintain the Intranet indefinitely and may dismantle it at any time without liability to Franchisee. The language used on the Intranet is English.

Franchisee will have the privilege to use the Intranet, subject to Franchisee's strict compliance with the standards and specifications, protocols and restrictions (collectively, "Franchisor Protocols") that Franchisor may establish from time to time. Such Franchisor Protocols may relate to, among other things, (i) the use of abusive, slanderous or otherwise offensive language in electronic communications; (ii) communications between or among franchisees that endorse or encourage breach of any franchisee's franchise agreement; (iii) confidential treatment of materials that Franchisor transmit via the Intranet; (iv) password protocols and other security precautions; (v) grounds and procedures for Franchisor suspending or revoking a franchisee's access to the Intranet; and (vi) a privacy policy governing Franchisor access to

and use of electronic communications that franchisees post to the Intranet. Franchisee acknowledge that, as administrator of the Intranet, Franchisor can technically access and view any communication that any person posts on the Intranet. Franchisee further acknowledges that the Intranet facility and all communications that are posted to it will become Franchisor property, free of any claims of privacy or privilege that you or any other person may assert.

Franchisee shall establish and continually maintain until the termination of the Franchise Agreement an electronic connection (the specifications of which will be specified in the Manuals) with the Intranet that allows us to send messages to and receive messages from Franchisee, subject to the Franchisor Protocols. If Franchisee breaches or is in default under the Franchise Agreement or any other agreement with Franchisor or Franchisor Affiliates, Franchisor may disable or terminate Franchisee's access to the Intranet without us having any liability to Franchisee, and in which case Franchisor will only be required to provide Franchisee a paper copy of the Manuals and any updates thereto, if none have been previously provided to Franchisee, unless Franchisee is not otherwise entitled to the Manuals.

In accordance with Franchisor's specifications listed in the Manual(s), Franchisee must purchase, for use in the Franchised Business at least one (1) computer (placement will be discussed in the Manual(s)) with the specified software installed on them. Franchisor may require that Franchisee add additional, new or substitute software, replace or upgrade the computer systems and equipment, and enter into maintenance agreements with third parties. Franchisee must acquire, install, and maintain all required anti-virus and anti-spyware software as designated by Franchisor in addition to any email or Internet usage policies that Franchisor require within thirty (30) days of written notice. Franchisee is solely responsible for updating the manufacturer's software on each device and ensuring that each device is not running old versions of the software.

There is currently only one approved point of sale system that Franchisee will use that satisfies Franchisor requirements. Also, in accordance with Franchisor's specifications listed in the Manual(s), Franchisee must purchase the approved system through an approved supplier. Franchisee must purchase and install Linga, Teapioca version which will include the software and hardware required to operate the Franchised Business.

Presently, Franchisor require Franchisee to have QuickBooks accounting system. Teapioca has obtained a multi-user franchising direct agreement with the manufacture of QuickBooks, which Franchisee may purchase through Teapioca. Franchisee will be responsible for any upgrades or updates to the system thereafter. Although Franchisor does not set the pricing, the manufacturer does, currently the pricing for QuickBooks is Sixty-Five Dollars ($65) per month, and is included in the Technology and Intranet Fee. In addition, Franchisee must utilize the QuickBooks Learning package if Franchisee does not currently use QuickBooks, which is currently Sixty-Five Dollars ($65) per month, and is included in the Technology and Intranet Fee through Teapioca. Franchisor will have access to the accounting system through QuickBooks remote access to validate the revenue for royalties. If Franchisee decides to use a third party accounting firm, Franchisor must have access to the QuickBooks accounting system to validate the revenue for royalties. (Franchise Agreement Section 3.6)

There is currently only one approved phone system that Franchisee will use that satisfies Franchisor requirements. Franchisee must purchase the approved system through Teapioca. Franchisor reserves the right to act as collection agent for the phone system, and collect fees Franchisee owes. Franchisee must purchase and use only the authorized phone to operate the Franchised Business.

Franchisor shall have full access to all of Franchisee's computer(s), software, phone data and systems and all related information by means of continuous direct access, whether in person or by telephone, modem or Internet to permit Franchisor to verify Franchisee's compliance with its obligations under this

Agreement. Franchisor shall have the right to independently access Franchisee's entire computer, point-of-sale system, software and phone data and systems and all related information collected or compiled by Franchisee or in accordance with Franchisee's use of the computer, software, and phone systems, at any time, without notifying Franchisee.

Computer systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, Internet access failures, Internet content failures and similar problems, and attacks by hackers and other unauthorized intruders ("E-Problems"). Franchisor has taken reasonable steps so that E-Problems will not materially affect the Franchisor's business. Franchisor does not guarantee that information or communication systems that Franchisor or others supply will not be vulnerable to E-Problems. It is Franchisee's responsibility to protect itself from E-Problems. Franchisee should also take reasonable steps to verify that its suppliers, third-party vendors, lenders, landlords, and governmental agencies on which it relies, have reasonable protection from E-Problems. This may include taking reasonable steps to secure Franchisee systems (including firewalls, password protection and anti-virus systems) and to provide backup systems.

Section 12.7 Right to Inspect

Franchisor or its designee has the right, during normal business hours, to examine copy and audit the books, records and tax returns (both the business returns and Franchisee personal income tax returns) of Franchisee. If the audit or any other inspection should reveal that any payments to Franchisor have been underpaid, then Franchisee shall immediately pay to Franchisor the amount of the underpayment plus late fees and interest as defined in Section 3.7. If the audit is conducted due to (i) Franchisee's failure to provide required reports to Franchisor, or (ii) if any such inspection or audit reveals an underpayment of two percent (2%) or more of the amount due for any period covered by the audit, then Franchisee shall in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including, without limitation, travel expenses and reasonable accounting and attorneys' fees). In addition to any other rights Franchisor may have, including the right to Terminate this Agreement, Franchisor may conduct such further periodic audits and/or inspections of Franchisee's books and records as Franchisor reasonably deems necessary for up to one (1) year(s) thereafter at Franchisee's sole expense, including, without limitation, reasonable professional fees, travel, and lodging expenses directly related thereto. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

In the event that there are two (2) deficiencies during any twelve (12) month period, the second deficiency shall be considered a material default of this Agreement and Franchisor shall have the right to terminate this Agreement without providing Franchisee the opportunity to cure the default.

Section 12.8 Release of Records

At Franchisor's request, Franchisee shall authorize and direct any third parties, including accounting, banking and legal professionals and tax authorities, to release to Franchisor all accounting and financial records arising from or relating to the operation of the Franchised Business including, but not limited to, records evidencing Gross Sales, profits, losses, income, tax liabilities, tax payments, including federal, state and local tax returns, revenues, expenses, and any correspondence, notes, memoranda, audits, business records, or internal accounts within said third parties' possession, custody or control, and to continue to release such records to Franchisor on a monthly basis for the length of the unexpired term of this Agreement plus three (3) years or until such time as Franchisor withdraws its request. Franchisee shall execute all documents necessary to facilitate the release of records referenced herein to Franchisor.

ARTICLE 13 - STANDARDS OF OPERATION

Section 13.1 Authorized Products, Services and Suppliers

Franchisee acknowledges the reputation and goodwill of the System is based in large part on offering high quality services to its customers. Accordingly, Franchisee shall provide or offer for sale, or contract to offer for sale, or use at the Franchised Business only those product items, supplies, and services Franchisor from time to time approves (and which are not thereafter disapproved) and that comply with Franchisor's specifications and quality standards. If required by Franchisor, any such items or services shall be purchased only from "Approved Suppliers" that Franchisor designates or approves (which might include, or be limited to, the Franchisor, or a third-party from which Franchisor may derive a fee or profit). Franchisee shall not offer for sale, sell or provide through the Franchised Business or from the Approved Location any items or services Franchisor has not approved in writing.

Franchisor shall provide Franchisee, in the Manual(s) or other written or electronic form, with a list of Approved Suppliers for some or all of the specified items and services, and Franchisor may from time-to-time issue revisions to such list. Franchisor's designation of a particular third-party supplier whom Franchisee must purchase, lease or license specified services from does not constitute a representation or warranty of the Approved Supplier's ability to meet Franchisee's requirements nor of the fitness or merchantability of the services sold, leased or licensed by the supplier. Franchisee understands and agrees that its sole remedy in the event of any shortages, delays or defects in the services purchased, sold, leased from a designated third-party Approved Supplier shall be against the Approved Supplier, not Franchisor or Franchisor's Indemnitees.

FRANCHISOR DISCLAIMS ALL EXPRESS OR IMPLIED WARRANTIES CONCERNING ANY PRODUCTS OR SERVICES PROVIDED BY APPROVED SUPPLIERS, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES AS TO MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AVAILABILITY, QUALITY, PRICING OR PROFITABILITY. ALL WARRANTIES ARE DERIVED STRICTLY AND SOLELY FROM THE MANUFACTURERS, AND NOT FROM ANY APPROVED SUPPLIERS, UNLESS STATED OTHERWISE IN WRITING FROM THE APPROVED SUPPLIERS. Franchisee acknowledges that Franchisor may, under appropriate circumstances, receive fees, commissions, field-of-use license royalties, or other consideration from approved suppliers based on sales to Franchisees, which consideration shall be contributed to Franchisor.

Franchisor may exercise its option to act as an intermediary between Franchisee or customer and Approved Supplier. However, this act by Franchisor does not create or constitute an agency relationship, nor an informed intermediary relationship between Franchisor and Approved Supplier and does not subject Franchisor to any liability on behalf of Approved Supplier's warranty nor any product liability under any theory, in any jurisdiction.

If Franchisee desires to utilize any services or products Franchisor has not approved (or for services and products that require supplier approval by Franchisor), Franchisee shall first send to Franchisor, on the approved form or in the approved format, as noted in the Manual(s) and which may be modified from time to time, sufficient information, specifications and samples for Franchisor to determine whether the service or product complies with its standards and specifications or whether the supplier meets its Approved Supplier criteria. Approval of a supplier may be conditioned on the supplier's ability to provide sufficient quantity of product, quality of products or services at competitive prices, production and delivery capability, and dependability and general reputation. Nothing in this Section shall be construed to require Franchisor to approve any particular supplier, or to require Franchisor to make available to prospective suppliers, standards and specifications Franchisor deems confidential.

Notwithstanding anything to the contrary in this Agreement, Franchisor has the right to review from time to time its approval of any items or suppliers. Franchisor shall comply with the procedures and requirements stated in Article 1 for the Prospective Supplier Evaluation requirements and timeframes.

Franchisor has the right to designate certain products and services, not otherwise authorized for general use as part of the System, to be offered locally or regionally based upon such factors as Franchisor determines including, but not limited to, Franchisee qualifications, test marketing, either for the purpose of customer or operational feedback or evaluation, and regional or local legal differences. Franchisor has the right to give its consent to one or more Franchisees to provide certain products or services not authorized for general use as part of the System. Such consent will be based upon the factors set forth in this Section and shall not create any rights in Franchisee to provide the same products or services. Franchisor has not established any purchasing or distribution cooperatives and does not intend to establish any in the future.

Section 13.2 Appearance and Condition of the Franchised Business; Refurbishment

Franchisee shall maintain the Franchised Business and the Approved Location in "like new" condition, and shall repair or replace furnishings, equipment, fixtures and signage as necessary to comply with the standards and specifications of Franchisor, Franchisee's lessor, and/or any applicable laws or regulations. Franchisee shall refresh the floors, walls, seating and signage including vehicle wraps, if you have them, to like-new condition per Article 1 and shall be in addition to any required System modifications, as described in Section 10.2. Further, Franchisee shall be required to refurbish and update the Approved Location throughout the term of this Agreement as necessary and/or as directed by Franchisor.

Section 13.3 Ownership and Management

The Franchised Business shall, at all times, be under the direct supervision of Franchisee or a Manager who has successfully completed Franchisor's training program. The Manager shall devote sufficient efforts to the management of the day-to-day operations of the Franchised Business. Franchisee shall keep Franchisor informed, in writing, at all times of the identity of its current Manager. Franchisee must not engage in any business or other activities that will conflict with its obligations under this Agreement.

Section 13.4 Days of Operation

Franchisee shall keep the Franchised Business open for business during normal business hours and on the days specified in the Manual(s), unless approved in advance in writing.

Section 13.5 Inspections

Franchisee will permit Franchisor and/or Franchisor's representatives to enter Franchisee's location or office at any time during normal business hours or upon reasonable notice, for purposes of conducting inspections. Franchisee will cooperate fully with Franchisor and/or Franchisor's representatives in inspections by rendering assistance as Franchisor and/or Franchisor's representatives may reasonably request and by permitting them, at their option, to observe how Franchisee is selling the products and rendering the services, to monitor sales volume, to conduct a physical inventory, to confer with Franchisee's employees and customers and to remove samples of any products, supplies and materials in amounts reasonably necessary to return to Franchisors office for inspection and record keeping. The inspections will be performed in a manner that minimizes interference with the operations of your Teapioca Business. Franchisor and/or Franchisee may videotape the inspections. Upon notice from Franchisor, and without limiting Franchisor's rights under this agreement, Franchisee will take all necessary steps to correct immediately any deficiencies detected during inspections, including immediately stopping use of any

equipment, advertising, materials, products, supplies or other items that do not conform to Franchisor's then current requirements. If Franchisee fails or refuses to correct any deficiency, Franchisor has the right, without any claim to the contrary by Franchisee, to enter Franchisee's location or office without being guilty of trespass or any other tort, for the purpose of making or causing to be made all corrections as required, at Franchisee's expense, payable by Franchisee upon demand.

Section 13.6 Licenses and Permits

Franchisee is solely responsible for ensuring that the Franchised Business is designed, constructed or improved, equipped and furnished in accordance with System standards. Franchisee shall secure and maintain in force all required licenses, permits and certificates, including a business license or Franchisee's state's equivalent, necessary for the operation of the Franchised Business and shall operate the Franchised Business in full compliance with all applicable laws, ordinances and regulations, including without limitation all government regulations relating to environmental protection, occupational hazards and health, workers' compensation insurance, unemployment insurance and withholding and payment of federal and state income taxes, social security taxes and sales taxes, if applicable. Franchisor makes no representation to Franchisee with regard to any legal requirements that Franchisee must satisfy or comply with in connection with the operation of the Franchised Business. Franchisee shall be solely responsible for investigating and complying with all such laws, ordinances and regulations with regard to the operation of the Franchised Business.

Section 13.7 Notification of Proceedings

Franchisee shall notify Franchisor in writing of the commencement of any action, suit or proceeding involving Franchisee or the Franchised Business, or of the issuance of any order, writ, injunction, award or decree which may affect the operation or financial condition of the Franchised Business not more than twenty-four (24) hours after such commencement or issuance. Franchisee shall deliver to Franchisor not more than twenty-four (24) hours after Franchisee's receipt thereof, a copy of any inspection report, warning, certificate or rating by any governmental agency relating to any law, rule or regulation that reflects a notice of re-inspection by a date certain by the governmental agency or Franchisee's noncompliance or less than full compliance with any applicable law, rule or regulation. Franchisee will provide Franchisor with any information Franchisor requests, within seventy-two (72) hours of request, about the progress and outcome of events.

Section 13.8 Compliance with Good Business Practices

Franchisee acknowledges that the quality of customer service, and every detail of appearance and demeanor of Franchisee and its employees, is material to this Agreement and the relationship created hereby. Therefore, Franchisee shall endeavor to maintain and require from its employees and contracted personnel, if applicable, high standards of quality and service in the operation of the Franchised Business. Franchisee shall at all times give prompt, courteous and efficient service to customers of the Franchised Business. Franchisee shall immediately resolve any customer complaints regarding the quality of service of the Franchised Business or any similar complaints. When any customer complaints cannot be immediately resolved, Franchisee shall use his/her best efforts to resolve the customer complaints as soon as practicable and shall, whenever feasible, give the customer the benefit of the doubt. The Franchised Business shall in all dealings with its customers, vendors and the general public, adhere to the highest standards of honesty, fair dealing and ethical conduct. If Franchisor, in its sole discretion, determines that its intervention is necessary or desirable to protect the System or the goodwill associated with the System, or if Franchisor, in its sole discretion, believes that Franchisee has failed to adequately address or resolve any customer complaints, Franchisor may, without Franchisee's consent, resolve any complaints and charge Franchisee an amount sufficient to cover Franchisor's reasonable costs and expenses in resolving the

customer complaints, which amount Franchisee shall pay to Franchisor immediately on demand. Franchisor has the right to terminate this Agreement for violation of this Section.

Franchisee shall, in all dealings with the customers, suppliers, Franchisor and the public, adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee agrees to refrain from any business or advertising practice which may be injurious to Franchisor's business and the goodwill associated with the Proprietary Marks and other Teapioca Businesses. Franchisee and Franchisee's employees shall be required to adhere to all aspects of this Section. Failure to adhere to this section shall result in a default of this Agreement.

Franchisee and Franchisee's owners agree to comply, and to assist Franchisor to the fullest extent possible in our efforts to comply with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that Franchisee and Franchisee's owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT ACT, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners, or any blocking of Franchisee or Franchisee owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement, as provided in Section 16.2 below.

Section 13.9 Uniforms

Franchisee shall abide by any uniform or dress code requirements stated in the Manual(s) or otherwise. Uniforms, or logoed apparel, if required, must be purchased from an Approved Supplier, if such is designated, or if none, then a supplier who meets Franchisor's specifications and quality standards for uniforms or logoed apparel. Failure to wear such designated uniforms shall cause Franchisor to provide Franchisee notice of violations of Franchisor's System and procedures and which could, in turn, lead to a notice of termination of this Agreement.

Section 13.10 Credit Cards

Franchisee shall honor all credit cards approved by Franchisor. Franchisee must obtain the prior written consent of Franchisor prior to honoring any previously unapproved credit cards or other credit devices. Franchisee shall keep all communication connections and access to financial and credit card information secure in a manner which is in compliance with all legal requirements and security requirements or issuing credit card companies. Franchisee shall at all times comply with all payment card industry data security standards laws and regulations including any laws applicable to abandoned property and escheat and shall hold Franchisor harmless from any and all claims and liabilities

Section 13.11 Best Efforts

Franchisee shall use its best efforts to promote and increase the sales and recognition of services offered through the Franchised Business. Franchisee shall require all of Franchisee's independent contractors, employees, Managers, officers, agents and representatives to make a good faith effort to enhance and improve the System and the sales of all services and products provided as part of the System. Best efforts are defined as the minimum gross sales as set forth in Section 2.7 hereof. If Franchisee does not maintain the minimum gross sales, Franchisor will have the sole discretion to issue a Notice of Termination with thirty (30) days right to cure or in the alternative, Franchisee may lose territorial exclusivity.

Franchisee is encouraged to submit suggestions, in writing, to Franchisor for improving elements of the system, including products, services, equipment, service format, advertising and any other relevant matters, that Franchisor considers adopting or modifying standards, specifications and procedures for the system. Franchisee agrees that any suggestions made are Franchisor's exclusive property. Franchisor has no obligation to use any suggestions. If any suggestion is implemented by Franchisor, said suggestion will become part of the system and no compensation is owed to Franchisee. Franchisee may not use any suggestions inconsistent with Franchisee's obligations under this agreement without our written consent.

Section 13.12 Period of Operation

Notwithstanding local law, Franchisee must keep the Franchised Business open to the public and operating during the days and times as set forth in the Manuals.

Section 13.13 Former Franchisees

Franchisee acknowledges that Former Franchisees are in a position to compete unfairly with Franchisor, Franchisee and/or other members of the System, and cause great injury to the reputation of the System and/or the Proprietary Marks. Franchisee therefore agrees as follows:

i. Franchisee will not sell, loan, give or otherwise transfer or deliver to any Former Franchisee, or allow any Former Franchisee to copy or otherwise obtain, any confidential business information about the System; any advertising or promotional materials produced by the Business Branding Fund or by Us or which bear any of the Proprietary Marks; any other of our materials or publications, including, without limitation, the Manual; any directory or roster of Franchisees or Approved Suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the Teapioca Business or the System which is not available to the public;

ii. Franchisee will not refer prospective Customers to any Former Franchisee;

iii. Franchisee will not notify or advise any Former Franchisee of, or in any other way assist any Former Franchisee in learning about, the date, time and place of any meetings of Franchisees;

iv. If Franchisee observes any Former Franchisee using any of the Proprietary Marks in any way, or utilizing business premises or motor vehicles from which the Proprietary Marks and/or distinctive color scheme have not been completely obliterated, Franchisee shall immediately report such observation to Us, along with all details available to Franchisee;

v. Franchisee shall, in general, have no dealings with a Former Franchisee which Franchisee, under this Agreement, could not have with a person who has never been a Teapioca Franchisee; and

vi. The provisions of this Section 13.13 shall apply to Franchisee upon notice of the expiration or termination of another Franchisee's Franchise Agreement.

Section 13.14 Franchisees Employees

Franchisee will maintain a competent, conscientious staff and contract or employ the minimum number of individuals necessary to meet the anticipated volume of business and to achieve the goals of the system. Franchisee will take all steps necessary to ensure that Franchisee's contractors and employees meet the employment criteria, keep a neat appearance, and comply with any dress code Franchisor requires, and subject to the requirements of landlords, if applicable. Franchisee is solely responsible for the terms of its employees' employment and independent contractors' compensation and, except for training under this agreement, for the proper training of the employees in the operations of Franchisee's Teapioca business. Franchisee is solely responsible for all employment decisions and functions, including contracting, hiring, firing, establishing wage and hour requirements, disciplining, supervising and record keeping. Franchisee will not recruit or hire any employee of a Teapioca franchise operated by Franchisor or another Franchisee within the system without obtaining the employer's written permission.

Franchisee and Franchisee's owners agree not to employ or contract with any person working in the United States that is not a United States resident during the operation of their Teapioca business. Franchisee shall sign the agreement not to employ illegal aliens attached as Exhibit 13. This agreement does not pertain to outside Vendors, the consumer, individuals with documented work visas, or the general public. Franchisee shall submit to Franchisor, upon request, proof of residency or legal authorization to work in the United States for any independent contractors, employees, managers, officers, agents and representatives that are involved in the day to day business operation.

Section 13.15 Customer Lists

Franchisee will present to customers any evaluation forms Franchisor requires and will participate and/or request its customers to participate in any marketing surveys performed by or for Franchisor. Franchisee will maintain a current customer list containing each customer's name, address, telephone number and zip code and supply a copy of the list to Franchisor on an as requested basis. Franchisee must participate in any process Franchisor develops to record all customer information. Franchisor retains ownership of Franchisees customer lists. Franchisor will not use Franchisee's customer list for any profit or in any activity adverse to, or in competition with, Franchisee for so long as this Agreement is in effect.

Section 13.16 Non-Discrimination Requirement

Franchisee must accommodate all religion requirements, and at all times be non-discriminatory. Franchisee must not engage in any activity, conduct or practice that is contrary to Franchisors or Franchisees best interest, or that is reasonably anticipated to result in litigation with suppliers or customers of Franchisees Franchised Business, or in public, criticism of Teapioca or Franchisees Franchised Business generally.

ARTICLE 14 - FRANCHISOR'S ADDITIONAL OPERATIONS ASSISTANCE

Section 14.1 General Advice and Guidance

Franchisor shall be available to render advice, discuss problems and offer general guidance to Franchisee by telephone, e-mail, facsimile, newsletters, webinars and other methods with respect to planning, opening and operating the Franchised Business. After initial training, as discussed in Section 8.1, Franchisor shall not charge for this service. Franchisee will be billed, at Franchisors option, for special assistance as defined in Section 8.6 for any advice or guidance needed or given directly to Franchisee's customers, contractors, general contracts or contractual entities. Franchisor retains the right to refuse this service should Franchisee be deemed by Franchisor to be utilizing this service too frequently or in an unintended manner. Franchisor's advice or guidance to Franchisee relative to prices for products and

services that, in Franchisor's judgment, constitutes good business practice is based upon the experience of Franchisor, its Affiliates and Franchisees in operating Teapioca Businesses.

Franchisee generally has the right to establish prices for the items and services sold within the Franchised Business. Franchisor does have the authority to modify the items and services or system to give Franchisor the right to establish minimum and maximum prices. Any such modification will be in writing. Unless Franchisor modifies the item and services or system, any list or pricing structure furnished to Franchisee is a recommendation only.

Section 14.2 Periodic Visits

Franchisor or Franchisor's representative may make periodic visits, which may be in person, electronic or telephonic, which may be announced or unannounced, to the Franchised Business for the purposes of observation, consultation, assistance and guidance with respect to various aspects of the operation and management of the Franchised Business. Franchisor and Franchisor's representatives who visit the Franchised Business may prepare, for the benefit of either or both Franchisor and Franchisee, written reports detailing any problems or concerns discovered during any such visit and outlining any required or suggested changes or improvements in the operations of the Franchised Business. A copy of any such written report shall be provided to Franchisee. Franchisee shall implement any required changes or improvements as required by Franchisor, and within the time period required by Franchisor, with time being of the essence.

Franchisor or Franchisor's representative will periodically, not less than quarterly, advise and offer general guidance to Franchisee by telephone, email, webinars, facsimile, newsletters, or other methods deemed appropriate by Franchisor. Such advice and guidance may consist of knowledge and experience relating to the authorized services or products, assistance in obtaining consumers, communication of new developments, or improvements to the system, or additions in curriculum, software, supplies, or marketing and sales strategies.

Section 14.3 System Improvements

Franchisor shall communicate improvements in the System to Franchisee as such improvements may be developed or acquired by Franchisor and implemented as part of the System.

Section 14.4 Marketing and Promotional Materials

Franchisor may periodically provide, through the Manual(s), the Internet site www.TeapiocaLounge.com, Franchisor's proprietary Intranet site, or other medium, advertising and promotional materials including ad-slicks, brochures, fliers, menus and other materials in a variety of forms and formats to Franchisee for use or purchase in the operation of the Franchised Business.

ARTICLE 15 - INSURANCE

Section 15.1 Types and Amounts of Coverage

If applicable and at its sole expense, Franchisee shall procure the insurance policies listed in Article 1 of this Agreement. All policies (except any workers' compensation insurance) shall expressly name Franchisor as an additional insured or loss payees and shall contain a waiver of all subrogation rights against Franchisor and its successors and assigns. Franchisee must submit the policy copy annually and/or at times

of renewals to Franchisor. In addition to any other insurance that may be required by applicable law, or by lender or lessor, Franchisee shall procure the types and minimum amounts of coverage listed in Article 1.

Section 15.2 Future Increases

Franchisor has the right to reasonably increase the minimum liability protection requirement annually and require different or additional insurance coverage(s) to reflect inflation, changes in standards of liability, future damage awards or other relevant changes in circumstances.

Section 15.3 Additional Insured; Certificates of Coverage

All insurance policies procured and maintained by Franchisee pursuant to this Agreement shall (a) name Franchisor as an additional insured; (b) waive any right to assert a claim back against Franchisor; and (c) undertake to notify Franchisor thirty (30) days in advance of any cancellation or material change in the policy. Franchisee must provide Franchisor with certificates of coverage at least annually. If Franchisee fails to provide the certificate of insurance, Franchisor (in addition to all other rights and remedies) may purchase such insurance in the name of and on behalf of Franchisee, and Franchisee shall immediately reimburse Franchisor's expenses and premiums paid to obtain such insurance.

Section 15.4 Carrier Standards

Such policies shall be written by an insurance company licensed in the State in which Franchisee operates and having at least an "A-" Rating Classification as indicated in the latest issue of A.M. Best's Key Rating Guide.

Insofar and to the extent that this Section may be effective without invalidating it or making it impossible to secure insurance coverage obtainable from responsible insurance companies doing business in the state where Franchisee's Teapioca business is located (even though an extra premium may result), both parties agree that, for any loss that is covered by insurance then being carried by them, their respective insurance companies have no right of subrogation against the other.

Section 15.5 Evidence of Coverage

Franchisee's obligation to obtain and maintain the foregoing policies shall not be limited in any way by reason of any insurance which may be maintained by Franchisor, nor shall Franchisee's performance of this obligation relieve it of liability under the indemnity provisions set forth in Section 6.4 and 21.3. Franchisee shall provide annually, certificates of insurance showing compliance with the foregoing requirements. Such certificates shall state that said policy or policies shall not be canceled or altered without at least thirty (30) days prior written notice to Franchisor and shall reflect proof of payment of premiums.

Section 15.6 Failure to Maintain Coverage

Should Franchisee not procure and maintain insurance coverage as required by this Agreement, Franchisor has the right (but not the obligation) to immediately procure such insurance coverage and to charge the premiums to Franchisee, which charges, together with a reasonable fee for expenses incurred by Franchisor in connection with such procurement, shall be payable by Franchisee immediately upon notice.

ARTICLE 16 - DEFAULT AND TERMINATION

Section 16.1 Termination by Franchisee

If Franchisee is in compliance with this Agreement and Franchisor materially breaches this Agreement and fails to commence reasonable efforts to cure such breach within thirty (30) days after receiving written notice identifying the claimed breach, Franchisee has the right to terminate this Agreement unless the breach cannot reasonably be cured within such thirty (30) days. If the breach cannot reasonably be cured in such thirty (30) days, Franchisee has the right to terminate this Agreement only if Franchisor does not promptly undertake and continue efforts to cure such material breach.

Section 16.2 Termination by Franchisor

Non-curable Defaults

Franchisor has the right to terminate this Agreement, without any opportunity to cure by Franchisee, if Franchisee, or any of its officers, directors, owners, or managers:

i. fails to pay the Initial Franchise Fees, purchase amounts due, or other amounts due to the Franchisor or its Affiliate (or any balance thereof) at the time due within five (5) days after receiving written notice that such fees are overdue;

ii. fails to select an approved site;

iii. fails to have its Manager satisfactorily complete any training program pursuant to Section 8.3;

iv. is convicted of or pleads no contest to a crime or offense that place them on the sex offender's registry, was a violent felony, sexual harassment against an employee, domestic abuse charges, animal abuse, elderly abuse, substance abuse, DWI or DUI, any theft charge, or is likely to adversely affect the reputation of Franchisor, Franchisee or the Franchised Business; or

v. discloses, duplicates or otherwise uses in an unauthorized manner any portion of the Manual(s) or any other Confidential Information or the Marks; or

vi. abandons, fails or refuses to actively operate the Franchised Business for three (3) or more consecutive days (unless the Franchised Business has not been operational for a purpose approved by Franchisor) or, if first approved by Franchisor, fails to promptly relocate the Franchised Business following the expiration or termination of the lease for the Approved Location, the destruction or condemnation of the Approved Location or any other event rendering the Approved Location unusable, unless such failure to operate is due to fire, flood, earthquake, or other similar causes beyond the Franchisee's control; or

vii. attempts or surrenders or transfers control of the operation of the Franchised Business without Franchisor's approval, makes or attempts to make an unauthorized direct or indirect assignment of the Franchise or an ownership interest in Franchisee, or fails or refuses to assign the Franchise or the interest in Franchisee of a deceased or incapacitated owner thereof as herein required; or

viii. submits to Franchisor on two (2) or more separate occasions at any time during the term of the Franchise Agreement any reports or other data, information or supporting records that fail to report and/or understate by more than allowed in the Manual(s) or the amount shown in Article 1, any Royalty Fee, any amount owed to Franchisor including the Business Branding Fund Contribution for any week or any other fees owed to Franchisor for any applicable accounting period and Franchisee is unable to demonstrate that such understatements resulted from inadvertent error; or

ix. is adjudicated as bankrupt, becomes insolvent, commits any affirmative act of insolvency, or files any action or petition of insolvency; if a receiver of its property or any part thereof is appointed by a court; if it makes a general assignment for the benefit of its creditors; if a final judgment remains unsatisfied of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if execution is levied against Franchisee's business or property; if lessor evicts Franchisee from the Approved Location; if a suit to foreclose any lien or mortgage against its Approved Location or equipment is instituted against Franchisee and not dismissed within thirty (30) days or is not in the process of being dismissed; or if Franchisor is listed as a creditor in any legal action; or

x. misuses or makes an unauthorized use of any of the Marks; or

xi. commits deleterious conduct, or any other act which can reasonably be expected to impair the goodwill associated with any of the Marks; or

xii. receives more than two (2) notices to cure during any twelve (12) consecutive months period of the term of this Franchise Agreement, or repeatedly fails to comply with one or more requirements of the franchise, whether or not corrected after notice; or

xiii. fails on two (2) or more separate occasions within any period of two (2) consecutive weeks to submit reports or, to pay amounts due for purchases from any third-party supplier, or other payment when due to Franchisor or any third-party supplier, whether or not such failures to comply are corrected after notice thereof is delivered to Franchisee; or

xiv. fails to comply with health standards or repeatedly violates standards;

xv. fails, for a period of ten (10) days after notification of noncompliance, to comply with any federal, state, or local law or regulation, including but not limited to all health, or safety hazard, building and labor laws or regulations applicable to the operation of the franchise; or

xvi. engages in any activity exclusively reserved to Franchisor; or

xvii. negatively communicates or impacts the Franchise system to any current or prospective Franchisee, outside of Franchisor sponsored forums; or

xviii. commits any deleterious conduct, or any other act which impairs the goodwill of any of the Marks;

xix. defaults on any lease necessary to running the Franchised Business; or

xx. repeatedly breaches this Agreement and/or repeatedly fails to comply with mandatory specifications, customer service standards or operating procedures prescribed in the Manual(s), whether or not previous breaches or failures are cured; or

xxi. defaults under any other agreement between Franchisor (or any third-party supplier) and Franchisee regarding this Franchised Business, such that Franchisor or its Affiliate, as the case may be, has the right to terminate such agreement or such agreement automatically terminates; or

xxii. makes any material misrepresentations relating to the acquisition of the Franchised Business or the Franchisee engages in conduct which reflects materially and unfavorably upon the operation and reputation of the Franchised Business or system; or

xxiii. after curing any failure in accordance with Curable Defaults engages in the same noncompliance during any twelve (12) consecutive months period of the term of this Franchise Agreement, whether or not such noncompliance is corrected after notice; or

xxiv. the Franchisor makes a reasonable determination that continued operation of the franchise by the Franchisee will result in an imminent danger to public health or safety.

xxv. or if Franchisee, or any of its officers, directors, owners, managees, or any Covered Person engages in conduct that is deleterious to, or reflects negatively on Franchisee, Franchisor or the System or the Marks; or if Franchisee, or any of its officers, directors, owners, managees, or employees of Franchisee or their representatives exhibit a reckless disregard for the physical or mental well-being or reputation of Franchisees employees, customers or Franchisor, Franchisor's affiliates, if applicable, or Franchisor's representatives or the public individually or at large through amongst others: theft, battery, assault, sexual harassment or discriminatory actions or speech, or by alcohol or drug abuse or other threatening, outrageous or unacceptable behavior.

Curable Defaults

Except as otherwise provided above in this Section 16.2, Franchisor has the right to terminate this Agreement for Good Cause (defined as using the information known and within the precedence of the Best Judgement Rule) in the following breaches and defaults by giving notice of such termination and stating the nature of the default; provided, however, that Franchisee may avoid termination by curing such default or failure (or by providing proof acceptable to Franchisor that Franchisee has made all reasonable efforts to cure such default or failure and shall continue to make all reasonable efforts to cure until a cure is affected if such default or failure cannot reasonably be cured before the effective date of the termination) within the specified period, but the period to exercise the right to cure shall not exceed seventy-five (75) days unless there is a separate agreement between the Franchisor and Franchisee to extend the time. The Franchisee can avoid termination by curing:

i. within thirty (30) days of receiving notice of any deleterious conduct;

ii. within fourteen (14) days of receiving notice of Franchisee's failure to pay any amounts due to Franchisor for any types of fees or penalties;

iii. within thirty (30) days of receiving notice of Franchisee's failure to comply with any laws or regulations;

iv. within thirty (30) days of receiving notice of Franchisee's being late on any payment due to Franchisor that is more than one (1) overdue payment;

v. within thirty (30) days of receiving notice of Franchisee's failure to achieve the minimum performance standards;

vi. within one (1) day of receiving notice that Franchisee has lapsed or lost any certifications required to operate the franchise. Franchisee must provide a Manager who is adequately trained to run the franchised business. If Franchisee does not have someone during the sixty (60) day period to run the business, Franchisor may terminate this Agreement immediately;

vii. within twenty-four (24) days of receiving notice that Franchisee fails to have the yearly DOJ report, and background check/report checks completed by September 15th of each year;

viii. within thirty (30) days of receiving notice that Franchisee failed to complete Initial Training within fourteen (14) days of signing the Franchise Agreement;

ix. within thirty (30) days of receiving notice of Franchisee's failure to begin operating the franchised business within nine (9) months, if a leased location, or fifteen (15) months if building a location, after the Effective Date;

x. within thirty (30) days of receiving notice that Franchisee fails to maintain the Franchised Business under the primary supervision of a Manager during the one hundred eighty (180) days following the death or incapacity of Franchisee or any holder of a legal or beneficial interest in Franchisee pursuant to Section 18.6;

xi. within thirty (30) days of receiving notice of any other default by Franchisee or upon Franchisee's failure to comply with any mandatory specification, standard or operating procedure prescribed in the Manual(s) or otherwise prescribed in writing.

If any default is not cured within the above time, if a curable default, or for any longer time as applicable law may require, an Event of Default has occurred by Franchisee, and all of Franchisee's rights under this Agreement terminate without additional notice to Franchisee, effective immediately. In addition to the Events of Defaults listed within this Section, an Event of Default by Franchisee occurs if Franchisee exhibits deleterious conduct, or fails to comply with any of the covenants or requirements imposed by this Agreement, as it may be revised or supplemented by the Manuals, where the authority has been given to the Manuals by this Agreement or the Franchise Disclosure Document, or to carry out this Agreement in Good Faith. Franchisee has the burden of proving that Franchisee properly and timely cured any Default, to the extent a cure is permitted under this Agreement.

Notwithstanding any of the above, the Franchisor and Franchisee may agree in writing to terminate the Franchise Agreement.

Section 16.3 Reinstatement and Extension

If provisions of this Agreement provide for periods of notice less than those required by applicable law, or provide for termination, cancellation or non-renewal other than in accordance with applicable law,

Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

Section 16.4 Right of Franchisor to Discontinue Services to Franchisee

If Franchisee is in breach of any obligation under this Agreement, and Franchisor delivers to Franchisee a notice of termination pursuant to Section 16.2, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any services or products for which Franchisor or an Affiliate is an Approved Supplier to Franchisee or which Franchisee receives from an Approved Supplier who is not Franchisor, until such time as Franchisee corrects the breach.

Section 16.5 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by Franchisee regarding this particular franchise unit (or any person/company affiliated with Franchisee) under this Agreement may be regarded as a default under any other agreement between Franchisor (or any of Franchisor's Affiliates) and Franchisee (or any of Franchisee's affiliates). Any default by Franchisee (or any person/company affiliated with Franchisee) under any other agreement, specifically related to this particular franchise unit, including, but not limited to, any lease and/or sublease, between Franchisor (or any of Franchisor's Affiliates) and Franchisee (or any person/company affiliated with Franchisee), and any default by Franchisee (or any person/company affiliated with Franchisee) under any obligation to Franchisor (or any of Franchisor's Affiliates) may be regarded as a default under this Agreement. Any default by Franchisee, specific to this particular franchise unit (or any person/company affiliated with Franchisee) under any lease, sublease, loan agreement, security interest or otherwise, whether with Franchisor, any of Franchisor's Affiliates and/or any third-party may be regarded as a default under this Agreement and/or any other agreement between Franchisor (or any of Franchisor's affiliates) and Franchisee (or any of Franchisee's affiliates). This provision specifically excludes a default regarding Franchise Unit #1 having a cross-defaulting effect on Franchise Unit #2, which is not in default based upon its own actions, which is owned by one or more of the same owners, members, partners, shareholders, or unit holders.

In each of the foregoing cases, Franchisor (and any of Franchisor's Affiliates) will have all remedies allowed by law, including termination of Franchisee's rights under the Franchise Agreement (and/or those of any person/company affiliated with Franchisee) and Franchisor's (and/or Franchisor's Affiliates') obligations under the Franchise Agreement. No right or remedy which Franchisor may have (including termination) is exclusive of any other right or remedy provided under law or equity. Franchisor is free to pursue any rights and/or remedies available.

ARTICLE 17 - RIGHTS AND DUTIES UPON EXPIRATION OR TERMINATION

Franchisor will have the right, at any time between the effective date of termination or expiration and the 90th day after the effective date, with or without written notice, during regular hours, to enter the premises of Franchisee Offices(s) (or other locations) (where the records are maintained) to inspect, audit and make copies of all records including, but not limited to: books of accounts; bank statements; cash or other receipts; checkbooks; documents; records; sales tax returns and income tax returns (federal, state, and, if applicable, city); your files relating to programs, services, and products sold and business transacted, including (without limitation)

operating records, bookkeeping and accounting records; records, computer databases and any other information (electronic or otherwise concerning clients, employees, applicants, candidates and service providers; client job orders; operating records; operating reports; correspondence; general business records; invoices; payroll records; journals; ledgers; and your files, memoranda and other correspondence, contracts, and all sources and supporting records used to prepare reports and forms which Franchisee is required to submit to Franchisor under this Agreement, including the books or records of any corporation or individual(s) which owns the Franchised Business.

Franchisee agrees to make these material available for examination and copying at Franchisee Office premises, to cooperate fully with Franchisor inspection and audit and to make complete records available to the Franchisor. Franchisee agrees not to destroy, damage, hide or take any steps to prevent Franchisor from obtaining any information relating to the Franchised Business, including (without limitation) information which Franchisee stores in the computers(s) of the Franchised Business.

If the audit uncovers that there was an underpayment or underreporting done during the time being audited for, this will trigger the audit provisions contained within this Agreement and all costs, late fees, interest on unpaid amounts and costs of the audit shall be payable to Franchisor by the Franchisee immediately, without the necessity of additional court action or involvement.

Section 17.1 Actions to be Taken

Except as otherwise provided herein, upon termination and non-renewal or expiration, this Agreement and all rights granted herein to Franchisee shall terminate and Franchisee shall:

i. immediately cease to operate the Franchised Business and shall not thereafter, directly or indirectly, represent to the public or hold itself out as a present or Former Franchisee of Franchisor;

ii. immediately remove all identifying architectural superstructure and signage on or about the business bearing the Marks, in the manner Franchisor specifies. All property belonging to Franchisor will be held by Franchisee for delivery to Franchisor, at Franchisee's expense. Any signage that Franchisee is unable to remove within one business day of the termination of this Agreement must be completely covered by Franchisee until the time of its removal;

iii. maintain a conspicuous sign at the business in a form specified by Franchisor stating that Franchisee's business is no longer associated with the franchise system and advise all customers or prospective customers telephoning Franchisee's business that the business is no longer associated with the franchise system;

iv. deliver to Franchisor, all information, including any contracts, e-mail transmissions, written memorandums, customer sheets, or any other written or electronic data regarding customer lists or marketing efforts;

v. refrain from taking any action to reduce the goodwill of Franchisee's Customers or potential Customers, towards Franchisor, other Franchisees or any other aspect of the System;

vi. cease to use the Confidential Information, the System and the Marks including, without limitation, all signs, slogans, symbols, logos, advertising materials, stationery, forms and any other items which display or are associated with the Marks;

vii. upon demand by Franchisor, immediately assign (or, if an assignment is prohibited, sublease for the full remaining term, and on the same terms and conditions as Franchisee's lease) its interest in the lease then in effect for the Approved Location to Franchisor. Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after Termination or expiration of this Agreement. Franchisor has the right to pay rent and other expenses directly to the party to whom such payment is ultimately due, with no liability for any previous month's lease payments prior to Franchisor accepting the assignment or sublease;

viii. immediately take such action as may be necessary to cancel or assign to Franchisor, at Franchisor's option, any fictitious or assumed name or equivalent registration filed with state, city or county authorities which contains the name "Teapioca Lounge" or any other Mark, and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with this obligation within five (5) days after termination or expiration of this Agreement;

ix. pay all sums owing, after the Effective Date of Termination or Expiration of this Agreement through the date that Franchisee completes all post-termination obligations required under this Agreement, to Franchisor, and any Affiliate, which may include, but not be limited to, all damages, liquidated damages, costs and expenses, unpaid Royalty Fees, and Business Branding Fund Contributions, or any other amounts due to Franchisor or any third-party supplier within five (5) days after Termination or expiration of this Agreement or the date on which Franchisee completes all post-termination obligations required under this Agreement, whichever occurs first;

x. immediately return to Franchisor the Manual(s) and all other Confidential Information including records, files, instructions, brochures, agreements, accounting reports, disclosure statements and any and all other materials provided by Franchisor to Franchisee relating to the operation of the Franchised Business (all of which are acknowledged to be Franchisor's property);

xi. assign all telephone listings and numbers for the Franchised Business to Franchisor and shall notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone numbers or facsimile numbers associated with the Franchised Business or Marks in any regular, classified or other telephone directory listing and shall authorize transfer of same to Franchisor, or its assignee;

xii. keep and maintain all business records pertaining to the business conducted at the Franchised Business for three (3) years after the Effective Date of Termination or Expiration of this Agreement. During this period, Franchisee will permit Franchisor to inspect such business records as frequently as Franchisor deems necessary; and

xiii. comply with the Covenant of Non-Competition attached as Exhibit 2 to this Agreement, and all other applicable provisions of this Agreement.

If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the premises for the purpose of making or causing to be made all changes as may be required, at a reasonable expense (this expense to be paid by Franchisee upon demand) and at Franchisee's sole risk and expense, without responsibility for any actual or consequential damages to Franchisee's property or others, and without liability for trespass or other tort or criminal act. Franchisee agrees that Franchisee's failure to make these alterations will cause an irreparable injury to Franchisor.

Franchisee must notify Franchisor in advance if Franchisee desires to remain in possession of the business and operate a noncompetitive business. Franchisee must make all modifications or alterations to the business immediately upon termination of this agreement as necessary to distinguish the appearance of the business from that of other Teapioca Franchisees operating under the System. Franchisee will make all specific additional changes to the Business as stated in section 17.1 (i) above. Franchisee agrees to refrain from taking any action to reduce the goodwill of Franchisee's customers or potential customers towards Franchisor, our Franchisees or any other aspect of the System.

During the thirty (30) day period after the termination or expiration of the Ongoing Franchise Agreement, Franchisor has the right to purchase any assets of the Franchised Business for book value.

Section 17.2 Post-Termination Covenant Not to Compete

Franchisee acknowledges the restrictive covenants contained in this Section and in Section 17.1 are fair and reasonable and will not impose any undue hardship on Franchisee or any Covered Person, since Franchisee and Covered Person has other considerable skills, experience, and education which afford Franchisee and Covered Person the opportunity to derive income from other endeavors, and are justifiably required for purposes including, but not limited to, the following:

i. protecting the Trade Secrets and other Confidential Information of Franchisor;

ii. inducing Franchisor to grant a Franchise to Franchisee; and

iii. inducing Franchisor to incur costs in training Franchisee and its officers, directors, executives, managers, Managers and any other Covered Person, if necessary.

Except as otherwise approved in writing by Franchisor, neither Franchisee, nor any Covered Person shall, for a period of two (2) years after the expiration or termination of this Agreement, regardless of the cause of termination, either directly or indirectly, for themselves or through, on behalf of or in conjunction with, any person, persons, partnership, corporation, limited liability company or other business entity:

i. own an interest in, manage, operate or provide services to any Competitive Business located or operating (a) within twenty-five (25) miles of the Approved Location or within the Exclusive Territory (whichever is greater), and (b) within twenty-five (25) miles radius of the location of any other Teapioca Business in existence at the time of termination or expiration; or

ii. solicit or otherwise attempt to induce or influence any customer, employee or other business associate of Franchisor, its Affiliate(s) or any other Franchisee to terminate or modify his, her or its business relationship with Franchisor, its Affiliate(s) or any other Franchisee, by direct or indirect inducement or otherwise.

In furtherance of this Section, Franchisor has the right to require officers, managers, and partners along with certain individuals and any Covered Person to execute a standard form non-disclosure or non-competition agreements in a form the same as the Non-Disclosure and Non-Competition Agreement attached as Exhibit 2.

Section 17.3 Unfair Competition

If Franchisee operates any other business, Franchisee shall not use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, that is likely to cause confusion, mistake or deception, or that is likely to dilute Franchisor's rights in the Marks. Franchisee shall not utilize any designation of origin, description or representation that falsely suggests or represents an association or connection with Franchisor. This Section is not intended as an approval of Franchisee's right to operate other businesses and in no way is it intended to contradict Article 10 or 13. If Franchisor elects not to receive an assignment or sublease of the Approved Location, Franchisee shall make such modifications or alterations to the Approved Location (including changing telephone and facsimile numbers) immediately upon termination or expiration of this Agreement as may be necessary to prevent any association between Franchisor or the System and any business subsequently operated by Franchisee or others at the Approved Location. Franchisee shall make such specific additional changes to the Approved Location as Franchisor may reasonably request for that purpose including, without limitation, removal of all physical and structural features identifying or distinctive to the System. If Franchisee fails or refuses to comply with the requirements of this Section, Franchisor has the right to enter upon the Approved Location, without the threat of committing a tort or trespass, for the purpose of making or causing to be made such changes as may be required, at the expense of Franchisee, which expense Franchisee shall pay immediately upon demand.

Section 17.4 Franchisor's Option to Purchase Certain Business Assets

Franchisor has the right (but not the duty), for a period of thirty (30) days after termination or expiration of this Agreement, to purchase any or all assets of the Franchised Business including leasehold improvements, equipment, supplies and other inventory.

If Franchisor or Franchisor's Assignee exercises the option to purchase, pending the closing of the purchase, Franchisor has the right to appoint a manager to maintain the operation of the Teapioca business. Alternatively, Franchisor may require Franchisee to close the Teapioca business during this time, without removing any assets. Franchisee will maintain, in force, all insurance policies required in this agreement until the date of closing. Franchisor agrees to use reasonable efforts to affect the termination of the existing lease for the location and enter into a new lease on reasonable terms with the landlord. If Franchisor is unable to enter into a new lease and Franchisees rights under the existing lease are assigned to Franchisor where Franchisor subleases the location from Franchisee, Franchisor indemnifies Franchisee from any ongoing liability under the lease occurring after the date Franchisor assumes possession of the business.

The purchase price shall be equal to the assets' book value, excluding any goodwill or fair market value, whichever is less, and shall abide by the following:

i. if Franchisor and Franchisee are unable to agree on the book value of the Assets within thirty (30) days after Franchisee's receipt of Franchisor's notice of its intent to exercise its option to purchase the Assets, the book value shall be determined by two professionally certified appraisers, Franchisee selecting one and Franchisor selecting one. If the valuations set by the two appraisers differ by more than ten percent (10%) of the higher amount, the two appraisers shall select a third professionally certified appraiser who also shall appraise the book value of the Assets. The average value set by the appraisers (whether two or three appraisers as the case may be) shall

be conclusive and shall be the Purchase Price. If, within a reasonable time, Franchisee fails to select a professionally certified appraiser, or the appraiser selected by Franchisee fails to set a value, or the two appraisers do not agree on a third appraiser when such an appraiser is required, then in any of those events the value set by the appraiser selected by Franchisor shall be conclusive;

ii. the appraisers shall be given full access to the Franchised Business and Franchisee's books and records during customary business hours to conduct the appraisal, and shall value the leasehold improvements, equipment, furnishings, fixtures, signs and inventory in accordance with the standards of this Section 17.4. The fees and costs of the appraiser or appraisers shall be borne equally by Franchisor and Franchisee on a 50/50 valuation;

iii. within three (3) days after the Purchase Price has been determined, Franchisor may exercise its option to purchase the Assets by so notifying Franchisee. The Purchase Price shall be paid in cash or cash equivalents at the closing of the purchase ("Closing"), which shall take place no later than sixty (60) days after Franchisor's receipt of the valuations set by the appraisers. At the Closing, Franchisee shall deliver instruments transferring to Franchisor or its assignee: (1) good and merchantable title to the Assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to Franchisor or its assignee), with all sales and other transfer taxes paid by Franchisee; (2) all licenses and permits for the Franchised Business that may be assigned or transferred, with appropriate consents if required; and (3) the lease or sublease for the Franchised Business, with appropriate consents if required. If Franchisee cannot deliver clear title to all of the purchased Assets as indicated in this Section, or if there are other unresolved issues, the Closing shall be accomplished through an escrow;

iv. prior to Closing, Franchisee and Franchisor shall comply with all applicable legal requirements, including the bulk sales provisions, if applicable, of the Uniform Commercial Code of the state in which the franchised business is located and the bulk sales provisions, if applicable, of any applicable tax laws and regulations. Franchisee shall, prior to or simultaneously with the Closing, pay all tax liabilities incurred in connection with the operation of the Franchised Business prior to Closing. Franchisor shall have the right to set off against and reduce the Purchase Price by any and all amounts owed by Franchisee to Franchisor and its Affiliates, and the amount of any encumbrances or liens against the Assets or any obligations assumed by Franchisor; and

v. if Franchisor or its assignee exercises the option to purchase, then Franchisee shall maintain in force all insurance policies required under this Agreement until the Closing. If the Franchised Business is leased, Franchisor agrees to use reasonable efforts to effect a termination of the existing lease for the Franchised Business. If the lease for the Franchised Business is assigned to Franchisor or if Franchisor subleases the Franchised Business from Franchisee, Franchisor shall indemnify and hold Franchisee harmless from any ongoing liability under the lease from the date Franchisor assumes possession of the Franchised Business. If Franchisee owns the Franchised Business location, Franchisor, at its option, will either purchase the fee simple interest or, upon purchase of the other Assets, enter into a standard lease with Franchisee on terms comparable to those for which similar commercial properties in the area are then being leased. The initial term of this lease with Franchisee shall be at least ten (10) years and the rent shall be the fair market rental value of the franchised location. If Franchisee and Franchisor cannot agree on the fair market rental value of any franchised location, then the rental value shall be determined by an appraiser or appraisers selected and paid in the manner described in Sections 17.4(i) and (ii).

Section 17.5 Survival of Certain Provisions

All obligations of Franchisor and Franchisee, which expressly or by their nature survive the expiration or termination of this Agreement, shall continue in full force and effect until they are satisfied in full or by their nature expire.

Section 17.6 Existence of Claim

Franchisee expressly agrees that the existence of any claim that Franchisee may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Article 17.

Section 17.7 Injunction

Franchisee acknowledges that any threatened or actual failure to comply with the requirements of this Article 17 would cause Franchisor to suffer immediate and irreparable injury for which no adequate remedy at law may be available, and Franchisee hereby accordingly consents to the *ex parte* entry of an injunction prohibiting any conduct by Franchisee in violation of the terms of this Article 17. Franchisor may further avail itself of any other legal or equitable rights and remedies which it may have under this Agreement, statute, common law or otherwise.

Section 17.8 Franchisor is Attorney In Fact

Franchisor may, if Franchisee fails or refuses to do so, execute in Franchisee's name and on Franchisee's behalf any and all documents necessary to: cause discontinuation of Franchisee's use of the name, Teapioca, Teapioca Lounge or any other related or similar name or use thereunder; cancellations of services related to the Franchised Business; the execution of an assignment or sublease of the Approved Location; and Franchisor is hereby irrevocably appointed by Franchisee as Franchisee's Attorney-In-Fact to do so.

Section 17.9 Liquidated Damages

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from continuing Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. Therefore, upon termination of this Agreement according to its terms and conditions resulting from a breach by Franchisee, Franchisee agrees to pay to Franchisor within fifteen (15) days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to One Thousand Dollars ($1,000.00) per day per occurrence, retroactive to first date of offense until it was discovered. In addition, as a result, the Parties agree in such event Franchisee must pay Franchisor, as liquidated damages and not as a penalty, the amount equal to the average monthly amount of the last three (3) fully operating months royalties multiplied by the lesser of: (a) twenty-four (24) (the number of months in two full years); or (b) if less than twenty-four (24) months remain in the Term, the number of months remaining in the Term, or until the Territory is resold, whichever occurs first, without the necessity of holding a full trial, and without the necessity of posting security or bond.

The Parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages Franchisor would incur from this Agreement's termination and the loss of cash flow from continuing Royalty Fees due to, among other things, the complications of determining what costs, if any, Franchisor might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The Parties hereto consider this liquidated damages provision to be

a reasonable, good faith pre-estimate of those damages. The liquidated damages provision only covers our damages from the loss of cash flow from the continuing Royalty Fees. Franchisor retains all other remedies available to it in equity or at law. Franchisee acknowledges and agrees Franchisor's damages and lost opportunities, and the formula used in this Section 17.9 is a reasonable estimate of those damages and lost opportunities, and does not constitute a penalty or forfeiture.

ARTICLE 18 - TRANSFERABILITY OF INTEREST

Section 18.1 Transfer by Franchisor

This Agreement and all rights and duties herein are fully transferable in whole or in part by Franchisor or any entity that acquires Franchisor through sale or foreclosure, and such rights will inure to the benefit of any person or entity to whom transferred.

a) If any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor herein and Franchisor shall thereafter have no liability for the performance of any obligations contained in this Agreement; and

b) Attornment**.** In the event that Franchisor transfers ownership via sale or assignment of the Franchise System, or the Franchise Agreements are acquired by another (i) Franchisee shall, subject to any non-disturbance provisions, attorn to such new owner, and upon request, enter into a new Franchise Agreement, containing all of the terms and provisions of this Franchise Agreement, with such new owner for the remainder of the term hereof, or at the election of the new owner, this Franchise Agreement will automatically become a new Franchise Agreement between Franchisee and such new owner, and (ii) Franchisor shall thereafter be relieved of any further obligations or liabilities hereunder and such new owner shall assume all of Franchisor's obligations, except that such new owner shall not: (a) be liable for any act or omission of any prior Franchisor or with respect to events occurring prior to acquisition of ownership; (b) be subject to any offsets or defenses which Franchisee might have against any prior Franchisor, (c) be bound by prepayment of more than one month's Fees, or (d) be liable for the return of any security deposit paid to any prior Franchisor which was not paid or credited to such new owner.

Section 18.2 Transfer by Franchisee to a Third-party

The rights and duties of Franchisee as set forth in this Agreement, and the franchise herein granted, are personal to Franchisee (or its owners), and Franchisor has entered into this Agreement in reliance upon Franchisee's (or its owners') personal or collective skills and financial ability. Accordingly, except for percentage of ownership transfers *inter se*, neither Franchisee nor any holder of a legal or beneficial interest in Franchisee may sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer, whether by operation of law or otherwise, any interest in this Agreement, the Franchise granted hereby, the Approved Location used in operating the Franchised Business, its assets or any part or all of the ownership interest in Franchisee without the prior written approval of Franchisor, such approval will not unreasonably be withheld.

Any purported transfer without such approval shall be null and void and shall constitute a material breach of this Agreement.

If Franchisee is in compliance with this Agreement, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements, which shall not be unreasonably withheld,

conditioned or delayed, if Franchisor has not exercised their Right of First Refusal, other than the completion of the below items:

i. Franchisee has complied with the requirements set forth in Article 19;

ii. Franchisee has paid the Transfer Fee to Franchisor in the amount stated in Article 1, unless transferring under Section 18.3, then only a Five Hundred Dollar ($500.00) fee is due;

iii. Transferee has paid to Franchisor the Transfer Training Fee stated in Article 1 and scheduled training for Transferee and Transferee's Manager, if different then Franchisee's Manager, to be completed not more than ninety (90) days from the date of Transfer. The amount of training and the cost for the training are subject to the then-current rates published in the Manual(s);

iv. all obligations owed to Franchisor, and all other outstanding obligations relating to the Franchised Business, are fully paid and satisfied;

v. the prospective Transferee has satisfied to Franchisor's satisfaction that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require, to operate a Franchised Business;

vi. the Transferee and, if Franchisor requires, all persons owning any interest in the Transferee, have executed the then-current Ongoing Franchise Agreement for new Franchisees, which may be substantially different from this Agreement, including different Royalty Fee and Business Branding Fund Contribution rates and other fees and material provisions, and the franchise agreement then executed shall be for the term specified in such agreement;

vii. the Franchisee has executed a general release, in a form the same as or similar to the General Release attached as Exhibit 1, but also including in the general release terms releasing, any and all claims against Franchisor and its officers, directors, shareholders, managers, members, partners, legal representatives, attorneys, agents, owners, Manager and employees, in their corporate and individual capacities, with respect to any representations regarding the Franchise or the business conducted pursuant thereto or any other matter that may have been made to the Transferee by Franchisee; provided, however, that if a general release is prohibited, Franchisee shall give the maximum release allowed by law;

viii. Franchisee has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Franchisee and the prospective Transferee relating to the intended sale or transfer of the Franchise;

ix. the Transferee, or all holders of a legal or beneficial interest in the Transferee, has agreed to be personally bound jointly and severally by all provisions of this Agreement for the remainder of the term;

x. Franchisee has agreed to be bound by the obligations of the new franchise agreement, any existing Franchise contracts and to guarantee the full performance thereof by the Transferee, if required by Franchisor;

xi. Transferee has obtained all necessary consents and approvals by third parties (such as the lessor of the Approved Location) and all applicable Federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

xii. Franchisee, and in the event Franchisee is an entity, all of the holders of a legal and beneficial interest in Franchisee, and Manager has executed and delivered to Franchisor a Non-Disclosure and Non-Competition Agreement in a form satisfactory to Franchisor and in a substance the same as the Non-Disclosure and Non-Competition covenants contained in Articles 7 and 17 and attached as Exhibit 2;

xiii. the Transferee agrees that its Manager shall complete, to Franchisor's satisfaction, a training program, in substance, similar to the initial training described in Article 8 prior to assuming the management of the day-to-day operation of the Franchised Business.

Transferee shall receive the Franchised Business' Exclusive Territory with all rights to exclusivity and scope as the Franchisee owns on the day of transfer.

Section 18.3 Transfer to a Controlled Entity

If Franchisee wishes to transfer this Agreement or any interest herein to a corporation, limited liability company or other legal entity which shall be entirely owned by Franchisee ("Controlled Entity"), which Controlled Entity is being formed for the financial planning, tax or other convenience of Franchisee, Franchisor's consent to such transfer shall be conditioned upon the satisfaction of the following requirements:

i. the Controlled Entity is newly organized, and its charter provides that its activities are confined exclusively to the operation of the Franchised Business;

ii. Franchisee, or all holders of a legal or beneficial interest in Franchisee, own all of the equity and voting power of the outstanding stock or other capital interest in the Controlled Entity;

iii. all obligations of Franchisee to Franchisor, or any third-party supplier, are fully paid and satisfied; provided, however, that neither Franchisee nor the Controlled Entity shall be required to pay a transfer fee as required pursuant to Section 18.2;

iv. the Controlled Entity has entered into a written agreement with Franchisor expressly assuming the obligations of this Agreement and all other agreements relating to the operation of the Franchised Business. If the consent of any other party to any such other agreement is required, Franchisee has obtained such written consent and provided the same to Franchisor prior to consent by Franchisor;

v. all holders of a legal or beneficial interest in the Controlled Entity have entered into an agreement with Franchisor, jointly and severally, guaranteeing the full payment of the Controlled Entity's obligations to Franchisor and the performance by the Controlled Entity of all the obligations of this Agreement;

vi. each stock certificate or other ownership interest certificate of the Controlled Entity has conspicuously endorsed upon the face thereof a statement in a form satisfactory to Franchisor that it is held subject to, and that further assignment or transfer thereof is subject to, all restrictions imposed upon transfers and assignments by this Agreement;

vii. copies of the Controlled Entity's articles of incorporation or organization, bylaws, operating agreement, federal tax identification number and other governing regulations or documents, including resolutions of the board of directors and stockholders, managing members and members and general partners and limited partners, as applicable, authorizing entry into this Agreement, have been promptly furnished to Franchisor. Any amendment to any such documents shall also be furnished to Franchisor immediately upon adoption; and

viii. a Five Hundred Dollar ($500.00) fee.

The term of the transferred franchise shall be the unexpired term of this Agreement, including all renewal rights, subject to any and all conditions applicable to such renewal rights.

Franchisor's consent to a transfer of any interest in this Agreement, or of any ownership interest in the Franchised Business, shall not constitute a waiver of any claims Franchisor may have against the transferor or the Transferee, nor shall it be deemed a waiver of Franchisor's right to demand compliance with the terms of this Agreement.

Section 18.4 Franchisor's Disclosure to Transferee

Franchisor has the right but not the obligation, without liability of any kind or nature whatsoever to Franchisee, to make available for inspection by any intended Transferee of Franchisee all or any part of Franchisor's records relating to this Agreement, the Franchised Business or to the history of the relationship of the parties hereto. Franchisee hereby specifically consents to such disclosure by Franchisor and shall release and hold Franchisor harmless from and against any claim, loss or injury resulting from an inspection of Franchisor's records relating to the Franchised Business by an intended Transferee identified by Franchisee.

Section 18.5 For-Sale Advertising

Franchisee shall not, without prior written consent of Franchisor, place in, on or upon the location of the Franchised Business, or in any communication media, any form of advertising relating to the sale of the Franchised Business or the rights granted herein. Franchisor will not withhold consent for "For-Sale Advertising" unreasonably upon written notice by Franchisee.

Section 18.6 Transfer by Death or Incapacity

Upon the death or incapacity (as determined by a court of competent jurisdiction) of any individual Franchisee or any holder of a legal or beneficial interest in Franchisee, the appropriate representative of such person (whether administrator, personal representative or trustee) will, within a reasonable time not exceeding six (6) months following such event, transfer such individual's interest in the Franchised Business or any holder's legal or beneficial interest in Franchisee to a third-party approved by Franchisor or Franchisor shall have the right to terminate this Agreement. Such transfers, including transfers by will

or inheritance shall be subject to the conditions for assignments and transfers contained in this Agreement unless prohibited by the choice of law provision of the state where Franchisee resided, with such choice of law provision being applicable only for this Section 18.6. During such six (6) months period, the Franchised Business must remain at all times under the primary management of a Manager who otherwise meets Franchisor's management qualifications.

Following the death or incapacity of an owner of the Franchised Business, if necessary, in Franchisor's discretion, Franchisor shall have the right, but not the obligation, to assume operation of the Franchised Business until the deceased or incapacitated owner's interest is transferred to a third-party approved by Franchisor. Franchisor may charge a management fee as stated in Article 1 and/or in the Manual(s), which may be updated from time to time.

Section 18.7 Transfer upon Divorce or Partnership Dissolution

If this Agreement is in the name of two persons who are husband and wife or two or more persons who are partners as Franchisees, this section describes the policies to be applied upon divorce or dissolution of the partnership. During the period when a divorce or partnership dissolution action is pending, Franchisee must adopt one of the following methods of operation:

i. if one of the parties is willing to relinquish his or her right and interest in the franchise, thereby leaving his or her spouse or partner(s) to carry on the franchise unit, he or she may do so by assigning the interest to his or her spouse or to his or her partner(s) provided the remaining spouse or partner(s) has successfully completed basic management training;

ii. if the parties to a divorce or dissolution action agree that, despite their difficulties, they can continue to operate the franchised business jointly on a "business-as-usual" basis during the proceeding, they may do so; or

iii. if the parties in a divorce action or in partnership dissolution are not agreeable to operate under alternatives (a) or (b) then they must make arrangements to have their Franchised Business operated by a third-party Manager until the divorce or dissolution may be completed. The new Manager must be approved by Franchisor and have satisfactorily completed basic initial / management training; and

iv. divorcing parties may, after final order or judgment, continue to operate their Franchised Business in the form of a partnership or other business entity even though they are no longer husband-and-wife. In such case, however, they must enter a formal agreement which defines the respective rights and obligations, file a signed copy with Franchisor, assign this agreement to the new entity, and comply with all other requirements for establishing the Franchised Business as a partnership or other business entity.

ARTICLE 19 - RIGHT OF FIRST REFUSAL

Section 19.1 Submission of Offer

If Franchisee, or any of its owners, proposes to sell, assign, convey, give away, pledge, mortgage, sublicense or otherwise transfer the Franchised Business (or any of its assets outside of the normal course of business), any ownership interest in Franchisee or any ownership interest in the Franchise granted herein, Franchisee shall obtain and deliver a *bona fide*, executed written offer or proposal from a responsible and

fully disclosed person or entity, as applicable, along with all pertinent documents including any contract or due diligence materials, to Franchisor. The offer must apply only to the assets or interests listed above and may not include any other property or rights of Franchisee or any of its owners.

Section 19.2 Franchisor's Right to Purchase

Franchisor shall, for fourteen (14) days from the date of delivery of all such documents, have the contractual right, exercisable by written notice to Franchisee, of first refusal and shall offer to purchase the offered assets or interest for the price Franchisor determines to be fair market value. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor's credit shall be deemed at least equal to the credit of any such above-referenced disclosed person or entity, as applicable. After providing notice to Franchisee of Franchisor's intent to exercise this Right of First Refusal, Franchisor shall have up to sixty (60) days to close the purchase. Franchisor shall be entitled to receive from Franchisee all customary representations and warranties given by Franchisee as the seller of the assets or such ownership interest or, at Franchisor's election, such representations and warranties contained in the proposal.

Section 19.3 Non-Exercise of Right of First Refusal

If Franchisor does not exercise this Right of First Refusal within fourteen (14) days, the offer or proposal may be accepted by Franchisee or any of its owners, subject to Franchisor's prior written approval as required by Section 18.2. Should the sale, assignment, conveyance, gift, pledge, mortgage, sublicense or otherwise transfer fail to close within ninety (90) days after the offer is delivered to Franchisor, Franchisor's Right of First Refusal shall renew and be implemented in accordance with this Article 19.

ARTICLE 20 - BENEFICIAL OWNERS OF FRANCHISEE

Franchisee represents, and Franchisor enters into this Agreement in reliance upon such representation, that the individuals identified in Exhibit 4 as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest (in the stated proportions) of Franchisee, and further that:

i. Representations. If Franchisee is a corporation, a limited liability company or a partnership, Franchisee makes the following representations and warranties: (1) it is duly organized and validly existing under the laws of the state of its formation; (2) it is qualified to do business in the state(s) in which the Territory is located; (3) execution of this Agreement and the development and operation of the Business are permitted by its governing documents; and (4) Franchisee's Articles of Incorporation, Articles of Organization or written partnership agreement shall at all times provide that the activities of Franchisee are limited exclusively to the development and operation of the Franchised Business and such other Franchised Businesses (if any) as Franchisor may authorize Franchisee to develop and operate;

ii. Governing Documents. If Franchisee is a corporation, Franchisee represents and warrants that copies of Franchisee's Articles of Incorporation, bylaws, other governing documents and any amendments, including the resolution of the Board of Directors authorizing entry into and performance of this Agreement, have been furnished to Franchisor. If Franchisee is a limited liability company, Franchisee represents and warrants that copies of Franchisee's Articles of Organization, other governing documents and any amendments, including the resolution of the Members or Managers authorizing entry into and performance of this Agreement, have been furnished to Franchisor. If Franchisee

is a partnership, Franchisee represents and warrants that copies of Franchisee's written partnership agreement, other governing documents and any amendments, have been furnished to Franchisor, in addition to evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if that approval or consent is required by Franchisee's written partnership agreement. When any of these governing documents are modified or changed, Franchisee shall provide copies to Franchisor promptly;

iii. Ownership Interests. If Franchisee is a corporation, a limited liability company or a partnership, Franchisee represents and warrants that all interests in Franchisee are owned as set forth in attached Exhibit 4. In addition, if Franchisee is a corporation, Franchisee shall maintain a current list of all owners of record and all beneficial owners of any class of voting securities of the corporation (and the number of shares owned by each). If Franchisee is a limited liability company, Franchisee shall maintain a current list of all members (and the percentage membership interest of each member). If Franchisee is a partnership, Franchisee shall maintain a current list of all owners of an interest in the partnership (and the percentage ownership of each owner).

Franchisee shall comply with Article 20 prior to any change in ownership interests and shall execute and deliver to Franchisor addenda to Exhibit 4 as changes occur in order to ensure the information contained in Exhibit 4 is true, accurate and complete at all times.

ARTICLE 21 - RELATIONSHIP AND INDEMNIFICATION

Section 21.1 Relationship

This Agreement is purely a contractual relationship between the parties and does not appoint or make Franchisee an agent, legal representative, joint venture, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Franchisee may not represent or imply to third parties that Franchisee is an agent of Franchisor, and Franchisee is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. During the term of this Agreement, and any extension or renewal hereof, Franchisee shall hold itself out to the public only as a Franchisee and an owner of the Franchised Business operating the Franchised Business pursuant to a franchise from Franchisor. Franchisee shall take such affirmative action as may be necessary to do so including, without limitation, exhibiting a notice of that fact in a conspicuous place on the Approved Location and on all forms, stationery or other written materials, the content of which Franchisor has the right to specify. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt, nor any other obligation of Franchisee. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the operation of the Franchised Business. Any third-party contractors and vendors retained by Franchisee to convert or construct the premises are independent contractors of Franchisee alone.

Section 21.2 Standard of Care

This Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Agreement with respect to certain issues, whenever this Agreement requires Franchisee to obtain Franchisor's written consent or permits Franchisee to take any action or refrain from taking any action Franchisee shall do so. If Franchisee fails to do so, it shall be considered an act of Default.

Section 21.3 Indemnification

Franchisee shall hold harmless and indemnify Franchisor Indemnitees from and against all losses and expenses (as defined herein) incurred in connection with any action, suit, demand, claim, investigation, or formal or informal inquiry (regardless of whether same is reduced to judgment) or any settlement thereof which arises out of or is based upon any of the following, Franchisee's: (a) ownership or operation of the Franchised Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or ruling, standard, or directive or of any industry standard; (c) breach of any representation, warranty, covenant, or provision of this Agreement or any other agreement between Franchisee and Franchisor (or an Affiliate); (d) libel, slander or any other form of defamation by Franchisee including defamation of Franchisor or the System; (e) acts, errors or omissions committed or incurred in connection with the Franchised Business, including any negligent or intentional acts or omissions by Franchisee or any of Franchisee's agents, servants, employees, contractors, partners, proprietors, affiliates, or in any manner in connection with the Franchised Business; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information; (g) the inaccuracy, lack of authenticity, or non-disclosure of any information by Franchisee; (h) any unapproved service provided by Franchisee at, from, or related to the operation at the Approved Location; (i) or any services provided by any affiliated or non-affiliated participating entity.

For the purpose of this Section, the term "losses and expenses" shall be deemed to include all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, attorneys' fees, experts' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, costs of or resulting from Franchisees duties in the preparation of the purchase order regarding Franchisees taking accurate inventory and representing the Franchisee's desire for both quantity, as applicable and type of goods, fixture or equipment, financing, costs of advertising material and media time/space, and costs of changing, substituting, or replacing same, and any and all expenses of recall, refunds, compensation, public notices, and other such amounts incurred in connection with the matters described. Franchisee agrees to give Franchisor notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. The foregoing indemnification shall not apply to losses or expenses arising from our gross negligence or willful acts.

At Franchisee's expense and risk, Franchisor may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that Franchisor will seek Franchisee's advice and counsel and shall keep Franchisee informed with regard to any such proposed or contemplated settlement(s). Such an undertaking by Franchisor shall in no manner or form diminish Franchisee obligation to indemnify Franchisor and to hold Franchisor harmless.

All losses and expenses incurred under this Section 21.3 shall be chargeable to and paid by Franchisee pursuant to Franchisee's obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by Us or the subsequent success or failure of such actions, activity or defense, including all attorney's fees and costs.

Franchisor Indemnitees do not assume any liability whatsoever for acts, errors, or omissions of those with whom Franchisee may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify Franchisor Indemnitees for all losses and expenses which may arise out of any acts, errors, or omissions of these third parties.

Under no circumstances shall Franchisor Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by Franchisor Indemnitees from Franchisee.

Franchisor's right to indemnity shall exist notwithstanding the fact that joint or several liability may be imposed upon Franchisor by statute, ordinance, regulation or judicial or arbitral decision.

Section 21.4 Right to Retain Counsel

Franchisee shall give Franchisor immediate notice of any such action, suit, demand, claim, investigation or preceding that may give rise to a claim for indemnification by a Franchisor Indemnitee. Franchisor has the right to retain counsel of its own choosing in connection with any such action, suit, demand, claim, investigation or proceeding. In order to protect persons, property, Franchisor's reputation or the goodwill of others, Franchisor has the right to, at any time without notice, take such remedial or corrective actions as it deems expedient with respect to any action, suit, demand, claim, investigation or proceeding if, in Franchisor's sole judgment, there are grounds to believe any of the acts or circumstances listed above have occurred. If Franchisor's exercise of its rights under this Section causes any of Franchisee's insurers to refuse to pay a third-party claim, all cause of action and legal remedies Franchisee might have against such insurer shall automatically be assigned to Franchisor without the need for any further action on either party's part. Under no circumstances shall Franchisor be required or obligated to seek coverage from third parties or otherwise mitigate losses in order to maintain a claim against Franchisee. The failure to pursue such remedy or mitigate such loss shall in no way reduce the amounts recoverable by Franchisor from Franchisee.

ARTICLE 22 - GENERAL CONDITIONS AND PROVISIONS

Section 22.1 No Waiver

No failure of Franchisor to exercise any power reserved to it herein, or to insist upon strict compliance by Franchisee with any obligation or condition herein, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Agreement. Waiver by Franchisor of any particular default by Franchisee shall not be binding unless in writing and executed by Franchisor and shall not affect or impair Franchisor's right with respect to any subsequent default of the same or a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Franchisee of any terms, covenants or conditions of this Agreement.

Section 22.2 Injunctive Relief and Specific Performance

A breach by Franchisee of any of the restrictions or obligations contained in Articles 6, 7 and/or 17 would result in irreparable injury to Franchisor as the damages arising out of any such breach would be difficult to ascertain. Therefore, Franchisor, in its sole discretion, shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, and/or specific performance with respect to such breach without the necessity of posting security or bond, or having an evidentiary hearing, even if required by statute in the Franchisee's jurisdiction, provided that an original notarized copy of this Agreement is provided to a Court of competent jurisdiction.

Section 22.3 Notices

All notices required or permitted under this Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, Manager or partner of the recipient party); (b) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; (c) five (5) business days after being sent by Registered Mail, return

receipt requested, (d) three (3) business days after being sent via International Airmail, or (e) on the date the return receipt is signed or delivery is refused or the notice is designated by the postal authorities as not deliverable, if mailed. Either party may change its address by a written notice sent in accordance with this Section 22.3. All notices, payments and reports required by this Agreement shall be sent to Franchisee and Franchisor at the address set forth in the Summary Page to this Agreement.

Section 22.4 Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Franchisee of five percent (5%) or greater shall be listed on the Summary Page to this Franchise Agreement and is required to execute, as of the date of this Agreement, the Guaranty and Assumption of Obligations attached as Exhibit 3.

Section 22.5 Approvals

Whenever this Agreement requires the prior approval or consent of Franchisor, Franchisee shall make a timely written request to Franchisor for its approval and, except as otherwise specifically provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Franchisee may rely and assumes no liability or obligation to Franchisee or any third-party, by providing any waiver, approval, advice, consent or services to Franchisee in connection with this Agreement, or by reason of any neglect, delay or denial of any request for approval.

Section 22.6 Entire Agreement

This Agreement, the Manual(s) and the Exhibits attached hereto and thus made a part hereof and any other documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements. No other representation, oral or otherwise, has induced Franchisee to execute this Agreement, and there are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein, which are of any force or effect with respect to the matters set forth in or contemplated by this Agreement or otherwise. No amendment, change or variance from this Agreement shall be binding on either party unless executed in writing by both parties. Nothing in this Agreement or any related agreement is intended to disclaim the representations Franchisor has made in the Franchise Disclosure Document.

Section 22.7 Severability and Modification

Except as noted below, each paragraph, part, term and provision of this Agreement shall be considered severable. If any Section, paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, Sections, paragraphs, parts, terms and provisions of this Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid Sections, paragraphs, parts, terms or provisions shall be deemed not part of this Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Agreement, Franchisor has the right to, at its option, terminate this Agreement. If any term of this agreement may be construed in two or more ways, one that would render the term invalid or otherwise voidable or unenforceable and another that would render the term valid and enforceable, that term has the meaning that renders it valid and enforceable.

Notwithstanding the above, each of the covenants contained in Articles 7 and 17 shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be amended to provide for

limitations on disclosure of Confidential Information or on competition to the maximum extent provided or permitted by law.

Section 22.8 Construction

All captions herein or in the Exhibits attached hereto and thus made a part hereof, are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof or thereof. Should any provision of this Agreement require interpretation or construction, it is agreed by Franchisor and Franchisee the court, administrative body, mediation panel, sole mediator or other person or entity interpreting or construing this Agreement shall not apply a presumption the provisions hereof shall be more strictly construed against Franchisor by reason of the rule of construction that a document is to be construed more strictly against the person or entity who, or through its agent, prepared same.

Section 22.9 Force Majeure

Whenever a period of time is provided in this Agreement for either party to perform any act, except pay monies to Franchisor or Approved Suppliers, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, pandemic, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Agreement.

Section 22.10 Timing

Time is of the essence. Except as set forth in Section 22.9, failure to perform any act within the time required or permitted by this Agreement, shall be a material breach of this Agreement.

Section 22.11 Withholding Payments

Franchisee shall not, for any reason, withhold payment of any Royalty Fees, Business Branding Fund Contributions or other amounts due to Franchisor or to an Affiliate. Franchisee shall not withhold or offset any amounts, damages or other monies allegedly due to Franchisee against any amounts due to Franchisor. Notwithstanding anything in this Agreement to the contrary, no endorsement or statement on any payment (or on any document accompanying said payment) for less than the full amount due to Franchisor will be construed as an acknowledgment of payment in full, or an accord and satisfaction. Franchisor has the right to accept and cash any such payment without prejudice to Franchisor's right to recover the full amount due, or pursue any other remedy provided in this Agreement or by law. Franchisor has the right to apply any payments made by Franchisee against any of Franchisee's past due indebtedness as Franchisor deems appropriate. Franchisor shall set off sums Franchisor owes to Franchisee against any unpaid debts owed by Franchisee to Franchisor.

Section 22.12 Further Assurances

Each party to this Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Agreement.

Section 22.13 Third-Party Beneficiaries

The parties agree that all other Franchisees are third-party beneficiaries to the terms of this agreement and have the right to separately enforce the Franchisees covenants, if the Franchisor is unwilling or unable to enforce the Franchisee covenants.

Anything to the contrary notwithstanding, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or entity other than Franchisor or Franchisee, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

Section 22.14 Multiple Originals

Both parties will execute multiple copies of this Agreement, and each executed copy will be deemed an original.

Section 22.15 Survival of Terms

Each provision of Articles 17, 21, 22, 24, and those provisions hereinabove provided relating to covenants against post-termination/expiration use of the Proprietary Marks, Know-How and Copyrights will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

ARTICLE 23 - DISPUTE RESOLUTION

Section 23.1 Choice of Law

Except to the extent this Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946, the Lanham Act, 15 U.S.C. Sec. 1051 et seq., or other federal law, this Agreement shall be governed by and construed in accordance with the laws of the State of Texas (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

Section 23.2 Consent to Jurisdiction

Claims for injunctive relief or specific performance, or otherwise may be brought by Franchisor (i) where Franchisee resides or does business, (ii) where the Franchised Business is, or was located, (iii) in Texas, where counsel is located, or (iv) where the claim arose; and Franchisee hereby waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

Franchisee shall file any suit against Franchisor only in Texas, in the federal court having jurisdiction; and Franchisee hereby waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

Section 23.3 Rights and Remedies

Remedies are cumulative. No remedy in this Agreement for any party is intended to be exclusive of any other remedy. Each remedy is cumulative and is in addition to every other remedy given under this Agreement, now or later existing, at law, in equity, by statute or otherwise. Nothing contained herein shall bar Franchisor's right to obtain injunctive relief or specific performance against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. Franchisee's rights and remedies regarding Franchisor's breach of this Agreement are as set forth in this Agreement.

Section 23.4 Limitations of Claims

Except for claims by Franchisor for payments owed by Franchisee under this Agreement, any claim concerning the Franchised Business or this Agreement or any related agreement will be barred unless an action relating to the ownership of any of Franchisor's Marks, or for injunctive relief, specific performance or mediation, as set forth in this Agreement, is commenced within one (1) years from the date on which Franchisee or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

Section 23.5 Limitation of Damages

Franchisee and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other, other than those stated within this Agreement. Franchisee waives and disclaims any right or claim to consequential damages against Franchisor concerning this Agreement or any related agreement. In any claim or action brought by Franchisee against Franchisor concerning this Agreement, Franchisee's damages shall not exceed an amount greater than Franchisee's Initial Fee and Royalty Fee payments.

Franchisee acknowledges that if any claim or action is begun for the enforcement of this Agreement or for any alleged dispute, breach, default or misrepresentation under any term of this Agreement, the prevailing party is entitled to recover reasonable pre-institution and post-institution attorneys' fees, court costs and all expenses even if not taxable as court costs (including all fees and expenses incident to mediation, appellate, bankruptcy and post judgment proceedings), incurred in the action or proceeding in addition to any other relief that the party is entitled. Franchisee acknowledges that in the event of a dispute with the Franchisor, the dispute must be mediated first in Good Faith (pursuant to Section 23.7), otherwise the Franchisee will waive the right to recover their Attorney's Fees in the event that the Franchisee wins the claim or action. Attorney's fees include paralegals fees, administrative costs, investigated costs, cost of expert witnesses, court reporter fees, sales and use taxes, if any, and all other charges billed by the attorneys to the prevailing party. The non-prevailing party must reimburse the prevailing party on demand for all of the above listed expenses the prevailing party incurs.

Section 23.6 Waiver of Jury Trial

FRANCHISEE AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION WHATSOEVER, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM, INCLUDING BUT NOT LIMITED TO, RELATING TO THE OWNERSHIP OF ANY OF FRANCHISOR'S MARKS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S

TRADE SECRETS OR CONFIDENTIAL INFORMATION OR FOR INJUNCTIVE RELIEF OR SPECIFIC PERFORMANCE.

Section 23.7 Mediation

Except for actions or claims for injunctive relief or specific performance or the unauthorized use or disclosure of Franchisor's Trade Secrets or Confidential Information, all claims, disputes and other matters in question between Franchisor and Franchisee arising out of or relating to this Agreement, the business relationship or any other agreement, including whether this Mediation clause is binding upon the parties, shall be resolved by non-binding mediation before the Center for Public Resources - National Franchise Mediation Program, FAM, or another mutually agreeable mediator. Notwithstanding the above, the following shall not be subject to mediation:

i. disputes and controversies arising from the Sherman Act, the Clayton Act or any other Federal or state antitrust law;

ii. disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership or validity of any Confidential Information, the Proprietary Marks or any other trademarks;

iii. disputes and controversies relating to actions to obtain possession of the premises of the Business under lease or sublease.

Both parties will sign a confidentiality agreement reasonably satisfactory to Franchisor. Upon submission, the obligation to attend mediation in the county and state designated by Franchisor (currently Texas) is binding on both parties. Each party will bear his, her or its own costs for the mediation, except the mediation fee and the fee for the mediator will be split equally.

To initiate mediation, either Franchisor or Franchisee shall appoint one mediator and after appointment of the mediator, shall notify in writing the other of such appointment and the name of and the contact information for the mediator within three (3) business days after selection of said mediator. The mediation shall be conducted in Texas as directed by the sole mediator. If an agreement is reached between the parties, then the signed award of the mediator shall be final and binding upon Franchisor and Franchisee and any other party to the mediation. Judgment may be entered upon the award of the mediator in any court having competent jurisdiction. If the first mediation between the Franchisor and Franchisee is not successful, both parties agree, prior to instituting any court action except as excluded within this Section, to participate in a second mediation session scheduled for at least eight (8) hours, and a third mediation session if necessary, which shall last at least eight (8) hours or until an agreement is reached whichever occurs first.

Franchisee acknowledges it has read the terms of this non-binding mediation provision and affirms each provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

Section 23.8 Withholding Consent

In no event will Franchisee make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by Us. Franchisee's sole remedy for any such claim is to submit it to non-binding mediation as described in this Article 23.

Section 23.9 No Class Actions

Franchisee acknowledges that any disagreement between Franchisee and Franchisor (and Franchisor's affiliates) will be considered unique as to its facts and shall not be brought as a class action, and Franchisee, by signing this Agreement, waives any right to proceed against Franchisor (and its affiliates, owners, officers, directors, employees, successors and assigns) by way of class action, or by way of a multi-plaintiff, consolidated or collective action.

ARTICLE 24 - ACKNOWLEDGMENTS

Section 24.1 Receipt of this Agreement and the Franchise Disclosure Document

Franchisee represents and acknowledges it has received, read and understands this Agreement and Franchisor's Franchise Disclosure Document, along with any applicable state addendums and Franchisor has accorded Franchisee ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Agreement. Franchisee represents and acknowledges it has received an exact copy of this Agreement and its Exhibits fully filled in, except for signatures, prior to the date on which this Agreement was executed. Franchisee further represents and acknowledges it has received, at least fourteen (14) calendar days prior to the date on which this Agreement was executed, the disclosure document required by the 2007 Amendment to the Federal Trade Commission Rule entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

Franchisee understands that Franchisor is relying on Franchisee to bring forward, in writing, at this time any matters inconsistent with any of the matters set forth in this Article 24, or otherwise, so that Franchisor can correct any misunderstandings. Franchisee agrees that if any of the statements or matters set forth in this Article 24 or otherwise are not true, correct and complete, Franchisee will make a written statement regarding such next to Franchisee's signature below so that Franchisor may address and resolve any such issue(s) at this time and before either party goes forward.

Franchisee acknowledges and agrees that in all of Franchisee's dealings with Franchisor, Franchisor's officers, directors, employees, and agents acted only in a representative capacity and not in an individual capacity. Franchisee further acknowledges that this Agreement, and all business dealings between Franchisee and such individuals as a result of this Agreement, are solely between Franchisee and Franchisor. Franchisee further represents to Franchisor, as an inducement to Franchisor's entry into this Agreement, that Franchisee has made no misrepresentations in obtaining the Franchised Business.

Section 24.2 Consultation by Franchisee

Franchisee represents it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Agreement, the business franchised hereby and the prospects for that

business. Franchisee represents it has either consulted with such advisors or has deliberately declined to do so.

Section 24.3 True and Accurate Information

If the Franchisee is a Corporation, Limited Liability Company or a general or limited partnership, Franchisee warrants and represents that Franchisee is duly organized, validly existing and in good standing under the laws of the state of organizations, and that Franchisee has the power to sign deliver and carry out this Agreement. The undersigned has taken all necessary action for proper authorization and will supply a true and accurate copy of that authorization with the Franchise Agreement. Franchisee represents that all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Franchisee acknowledges Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

Franchisee agrees that, under federal and state franchise laws and other applicable laws, Franchisor may be required to disclose Franchisee's name, home address and telephone number and Franchisee's owners' consent to the disclosure of their names, home addresses and telephone numbers. Franchisee must notify Franchisor of any change in Franchisee's name, home address and telephone number within ten (10) days of the change. Franchisee releases Franchisor and its officers, directors, stockholders, agents and legal successors and assigns from all causes of action, suits, debts, covenants, agreements, damages, judgments, claims and demands, in law or in equity, or Franchisee ever had, now have, or that Franchisee later may have, from Franchisor's disclosure of your name, home address and telephone number.

Section 24.4 Risk

Franchisee represents it has conducted an independent investigation of the business contemplated by this Agreement and acknowledges that, like any other business, an investment in a Teapioca Franchised Business involves business risks and the success of the venture is dependent, among other factors, upon the business abilities and efforts of Franchisee. Franchisor makes no representations or warranties, express or implied, in this Agreement or otherwise, as to the potential success of the business venture contemplated hereby. In addition, Franchisor makes no warranty as to Franchisees ability to operate the Teapioca Business in the jurisdiction where Franchisee's Teapioca franchise is to be operated. It is Franchisee's obligation to seek or obtain advice of counsel specifically on this issue. If legislation enacted by, or regulation of, any governmental body prevents Franchisee from operating a Teapioca Franchised Business, the Franchisor is not liable for damages, nor required to indemnify Franchisee or to return any monies received from Franchisee.

Section 24.5 No Guarantee of Success

Franchisee represents and acknowledges it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of the Franchised Business. Franchisee represents and acknowledges there have been no representations by Franchisor's directors, managers, members, employees, attorneys or agents that are not contained in, or are inconsistent with, the statements made in the Franchise Disclosure Document or this Agreement.

Section 24.6 No Violation of Other Agreements

Franchisee represents its execution of this Agreement will not violate any other agreement or commitment to which Franchisee or any holder of a legal or beneficial interest in Franchisee is a party.

Section 24.7 Independent Obligations

Each obligation or other provision contained in this Agreement shall be deemed and construed as a separate and independent covenant, condition and obligation of the party bound by, undertaking or making the same, and not dependent on any other provisions of this Agreement, unless expressly so provided. If any party has breached any obligation or other provision contained in this Agreement in any respect, the fact there exists another obligation or provision relating to the same subject matter (regardless of the relative levels of specificity) which the party has not breached shall not detract from or mitigate the fact the party is in breach of the first obligation or other provision contained in this Agreement.

Section 24.8 Gender

Whenever the context of this Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

Section 24.9 Duty of Good Faith and Fair Dealing

This Agreement imposes upon both parties a Duty of Good Faith and Fair Dealing in performance of this Agreement. "Good Faith and Fair Dealing" means honesty in fact and the observance of reasonable standards of fair dealing in the industry.

Section 24.10 Franchisor's Business Judgment

The parties recognize, and any mediator or judge is affirmatively advised that certain provisions of this Agreement describes the right of Franchisor to take (or refrain from taking) certain actions in its sole discretion, and other actions in the exercise of its reasonable business judgment. Where this Agreement expressly requires that Franchisor make a decision based upon Franchisor's reasonable business judgment, Franchisor is required to evaluate the overall best interests of all Teapioca Businesses and Franchisor's own business interests. If Franchisor makes a decision based upon it's a reasonable business judgment, neither a mediator nor a judge shall substitute his or her judgment for the judgment so exercised by Franchisor. The fact that a mediator or judge might reach a different decision than the one made by Franchisor is not a basis for finding that Franchisor made its decision without the exercise of reasonable business judgment. Franchisor's duty to exercise reasonable business judgment in making certain decisions does not restrict or limit Franchisor's right under this Agreement to make other decisions based entirely on Franchisor's sole discretion as permitted by this Agreement. Franchisor sole discretion means that Franchisor may consider any set of facts or circumstances that it deems relevant in rendering a decision.

Even though this Agreement contains provisions requiring Franchisee to operate the Business and the Franchised Business in compliance with the System: (1) Franchisor does not have authority to control the day-to-day conduct and operation of Franchisee's business or employment decisions; and (2) Franchisee and Franchisor do not intend for Franchisor to incur any liability to third parties in connection with or arising from any aspect of the System or Franchisee's use of the System, whether or not in accordance with the requirements of the Manuals.

Nothing in this Agreement or any related Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document. The submission of this Agreement to Franchisee does not constitute an offer to Franchisee, and this Agreement shall become effective only upon execution by Franchisor and Franchisee.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date listed on the Summary Page to this Franchise Agreement.

EXHIBIT 1 TO THE FRANCHISE AGREEMENT
GENERAL RELEASE

THIS GENERAL RELEASE is made and given on this ____ day of _____, 20____ by _____, ("RELEASOR") an individual/corporation/ limited liability company/partnership with a principal address of _____ _____, in consideration of:

- ❒ the execution by Teapioca International, LLC ("RELEASEE") of a successor Franchise Agreement or other renewal documents renewing the franchise (the "Franchise") granted to RELEASOR by RELEASEE pursuant to that certain Franchise Agreement (the "Franchise Agreement") between RELEASOR and RELEASEE; or

- ❒ RELEASEE'S consent to RELEASOR'S transfer or assignment of its rights and duties under the Franchise Agreement; or

- ❒ RELEASEE'S consent to RELEASOR'S transfer or assignment of its ownership of all or any part of the Franchise; or

- ❒ RELEASEE'S consent to RELEASOR'S assumption of rights and duties under the Franchise Agreement; or

- ❒ RELEASEE'S consent to termination of the Franchise Agreement; or

- ❒ RELEASEE'S refund of $ _____ RELEASOR paid to RELEASEE,

and other good and valuable consideration, and accordingly:

RELEASOR hereby releases and discharges RELEASEE, RELEASEE'S officers, directors, managers, agents, legal representatives, attorneys, shareholders, members, partners, owners and employees (in their corporate and individual capacities), and RELEASEE'S successors and assigns, from any and all causes of action, suits, arbitrations, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASOR and RELEASOR'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise, the Franchised Business (as defined in the Franchise Agreement) or the Franchise Agreement, including, without limitation, claims arising under federal, state or local laws, rules or ordinances; and

RELEASEE hereby releases and discharges RELEASOR, RELEASOR'S officers, directors, managers, agents, legal representatives, attorneys, shareholders, members, partners, owners and employees (in their corporate and individual capacities), and RELEASOR'S successors and assigns, from any and all causes of action, suits, arbitrations, debts, damages, judgments, executions, claims and demands whatsoever, in law or in equity, that RELEASEE and RELEASEE'S heirs, executors, administrators, successors and assigns had, now have or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this RELEASE arising out of or related to the Franchise, the Franchised Business (as defined in the Franchise Agreement) or the Franchise Agreement, including, without limitation, claims arising under federal, state or local laws, rules or ordinances

This General Release shall not be amended or modified unless such amendment or modification is in writing and is signed by RELEASOR and RELEASEE.

IN WITNESS WHEREOF, RELEASOR has executed this General Release as of the date first above written.

RELEASOR:_____
(Type/print name)

By: _____

Name:_____

Title:_____

(or, if an individual)

Signed:_____

Name printed:_____

RELEASEE: Teapioca International, LLC

By: _____

Name: Bao Phan

Title: Chief Executive Officer

GENERAL RELEASE ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

On this ____ day of _____, 20____ before me personally came Joe Franchisee, known to me to be the same person whose name is signed to the foregoing General Release, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ (company name), and he/she has the authority to execute said General Release].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)

Notary Public
My Commission expires:

GENERAL RELEASE ACKNOWLEDGMENT

STATE OF _____

COUNTY OF _____

This instrument was acknowledged before me on _____, 20___, by Bao Phan of Teapioca International, LLC, who personally appeared before me at the time of notarization.

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)

Notary Public

My Commission expires:

EXHIBIT 2 TO THE FRANCHISE AGREEMENT

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT

This NON-DISCLOSURE AND NON-COMPETITION AGREEMENT ("Agreement") made as of the ____ day of _____, 20____, (the "Effective Date") is by and between Franchisee and _____("Individual").

W I T N E S S E T H:

WHEREAS, Franchisee is a party to that certain Teapioca International, LLC Franchise Agreement ("Franchise Agreement") by and between Franchisee and Teapioca International, LLC ("Company"); and

WHEREAS, Franchisee desires Individual to have access to or to review certain Trade Secrets and other Confidential Information of the Company, which are more particularly described below; and

WHEREAS, Franchisee is required by the Franchise Agreement to have Individual execute this Agreement prior to providing Individual access to Company's Trade Secrets and other Confidential Information; and

WHEREAS, Individual understands the necessity of not disclosing any such information to any other party, including any Covered Person or using such Trade Secrets or other Confidential Information to compete against Company, Franchisee or any other Franchisee of Company in a Competitive Business now or in the future.

NOW, THEREFORE, in consideration of the mutual promises and undertakings set forth herein, and intending to be legally bound hereby, the parties hereby mutually agree as follows:

1. Recitals

The above preamble and recitals are true and correct and incorporated into this Agreement.

2. Trade Secrets

Individual understands Franchisee possesses and will possess the Company's Trade Secrets, which is important to its business. For purposes of this Agreement, "Trade Secrets" is information, without regard to form including, but not limited to, technical or non-technical data, Know-How, formulas, patterns, compilations, programs, devices, methods, techniques, drawings, processes, financial data, financial plans, pro-formas, strategic plans, product plans, project plans, blueprints, lists of actual or potential customers or suppliers which are not commonly known by or available to the public and which information: (a) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (b) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Individual understands Franchisee's providing of access to the Trade Secrets creates a relationship of confidence and trust between Individual and Franchisee with respect to the Trade Secrets.

3. Confidential Information

For purposes of this Agreement, "Confidential Information" means technical and non-technical information and Know-How used in or related to the Teapioca Businesses and not commonly known by or available to the public, including, without limitation, Trade Secrets and any other information identified as confidential when delivered by the Company. Confidential Information shall not include, however, any information established by documentary evidence that: (a) is now or subsequently becomes generally available to the public through no fault of the Individual; (b) the Individual can demonstrate was rightfully in

its possession, without obligation of nondisclosure, prior to disclosure pursuant to this Agreement; (c) is independently developed without the use of any Confidential Information; or (d) is rightfully obtained from a third-party who has the right, without obligation of nondisclosure, to transfer or disclose such information;

4. Confidentiality/Non-Disclosure

a) Individual shall not whether in person, in writing, through the Internet or online through Social Media sites and/or applications communicate or divulge to (or use for the benefit of) any other person, firm, association, or corporation, with the sole exception of Franchisee, now or at any time in the future, any of the Company's Trade Secrets or Confidential Information.

b) Individual's obligations under paragraph 4(a) of this Agreement shall continue in effect after termination of Individual's relationship with Franchisee as an employee, agent, officer, director, executive, manager or member of Franchisee or a holder of a legal or beneficial interest in Franchisee, regardless of the reason or reasons for termination, and whether such termination is voluntary or involuntary, and Individual shall (and Franchisee is entitled to) communicate Individual's obligations under this Agreement to any future customer or employer of Individual to the extent deemed necessary by Franchisee for protection of Franchisee's rights and obligations herein.

5. Non-Competition

a) Individual agrees that for the period the Individual has a relationship with Franchisee and the period of three (3) years after the Individual no longer has a relationship with Franchisee and has ceased engaging in the conduct stated below, Individual shall not, directly or indirectly, solicit any employee or customer of the Franchised Business or any other Teapioca Business; or own an interest in, manage, operate, provide services to, carry on, be engaged in or take part in, or share in the earnings of any Competitive Business anywhere within (1) the greater of: (i) twenty-five (25) miles of Franchisee's Approved Location as described in the Franchise Agreement; or (ii) the Exclusive Territory, as detailed in Section 2.5 of the Franchise Agreement, also described as Exhibit 11 to the Franchise Agreement; and (2) twenty-five (25) miles of any Teapioca Business wherever located in existence at the time of termination of the relationship with Franchisee, without the express written consent of Franchisee. Further, the Individual agrees for the period the Individual has a relationship with Franchisee and the period of three (3) years after the Individual no longer has a relationship with Franchisee, the Individual shall not divert or attempt to divert any customer, employee or other business associate of Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other Franchisee to any Competitive Business or solicit or otherwise attempt to induce or influence (by direct or indirect means) any customer, employee or other business associate of Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other Franchisee to terminate or modify their business relationship with Franchisee, the Company, the Company's Affiliate(s) (as defined in the Franchise Agreement) or any other Franchisee.

b) "Competitive Business" means any business that offers or provides (or grants franchises or licenses to others to operate a business that offers or provides) food service industry that are offered or supplied by Teapioca Franchisees, which are the same as or similar to those provided by Teapioca Businesses or in which Trade Secrets or other Confidential Information could be used to the disadvantage of Franchisor, any Affiliate or Teapioca's other Franchisees; provided, however, that the term "Competitive Business" shall not apply to (a) any business operated by Franchisee under a franchise agreement with Franchisor, (b) any business operated by a publicly-held entity in which Franchisee owns less than a five percent (5%) legal or beneficial interest, (c) any business operated by Franchisee or its Affiliate(s) that has been disclosed, in writing, to Franchisor prior to the Effective Date of this Agreement, or (d) any business such as a marketing or scheduling company whose primary business is not affiliated with the food service industry.

c) Except as set forth in paragraph 5(a), "Affiliate" means any business entity that controls, is controlled by, or is under common control with Individual.

6. Miscellaneous

a) This Agreement constitutes the entire Agreement between the parties with respect to the subject matter hereof. This Agreement supersedes any prior agreements, negotiations and discussions between Individual and Franchisee. This Agreement cannot be altered or amended except by an agreement in writing signed by the duly authorized representatives of the parties.

b) The Company reserves the right to reduce the scope of the obligations under the covenants contained in Articles 7 and 17 of the Franchise Agreement unilaterally and without the consent of any other person or entities effective upon giving notice thereof.

c) Any signor below agrees to not hire any employee or independent contractor while under contract as a Franchisee, with individuals that are not United States Citizens or Naturalized Citizens of the United States.

d) If all or any portion(s) of any provision(s) of this Agreement are held to be invalid, unreasonable, illegal or unenforceable under applicable law, such invalid, unreasonable, illegal or unenforceable portion(s) of any provision(s) shall be amended, limited or excluded from this Agreement to the minimum extent required by applicable law so that this Agreement shall otherwise remain in full force and effect and enforceable in accordance with its terms.

e) This Agreement shall be effective as of the Effective Date and shall be binding upon the successors and assigns of Individual, Individual's family members, ancestors, descendants, and collaterals, and shall inure to the benefit of Franchisee, its subsidiaries, successors and assigns and Teapioca International, LLC.

f) Individual shall reimburse Franchisee or Company for any and all costs and attorney fees incurred by Franchisee or Company in the enforcement of the terms of this Agreement.

g) The failure of either party to insist in any one (1) or more instances upon performance of any terms and conditions of this Agreement shall not be construed a waiver of future performance of any such term, covenant or condition of this Agreement and the obligations of either party with respect thereto shall continue in full force and effect.

h) The paragraph headings in this Agreement are included solely for convenience and shall not affect, or be used in connection with, the interpretation of this Agreement. Whenever the context of this Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural. Capitalized terms not herein defined shall have the meaning set forth in the Franchise Agreement.

i) The Company shall be a third-party beneficiary of this Agreement.

j) If individual violates this Agreement and competes with Franchisor, its Assigns, or any Franchisees, Franchisor has the right to require that all sales made by the competitive business are reported to Franchisor. Individual will also pay to Franchisor, without demand, a weekly fee of $1000, retroactive to the first date of the violation and for each week that the violation continues or until judicial order is entered, without being deemed to revive or modify this Agreement. These payments are liquidated damages to compensate Franchisor for its damages from Individual's violation of this covenant not to compete and are not a penalty. Individual agrees that the length of time and geographical restrictions contained in this Agreement are fair and reasonable and not the result of overreaching, duress or coercion of any kind. Individual agrees that its full, uninhibited and faithful observance of each of the covenants in this section will not cause any undue hardship financial or otherwise and that the enforcement of each of these covenants in this section will not impair Individual's ability to obtain employment commensurate with Individual's abilities and on terms fully acceptable to Individual or otherwise to obtain income required for the comfortable support of Individual and Individual's family and the satisfaction of Individual's creditors.

Individual agrees that his/her special knowledge of the business of a Teapioca franchise would cause Franchisor and its Franchisees serious injury and loss if Individual, or anyone acquiring this knowledge through Individual, were to use this knowledge to the benefit of a competitor or were to compete with Franchisor or any of our other Franchisees.

k) if any court finally holds that the time or Territory or any other provision in this Section is an unreasonable restriction upon Individual, Individual agrees that the provisions of this Agreement are not rendered void but apply as to time and Territory or to any other extent as the court may judicially determine or indicate is a reasonable restriction under the circumstances involved.

INDIVIDUAL CERTIFIES THAT HE OR SHE HAS READ THIS AGREEMENT CAREFULLY AND UNDERSTANDS AND ACCEPTS THE OBLIGATIONS IT IMPOSES WITHOUT RESERVATION. NO PROMISES OR REPRESENTATIONS HAVE BEEN MADE TO SUCH PERSON TO INDUCE THE SIGNING OF THIS AGREEMENT.

IN WITNESS WHEREOF, Franchisee has caused this Agreement to be executed by its duly authorized officer, manager or executive and Individual has executed this Agreement, all being done in triplicate originals with one (1) original being delivered to each party and Company as of the Effective Date.

Individual

Signature:_____

Printed Name:_____

NON-DISCLOSURE AND NON-COMPETITION AGREEMENT
ACKNOWLEDGMENT

State of _____)
) ss
County of _____)

On this ____ day of _____, 20____ before me personally came _____, known to me to be the same person whose name is signed to the foregoing Non-Disclosure and Non-Competition Agreement, and acknowledged the execution thereof for the uses and purposes therein set forth, [and who did swear and say that he/she is the _____ (title) of _____ _____ (company name), and he/she has the authority to execute said Non-Disclosure and Non-Competition Agreement].

IN WITNESS WHEREOF, I have hereunto set my hand and official seal.

_____ (NOTARIAL SEAL)
Notary Public
My Commission expires:

EXHIBIT 3 TO THE FRANCHISE AGREEMENT

GUARANTY AND ASSUMPTION OF OBLIGATIONS

This GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") is given this Effective Date by the listed Members and Owners of the Franchisee as listed on the Summary Page to this Franchise Agreement. All listed Members and/or Owners shall be jointly and severally liable.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith ("Agreement") by Teapioca International, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ("Franchisee") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement. Each of the undersigned, along with Covered Person(s) shall be personally bound by, and personally liable for, Franchisee's breach of any provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, such as those contemplated by Articles 7 and 17 of the Agreement. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right it may have to require that an action be brought against Franchisee or any Covered Person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which it may be entitled.

Each of the undersigned consents and agrees that: (a) his direct and immediate liability under this Guaranty shall be joint and several; (b) he shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any Covered Person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Franchisee or to any Covered Person including, without limitation, 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 Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned further consents and agrees he shall be a party to any of the actions or claims between Franchisor and Franchisee for injunctive relief or specific performance or relating to the ownership of any of Franchisor's Marks or the unauthorized use or disclosure of Franchisor's Trade Secrets or Confidential Information, or which are to be resolved by non-binding mediation as set forth in the Agreement. Each of the undersigned also agrees to be personally bound by the waiver of jury trial as set forth in Section 23.6 of the Agreement.

Whenever the context of this Guaranty requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural. Capitalized terms not defined herein shall have the meaning set forth in the Agreement.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by each of the individuals listed on the Summary Page to this Franchise Agreement, intending to be legally bound hereby, on the Effective Date.

EXHIBIT 4 TO THE FRANCHISE AGREEMENT

HOLDERS OF 5% OR MORE LEGAL OR BENEFICIAL INTEREST IN FRANCHISEE; OFFICERS, DIRECTORS AND MANAGERS

Holders of Legal or Beneficial Interest:

The Holders of 5% or more interest are listed on the Summary Page of this Franchise Agreement

Officers, Directors and Managers:

Franchisee acknowledges that they must submit, within 24 hours, a training request for all Managers, Director and Officers that will work within or have ownership or direction over the Franchised Business. The information at minimum that must be provided is:

Name:_____
Position/Title:_____
Home Address: _____
_____
_____
Telephone No.:_____
E-mail address:_____

EXHIBIT 5 TO THE FRANCHISE AGREEMENT

MULTI-STATE ADDENDUMS

TO AVOID DUPLICATION IN THE FRANCHISE DISCLOSURE DOCUMENT THESE ARE LOCATED

AT EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

ON THE EXECUTION COPY, THE APPLICABLE STATE ADDENDUM WILL BE

LOCATED AT THIS EXHIBIT 5 TO THE FRANCHISE AGREEMENT

EXHIBIT 6
TO THE FRANCHISE AGREEMENT
MARKS

Franchisee has the right to operate a Franchised Business exclusively under the trade name and service mark "Teapioca" and under any other trade names, trademarks, service marks, logotypes, or other commercial symbols, and patents (the "Marks") currently authorized for use or that Teapioca International may later authorize for use in the operation of franchised businesses under the System provided that Franchisee is current with the payment of Royalties. CHBN Holdings, LLC is the sole and exclusive owner and licensor of all right, title, and interest in the Marks. The following Mark(s) are registered on the Principal Register of the United States Patent and Trademark Office ("USPTO"). All necessary renewal applications have been filed with respect to the following Mark:

Mark	International Classification	Registration Number	Registration Date
TEAPIOCA LOUNGE	043	4,393,669	August 27, 2013
"COME FOR THE CONFECTIONS STAY FOR THE CONNECTIONS"	043	4,510,455	April 8, 2014
SNOWYN	030	4,528,933	May 13, 2014
CREAM BLAST	030	5,208,070	May 23, 2017
BOBA BURSTERS	030	5,258,937	August 8, 2017
FRAPPIOCA	030	5,062,363	October 18, 2016
BLASTEA	030	5,062,348	October 18, 2016
TEA SYMBOL	043	4,849,972	November 10, 2016
BOBA BLOSSOM	030	5,469,554	May 15, 2018
BOBA MADNESS	030	5,468,315	October 2, 2017
CIRCLE LOGO	035	6,046,655	May 5, 2020
RED PANDA MASCOT	009, 016, 025, 030, 032, 035, 043	88/419,826	May 7, 2019

RED PANDA MASCOT WITH BROWN LIQUID	016, 021, 024, 025, 030, 032, 035, & 043	97/415,117	May 17, 2022
BOBA N CARS	009, 041	7,111,686	July 18, 2023
MONSTERS VS. FRUIT SHOOTERS	009, 041	97/444,970	June 6, 2022
BOBA ISLANDS: QUEST FOR GOLD	009, 041	97/440,103	June 2, 2022
BUTTER CRUSH	035, 043	98/422,600	February 27, 2024
COOKIE CRUSH	035, 043	98/422,621	February 27, 2024

Copyrights

Copyright	Class	Registration Number	Date
	Boba Bursters Game App in the Google Play and iTunes App Stores;	Pending	Released: June 16, 2016
	Boba Islands: Quest For Gold Game App Game App in the Google Play and iTunes App Stores;	Pending	Released: February 8, 2017
	Monster vs Fruit Shooter Game App Game App in the Google Play and iTunes App Stores;	Pending	Released: May 11, 2016

	Teapioca Timer App Game App in the Google Play Store;	Pending	Released: February 16, 2016
	POSLock: Device Position Lock App App in the Google Play and iTunes App Stores;	Pending	Released: June 5, 2016
COMING SOON	Boba Furious Car and Racing Game App Game App in the Google Play and iTunes App Stores;	Pending	Releasing soon…
RED PANDA CIRCLE LOGO WITH BROWN LIQUID	016, 021, 024, 025, 030, 032, 035, 043	97/415,117	May 17, 2022

CHBN Holdings, LLC, has granted Franchisor a license to use and sublicense to use the above-mentioned Marks, dated April 20, 2019. The term of the license is for ninety-nine (99) years. The license agreement may be terminated if Franchisor takes any affirmative act of insolvency, if a receiver or trustee is appointed to take possession of Franchisor properties and is not discharged within 90 days, if Franchisor winds up, sells, consolidates or merges the business, or if Franchisor breaches any of the duties and obligations under the license and does not cure the breach within sixty (60) days following written notice of the breach. Within the license agreement, the term "Marks" includes any other trade names, service marks, trademarks, designs, logos, slogans and commercial symbols now in existence or later adopted by CHBN Holdings, LLC that are used in connection with the System. This license agreement licensed to Franchisor any future trademarks acquired by CHBN Holdings, LLC as well. In the event that CHBN Holdings terminates the Agreement with them, they must honor all Franchisees sublicense agreements, including the right to renew.

Franchisor, as licensee to all right, title and interest to the Marks, except as described above, claims common law rights to the Marks and trade dress including: product names, business advertising materials and photographs. All necessary applications have been filed with respect to the federal registrations. Franchisee is authorized to use the Marks appearing above, and each Mark subsequently developed and designated by Franchisor, in the operation of Franchisee's Business.

Franchisor may change or modify the System presently identified by the Marks, including the adoption and use of new or modified trade names, service marks, trademarks or copyrighted materials, new programs or systems for the Franchised Business, new product lines, new employee training, new equipment or new techniques and Franchisee must accept, use and display those changes in the System, as if they were

part of the Franchise Agreement at the time of its signing. Franchisee will make the changes at Franchisee's expense.

MARK USE GUIDELINES

Proper use of a mark involves some basic rules which center around ensuring that the mark is recognized by the public as an indication of single source and is distinguished from the mere name of a product or service.

Although these rules will vary somewhat for different types of marks and use situations, the recommended guidelines are presented below. Franchisor may modify such guidelines and impose additional restrictions with respect to such Marks in its sole discretion.

Use the mark only as a proper adjective followed by a noun, and not as a possessive, a description (noun), a plural or a verb. Make sure that the symbol "TM" (designating trademark used to indicate source of products) or "SM" (designating service mark used to indicate source of services), or ® designating use of a federally registered Mark, as appropriate, prominently appears at least once in close association with the mark.

Make the mark stand out from the rest of the text (bolder type, ALL CAPS, *italics,* underline, etc.)

Avoid variations in spelling or display. By way of example, the following is proper:

Teapioca Lounge®
Teapioca Lounge™
Teapioca Lounge℠

The following is not proper:

> Take yourself to Teapioca boba, bubble tea and dessert drink confections. (noun, no special typography, no service mark indication)
>
> There are numerous Teapioca boba, bubble tea and dessert drink confections around the country. (noun, plural, no special typography, variation, no service mark symbol)
>
> Teapioca Boba, Bubble Tea and Dessert Drink Confections' services (possessive, variation, no service mark symbol)

It is not necessary that the SM, TM, or ® be used so often as to become obtrusive; once or twice in a short document is enough. When it is not obvious from the text, it is important that a legend indicating ownership of the marks appears somewhere reasonably visible on the document; namely, Teapioca Lounge® (and design) are trademarks and service marks of CHBN Holdings, LLC.

EXHIBIT 7
TO THE FRANCHISE AGREEMENT
FRANCHISE DISCLOSURE QUESTIONNAIRE

As You know, Teapioca International, LLC and You are preparing to enter into a Franchise Agreement for the operation of a Franchised Business. In this Franchisee Disclosure Questionnaire, Teapioca International, LLC will be referred to as Teapioca," "We" or "Us." The purpose of this Questionnaire is to determine whether any statements or promises were made to You that We did not authorize and that may be untrue, inaccurate or misleading.

By my signature on the Summary Page of this Franchise Agreement, I hereby acknowledge that the answer to all of the below 15 questions is ☑ True.

1. The Date on my Franchise Disclosure Document Receipt is accurate as of the date I first received the Franchise Disclosure Document from the Franchisor. (hereafter FDD Receipt Date")
2. The Date of my first face-to-face meeting was on or after the FDD Receipt Date.
3. The Date I received a fully filled in Franchise Agreement, except for signatures, was at least fourteen (14) calendar days after the FDD Receipt Date.
4. The Date I submitted any payment towards the Franchise Agreement, was at least fourteen (14) calendar days after the FDD Receipt Date.
5. I have only been given Actual sales or profits of other units, average sales or profit figures, or projections of how much I or any Franchisee could make or any of the numbers and figures within the Item 19 section of the FDD.
6. I have received and personally reviewed the Disclosure Document provided to me.
7. I have received, and personally reviewed Teapioca International, LLC Franchise Agreement and each Exhibit, addendum and schedule attached to it.
8. I understand all of the information contained in the Franchise Agreement and each Exhibit and schedule attached to it.
9. I did not rely on the financial condition of a parent or affiliated company in determining whether to enter into this Agreement.
10. I have discussed the benefits and risks of operating the Franchised Business with an attorney, accountant or other professional advisor and do You understand those risks.
11. I understand that the success or failure of my business will depend in large part upon your skills and abilities, competition from other businesses, interest rates, inflation, labor and supply costs, lease terms and other economic and business factors that I control.
12. I have not had any employee or other person speaking on Franchisor's behalf make any statement or promise concerning a Franchised Business that is contrary to, or different from, the information contained in the Disclosure Document.
13. I have not had any employee or other person speaking on Franchisor's behalf make any statement or promise concerning the likelihood of success that I should or might expect to achieve from operating a Franchised Business.
14. I have not had any employee or other person speaking on Franchisor's behalf make any statement, promise or agreement concerning the advertising, marketing, training, support service or assistance that We will furnish to You that is contrary to, or different from, the information contained in the Disclosure Document.
15. I understand that in all dealings with You, our officers, managers, members, directors, attorneys, employees and agents act only in a representative capacity and not in an individual capacity and such dealings are solely between Franchisee and Franchisor.

If any of the statements above are not True, I should not sign this Franchise Agreement, as the terms of it are not correct for my personal situation, and are not authorized by the Franchisor, and I will need an Amendment.

Franchisee, and all of its Owners, Directors and Members acknowledge that by signing the Summary Page of this Franchise Agreement you are also simultaneous signing this Franchisee Disclosure Questionnaire, personally, You are representing that You have responded truthfully to the above questions. You acknowledge that Teapioca International, LLC is relying on the accuracy of the above information, and that the information set forth above is true and correct.

EXHIBIT 8
TO THE FRANCHISE AGREEMENT
AUTHORIZATION AGREEMENT
AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **Teapioca International, LLC**

I (We) hereby authorize Teapioca International, LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account indicated on the Summary Page to this Franchise Agreement, at the depository financial institution named, and to debit the same to such account. I (We) acknowledge that the origination of ACH transactions to my (our) account must comply with the provisions of U.S. Law, and that I will be responsible for any banking fees that my institution charges.

This authorization is to remain in full force and effect until Teapioca International has received a written replacement ACH Withdrawal Form notification from me. I (We) understand that revocation of this Authorization Agreement by me (Us) may constitute an event of Default under the Franchise Agreement.

I (We) understand that the amount to be withdrawn by Franchisor will not be the same each month and I (We) therefore authorize all monetary transfers pursuant to Articles 3 and 11 of the Franchise Agreement.

IN WITNESS HEREOF, Franchisee, and all of its Owners, Directors and Members acknowledge that by signing the Summary Page of this Franchise Agreement you are also simultaneous signing this ACH Withdrawal Form, personally.

EXHIBIT 9
TO THE FRANCHISE AGREEMENT
TELEPHONE NUMBER ASSIGNMENT AGREEMENT AND POWER OF ATTORNEY

FOR VALUE RECEIVED, the ("Franchisee") irrevocably assigns the telephone listing and numbers used in the Franchised Business and any successor, changed or replacement number or numbers effective upon the date of termination of the Franchise Agreement described below to Teapioca International, LLC ("Franchisor"), upon the following terms:

1. This assignment is made under the terms of the Teapioca International Franchise Agreement as of the Effective Date authorizing Franchisee to do business as Teapioca International" (the "Franchise Agreement"), which in part pertains to the telephone listing and numbers the Franchisee uses in the operation of the Franchised Business covered by the Franchise Agreement.

2. Franchisee retains the limited right to use the telephone listing and numbers only for transactions and advertising under the Franchise Agreement while the Franchise Agreement between Franchisor and Franchisee remains in full force, but upon termination or expiration of the Franchise Agreement, Franchisee's limited right to use of the telephone listing and numbers also terminates. In this event, Franchisee agrees to immediately discontinue use of all listings and numbers. At Franchisor request, Franchisee will immediately sign all documents, pay all monies, and take all other action necessary to transfer the listings and numbers to Franchisor.

3. Franchisee shall provide Franchisor with all numbers on the rotary series and all numbers the Franchisee uses in the Franchised Business in the future within 5 business days of creation of that number.

4. Franchisee shall pay all amounts owed for the use of the telephone numbers and affiliated listings Franchisee incurs. On termination or expiration of the Franchise Agreement, Franchisee shall immediately pay all amounts owed for the listings and telephone numbers, whether or not due, including all sums owed under existing contracts for telephone directory or online advertising.

5. Franchisee appoints Franchisor as Franchisee's Attorney-In-Fact to act in Franchisee's place for the purpose of assigning any telephone number covered by Paragraph 3 above to Franchisor or Franchisor's designees or Transferees. Franchisee grants Franchisor full authority to act in any manner proper or necessary to the exercise of these powers, including full power of substitution and signing or completion of all documents required or requested by any telephone company to transfer the numbers, and ratifies every act that Franchisor lawfully performs in exercising those powers.

This Power of Attorney is effective for five (5) years from the date of expiration, cancellation or termination of Franchisee's rights under the Franchise Agreement for any reason. Franchisee intends that this power of attorney be coupled with an interest. Franchisee declares this power of attorney to be irrevocable and renounces all right to revoke it or to appoint another person to perform the acts referred to in this instrument. This power of attorney is not affected by Franchisee's later incapacity. This power is created to secure performance of a duty to Franchisor and is for consideration.

THE PARTIES have caused this Agreement to be duly signed, in both their individual and representative capacities as evidenced by their signatures on the Summary Page of this Franchise Agreement.

EXHIBIT 10
TO THE FRANCHISE AGREEMENT
CREDIT AND SECURITY AGREEMENT

THIS CREDIT AND SECURITY AGREEMENT is entered into on the Effective Date, between Franchisor (Teapioca) and Franchisee. In consideration of the Teapioca franchise granted to Franchisee by Teapioca pursuant to that certain Teapioca Franchise Agreement dated as of the Effective Date (the "Franchise Agreement") and/or the extension of credit by Teapioca to Franchisee, and other good and valuable consideration, Teapioca and Franchisee agree as follows:

1. DEFINITIONS. In this Agreement:

A. The term **"Obligations"** refers to the following obligations that are secured by this Agreement:

(1) all amounts owed by Franchisee to Teapioca and its affiliates from time to time under the Franchise Agreement or any other agreement between Franchisee and Teapioca or any of its affiliates;

(2) all amounts owed by Franchisee to Teapioca from time to time arising from the purchase of products and services by Franchisee from Teapioca;

(3) all costs incurred by Teapioca to obtain, preserve, perfect, and enforce this Agreement and the security interest granted herein, to collect the Obligations, and to maintain, preserve, collect, and secure the Collateral (as defined below), including, but not limited to, repairs, replacements, taxes, assessments, insurance premiums, repairs, reasonable attorneys' fees and legal expenses, rent, storage costs, and expenses of sale;

(4) all other debts, obligations, liabilities, and agreements of Franchisee to Teapioca now or hereafter arising, absolute or contingent, joint or several, secured or unsecured, due or not due, contractual or tortious, liquidated or unliquidated, arising by operation of law or otherwise, direct or indirect; and

(5) interest on the above amounts as agreed upon among the parties or, if not otherwise agreed, at a per annum rate of interest equal to the lesser of (i) two percentage (2%) points above the Prime Rate or (ii) the maximum rate of interest allowed under applicable law.

B. The term **"Collateral"** refers to the following property of Franchisee:

(1) all items sold by Teapioca or an affiliate to Franchisee;

(2) all other assets and collateral, including inventory, equipment, goods, fixtures, of Franchisee whenever acquired, wherever located, and whether now or hereafter existing which is acquired by Franchisee pursuant to or in connection with the business conducted under the Franchise Agreement;

(3) all accessions, attachments, and other additions to, substitutes for, replacements for, and improvements to the foregoing;

(4) all documents, contract rights, instruments, accounts, general intangibles, and chattel paper, and all additions, replacements, substitutions and accessions thereto and proceeds realized therefrom, now owned or hereinafter acquired , with respect to the sale, lease, or consignment of any of the foregoing;

(5) all policies of insurance covering the foregoing; and

(6) all proceeds of any of the foregoing.

C. The term **"Prime Rate"** refers to the per annum rate of interest equal to the base rate of interest announced from time to time by JPMorgan Chase Bank, as its prime rate of interest, which rate of interest may not be its lowest base rate of interest.

D. All other capitalized terms used herein but not defined above shall have the same meaning as in the Franchise Agreement.

2. SECURITY INTEREST.

Subject to the terms of this Agreement, Franchisee and its Guarantors assigns and grants to Teapioca a security interest and lien on the Collateral to secure the payment and the performance of the Obligations. Teapioca will have the right to file a UCC-1 form on all items of security, as well as, filing a construction or mechanic's lien, whichever is applicable in the jurisdiction, on the Collateral until such time that Teapioca have been paid in full for the Collateral.

3. INVENTORY LOCATION.

A. Franchisee represents and warrants to Franchisor that:

(1) Franchisee's principal place(s) of business is the location listed on the Summary Page of this Franchise Agreement.

(2) The Collateral will be kept at Franchisee's principal place(s) of business or the Franchised Business or ship to address for the project being designed and ordered for.

(3) The office where Franchisee keeps the records concerning accounts and contract rights is in is the location listed on the Summary Page of this Franchise Agreement.

B. Franchisee will promptly notify Teapioca of any addition to, change in, or discontinuance of any address of Franchisee, place or places where Collateral is kept, Franchisee's principal place of business, or location of the office where records concerning accounts and contract rights are kept.

4. RECORDS AND INSPECTIONS.

Franchisee at all times will maintain reasonable, current and accurate books and records covering the Collateral. From time to time upon the request of Teapioca, Franchisee shall deliver detailed descriptions and lists of the items included in the Collateral, as well as such other reports and information deemed by Teapioca to be necessary or appropriate to enable Teapioca to determine the value and location of the Collateral. Teapioca and its agents and representatives may inspect the Collateral and Franchisee's records with respect to the Collateral during normal business hours.

5. TITLE.

At the time Franchisee grants to Teapioca a security interest in any Collateral, Franchisee shall be the absolute owner thereof and shall have the right to grant such security interest. Franchisee shall defend the Collateral against all claims and demands of all persons at any time claiming any interest in any of the Collateral that is adverse to Teapioca. Franchisee shall keep the Collateral free from all liens, claims, and security interests, except as to any applicable personal property taxes not yet due and the security interest created hereby.

6. FINANCING STATEMENTS.

A. Franchisee and its Guarantors warrants that no financing statement covering the Collateral is or will be on file in any public office, except the financing statements relating to the security interest granted to Teapioca herein.

B. Franchisee and its Guarantors shall sign all financing statements and any other papers furnished by Teapioca that are necessary in the judgment of Franchisor to obtain, maintain, and perfect the security interest granted herein and to enable Teapioca to comply with any federal or state law in order to obtain or perfect Teapioca's interest in the Collateral or to obtain the proceeds of any Collateral.

7. TAXES AND INSURANCE.

A. Franchisee will pay when due all taxes and assessments on or with respect to the Collateral for its use, operation, and maintenance.

B. Franchisee shall insure the Collateral with companies acceptable to Teapioca against such casualties and in such amounts as Teapioca shall require. All insurance policies shall be written for the benefit of Franchisee, and Teapioca as their interests may appear, or in other form satisfactory to Teapioca, and such policies or certificates evidencing the same shall be furnished to Teapioca. All policies of insurance shall provide for written notice to Teapioca at least thirty (30) days prior to cancellation. Risk of loss or damage is Franchisee's to the extent of any deficiency in any effective insurance coverage. Teapioca is appointed Franchisee's attorney-in-fact to collect any returned or unearned premiums or the proceeds of such insurance and to endorse any draft or check payable to Franchisee therefor, and Teapioca may apply such sums to the Obligations secured herein in such order and in such manner as Teapioca in its sole discretion shall decide.

8. PROTECTION OF COLLATERAL.

A. Franchisee will keep the Collateral in good order and repair and will not waste or destroy Collateral or any part or proceeds thereof.

B. Franchisee and its Guarantors appoints Teapioca as Franchisee's attorney-in-fact with full power in Franchisee's name and on Franchisee's behalf to do every act that Franchisee and its Guarantors is obligated or allowed to do hereunder, and to exercise all rights of Franchisee with regard to the Collateral and to make collections and to execute any and all papers and instruments and to do all other things necessary to preserve and protect the Collateral and to protect Teapioca's security interest in the Collateral; provided, however, that nothing in this Section 8.B. shall be construed to obligate Teapioca to take any action hereunder. In their sole discretion, Teapioca may undertake to perform any covenants, warranties, or actions required of Franchisee hereunder, to make payments required of Franchisee hereunder, or to pay for the repair, maintenance, and preservation of the Collateral. All sums and costs so expended, including, but not limited to, attorneys' fees, court costs, agent's fees, and commissions, shall bear interest from the date of expenditure until paid at the maximum rate of interest allowed by applicable law. All amounts due under this Section 8.B. are secured by this Agreement and shall be payable to Teapioca at its address indicated in the Franchise Agreement.

9. PAYMENT.

A. Franchisee shall make all payments required under the Note or any other agreement with Teapioca and their affiliates in the manner and within the time period provided in the Note and such other agreements.

B. If Teapioca in its sole discretion makes any payments pursuant to Section 1(B)(4) or Section 8 hereof, or makes any payments on behalf of Franchisee to suppliers or any other parties, Franchisee agrees to pay to the order of Teapioca the amount so expended within five (5) business days after Teapioca gives notice of such expenditure to Franchisee.

C. Upon default hereunder or expiration or sooner termination of the Franchise Agreement, Franchisee agrees to pay to the order of Teapioca all amounts outstanding under the Obligations immediately upon the giving of notice by Teapioca to Franchisee.

10. DEFAULT.

The following are events of default hereunder:

A. default in the timely payment of the Obligations or any part thereof; or

B. default in the timely performance or observance of the terms and conditions of this Agreement, the Franchise Agreement, or of any other agreement between Franchisee and Teapioca or their affiliates; or

C. the occurrence of any event or condition that results in the termination of, or constitutes grounds for the termination of, the Franchise Agreement, or would so result if not prevented by applicable law: or

D. any warranty, representation, or statement made or furnished to Teapioca herein, heretofore, or hereafter proves to have been false in any material respect when made or furnished; or

E. loss, theft, destruction, or encumbrance of any of the Collateral in violation hereof; or

F. sale or transfer of any of the Collateral, except for the sale of inventory in the ordinary course of Franchisee's business; or

G. belief by Teapioca that the prospect of payment of the Obligations or performance of this Agreement or of any of the Obligations is impaired; or

H. death, incapacity, dissolution, merger, consolidation, termination of existence, insolvency, or business failure of Franchisee or of any other person or entity liable on any of the Obligations; or

I. commencement of proceedings for the appointment of a receiver for any property of Franchisee; or

J. commencement of any proceeding under any bankruptcy or insolvency law by or against Franchisee (or any corporate action shall be taken to effect same), or any partnership of which Franchisee is a partner, or by or against any person or entity liable upon the Obligations or any part thereof, or liable upon Collateral; or

K. levy on, seizure, or attachment of any property of Franchisee; or

L. a judgment against Franchisee becomes final and remains unpaid for thirty (30) days.

11. REMEDIES.

A. When an event of default occurs, and at any time thereafter, Teapioca without notice or demand, may exercise any one or more of the following remedies:

(1) declare one or more of the Obligations, in whole or in part, immediately due and may enforce payment of the same;

(2) exercise all rights and remedies provided by this Agreement, by the Franchise Agreement, by Teapioca's state Business and Commerce Code, or by the Uniform Commercial Code or other law or regulation regulating secured transactions of any other applicable jurisdiction; and

(3) require Franchisee to assemble the Collateral and make it available at a place to be designated by Teapioca that is reasonably convenient to Franchisee.

B. Unless the Collateral is perishable or threatens to decline speedily in value or is of a type customarily sold on a recognized market, reasonable notification of the time and place of any public sale or reasonable notification of the time after which any private sale or other intended disposition is to be made shall be given by Teapioca to Franchisee. It is agreed that notice sent or given not less than five (5) calendar days prior to the taking of the action to which the notice relates, or such longer period of time as is required by applicable law, is reasonable notification and notice for the purposes of this Section 11.B.

C. Expenses or retaking, holding, preparing for sale or lease, selling, leasing, and the like shall include Teapioca's reasonable attorneys' fees and legal expenses.

D. Teapioca may surrender any insurance policies upon any of the Collateral and receive the unearned premium thereon. Franchisee shall be entitled to any surplus, after all monies owed to Franchisor have been paid, and shall be liable to Teapioca for any deficiency. The proceeds of any disposition after default available to satisfy the Obligations shall be applied to the Obligations in such order and in such manner as Teapioca in their joint discretion shall decide.

12. MISCELLANEOUS.

A. Teapioca shall have the right at any time to execute and file this Agreement as a financing statement, but the failure to do so shall not impair the validity or enforceability of this Agreement.

B. The parties hereto do not intend to contract for, charge, or receive any interest or other charge that is usurious, and by execution of this Agreement Franchisee acknowledges that Teapioca have no such intent. In no event whatsoever, whether by reason of acceleration of maturity or otherwise, shall the amount paid or agreed to be paid to Teapioca for the use, forbearance, or detention of the money to be due hereunder or otherwise, or for the payment or performance of any covenant or obligation contained herein or in any other document evidencing, securing, or pertaining to any of the Obligations (all such other documents being hereinafter called the "Loan Documents"), exceed the maximum interest rate allowed by the laws of any applicable jurisdiction (hereinafter called the "Maximum Rate"). If, from any circumstance whatsoever, fulfillment of any provisions hereof or of the Loan Documents, at the time performance of such provisions shall be due, shall result in the interest to be paid exceeding the Maximum Rate, then such provisions shall be modified so that the rate of interest shall be reduced to the Maximum Rate, and if from any such circumstance Teapioca ever shall receive as interest or otherwise an amount that would cause the Maximum Rate to be exceeded, the portion of such amount that would be excessive interest shall be applied to the reduction of the principal amount owing hereunder or on account of any other principal indebtedness of Franchisee to Teapioca and not to the payment of interest, or if such excessive interest exceeds the unpaid balance of principal hereof and such other indebtedness, such excess shall be refunded to Franchisee. All sums paid and agreed to be paid to Teapioca for the use, forbearance, or detention of the indebtedness of Franchisee shall, to the extent permitted by applicable law, be amortized, prorated, allocated, and spread

throughout the whole term of such indebtedness so that the actual rate of interest on account of such indebtedness is uniform throughout the term thereof. The terms and provisions of this paragraph shall control and supersede any other provision of this Agreement or the Loan Documents.

C. All rights and remedies of Teapioca hereunder are cumulative of each other and of every other right or remedy that Teapioca otherwise may have at law or in equity or under any other contract or document for the enforcement of the security interest granted herein or the collection of the Obligations, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

D. Should any part of the Obligations be payable in installments, the acceptance by Teapioca at any time and from time to time of part payment of the aggregate amount of all installments then matured shall not be deemed to be a waiver of the default then existing. No waiver by Teapioca of any default shall be deemed to be a waiver of any other subsequent default, nor shall any such waiver by Teapioca be deemed to be a continuing waiver. No delay or omission by Teapioca in exercising any right or power hereunder, or under any other documents executed by Franchisee as security for or in connection with the Obligations, shall impair any such right or power or be construed as a waiver thereof or any acquiescence therein, nor shall any single or partial exercise of any such right or power preclude other or further exercise thereof or the exercise of any other right or power of Teapioca hereunder or under such other document.

E. Except as otherwise provided herein, Franchisee waives notice of the creation, advance, increase, existence, extension, or renewal of, or of any indulgence with respect to, the Obligations; waives presentment, demand, notice of dishonor, and protest; waives notice of the amount of the Obligations outstanding at any time, notice of any change in financial condition of any person liable for the Obligations or any part thereof, notice of any event of default, notice of intent to accelerate and of acceleration, and all other notices with respect to the Obligations; and agrees that maturity of the Obligations and any part thereof may be accelerated, extended, or renewed one or more times by Teapioca in its discretion, without notice to Franchisee.

F. No renewal or extension of or any other indulgence with respect to the Obligations or any part thereof, no release of any security, no release of any person (including any maker, endorser, guarantor, or surety) liable on the Obligations, no delay in enforcement of payment, and no delay or omission or lack of diligence or care in exercising any right or power with respect to the Obligations or any security therefore or guaranty thereof or under this Agreement shall in any manner impair or affect the rights of Teapioca under the law, hereunder, or under any other agreement pertaining to the Collateral. Teapioca need not file suit or assert a claim for personal judgment against any person for any part of the Obligations or seek to realize upon any other security for the Obligations before foreclosing upon the Collateral for the purpose of paying the Obligations. Franchisee waives any right to the benefit of or to require or control application of any other security or proceeds thereof, and agrees that Teapioca shall have no duty or obligation to Franchisee to apply to the Obligations any such other security or proceeds thereof.

G. This Agreement shall be binding on Franchisee and Franchisee's heirs, executors, administrators, other legal representatives, successors, and assigns and shall inure to the benefit of Teapioca their successors and assigns. If there be more than one operating principal of Franchisee, their obligations and agreements hereunder are joint and several and shall be binding upon their respective heirs, executors, administrators, other legal representatives, successors, and assigns, and delivery or other accounting of Collateral to any one or more of them shall discharge Teapioca of all liability therefore.

H. This Agreement shall not become effective until the Franchise Agreement is approved in writing by a corporate officer of Teapioca, whereupon this Agreement shall be effective as of the day and year first above written.

I. All demands and notices required or permitted hereunder shall be given in the same manner as provided in the Franchise Agreement.

J. If any provision of this Agreement is held to be illegal, invalid or unenforceable under any present or future law, such provision shall be fully severable, and this Credit and Security Agreement shall be construed and enforced as if such illegal, invalid, or unenforceable provision had never comprised a part hereof and the remaining provisions of this Credit and Security Agreement shall remain in full force and effect and shall not be affected by the illegal, invalid, or unenforceable provision or its severance from this Credit and Security Agreement. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as a part of this Credit and Security Agreement a provision as similar in terms to such illegal, invalid, or unenforceable provision as may be possible and be legal, valid, or enforceable.

K. IN THE EVENT OF A DEFAULT HEREUNDER, IN ADDITION TO ALL OTHER REMEDIES AVAILABLE TO TEAPIOCA, EACH SHALL HAVE THE RIGHT TO ENTER UPON THE PREMISES WHERE THE COLLATERAL THAT IS INVENTORY IS LOCATED, TAKE POSSESSION OF SUCH COLLATERAL, AND REMOVE THE SAME WITH OR WITHOUT JUDICIAL PROCESS (IF SUCH TAKING WITHOUT JUDICIAL PROCESS CAN BE DONE REASONABLY AND WITHOUT BREACH OF THE PEACE), AND FRANCHISEE DOES HEREBY EXPRESSLY WAIVE ANY RIGHT TO ANY NOTICE, LEGAL PROCESS, OR JUDICIAL HEARING PRIOR TO SUCH TAKING OR POSSESSION BY TEAPIOCA. FRANCHISEE UNDERSTANDS THAT THE RIGHT TO PRIOR NOTICE AND HEARING IS A VALUABLE RIGHT AND AGREES TO THE WAIVER THEREOF AS A PART OF THE CONSIDERATION FOR AND AS AN INDUCEMENT TO TEAPIOCA TO EXTEND CREDIT NOW AND HEREAFTER TO FRANCHISEE. FRANCHISEE ACKNOWLEDGES RECEIPT OF A SIGNED COPY OF THIS AGREEMENT.

IN WITNESS WHEREOF, the Parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date by their signatures on the Summary Page(s).

EXHIBIT 11
TO THE FRANCHISE AGREEMENT
TERRITORY

This Agreement is made by and between the person or entity whose name appears, or the persons whose names appear, on the Signature Page of this Agreement

Designated Location (If applicable)

Franchisee has suggested, and Franchisor has approved the following location for the location of the Franchised Business: The Location Address listed on the Summary Page

Non-Exclusive Territory

Provided that Franchisee is in compliance with the Ongoing Franchise Agreement including but not limited to, the Minimum Requirements, and stays current on all Royalties and Other Fees due Franchisor, Franchisee shall have a Non-Exclusive Territory that will be delineated by a geographic area extending no greater than a 1-mile radius around Franchisee's Teapioca Business, which is more specifically described as:

The geographic area described as: A portion of the Metropolitan Statistical Area, MSA # _____ which is more particularly described as:

The western boundary is from the easternmost side of _____
The eastern boundary is from the westernmost side of _____
The northern boundary is from the southernmost side of _____
The southern boundary is from the northernmost side of _____

IN WITNESS WHEREOF, this Territory Exhibit, attached to the Franchise Agreement, is made effective as of the Effective Date on the Summary Page. Any Map attached is done so for a visual reference only. The verbiage shown above shall take precedence over the visual map.

EXHIBIT 12
TO THE FRANCHISE AGREEMENT

LEASE ADDENDUM

The Franchisee, by their signature on the Summary Page attached to this Franchise Agreement, agrees, if they are leasing space for the franchised business, to either:

1) have the Landlord sign and execute the following Lease Addendum; or

2) have all of the clauses and terms contained in the following Lease Addendum incorporated into the body of the Lease they execute with Landlord.

[The remainder of this page is intentionally left blank.]

LEASE ADDENDUM REQUIRED BY THE TEAPIOCA FRANCHISE AGREEMENT

This Franchise Lease Addendum ("Rider"), dated the _____ day of _____, 20____, is entered into between _____ ("Landlord") and _____ ("Tenant").

RECITALS

WHEREAS, Landlord and Tenant have entered into a Lease dated _____, 20____ (the "Lease"), relating to the premises located at _____ (the "Premises").

WHEREAS, Landlord acknowledges that Tenant intends to operate a Teapioca Franchised Business ("Business") from the Premises pursuant to Tenant's Franchise Agreement with Teapioca International, a Texas Limited Liability Company ("Franchisor") dated _____ (the "Franchise Agreement"), which provides for, among other things, the operation by Tenant of a Teapioca Franchised Business under Franchisor's criteria and guidelines utilizing the Teapioca name and Trademarks as Franchisor my designate in the operation of the Store at the Premises, and which may be modified from time to time.

WHEREAS, Tenant has agreed to grant Franchisor certain rights under the Franchise Agreement, including the terms contained in this Franchise Lease Rider for the purpose of, among other things, protecting the locational goodwill associated with the Premises, and Landlord is willing to agree to the terms contained in this Franchise Lease Rider so that Franchisor consents to Franchisee entering into the Lease.

WHEREAS, Landlord further acknowledges that Franchisor has approved Tenant's request to locate its Business on the Premises that is the subject of the Lease, provided that the conditions and agreements set forth in this Rider are made a part of the Lease.

AGREEMENT

NOW, THEREFORE, for valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree to amend the Lease as follows:

1. Permitted Use. The Premises will be used solely for the operation of a retail business specializing in the services offered or sold from Franchisor, Franchisor's affiliates, or Franchisor's other Teapioca Businesses. The business operated by Tenant from the Premises will be identified solely by the service mark Teapioca Lounge. Landlord will not permit Tenant to change the service mark or trade name it uses at the Premises without the prior written approval of Franchisor.

2. Remodeling and Décor.

(a) Use of Marks. Landlord consents to Tenant's use and installation of the trademarks, service marks, signs, décor items, color schemes, and related components of the Franchisor's system as Franchisor may from time to time prescribe for the franchised business.

(b) Landlord agrees that Tenant has the right to remodel, equip, paint, and decorate the interior of the Premises and to display such Trademarks and signs on the interior and exterior of the Premises as Tenant is required to do pursuant to the Franchise Agreement and any successor Franchise Agreement under which Tenant may operate a Business on the Premises. Any remodel of the building and/or its signage shall not be subject to Landlord's prior approval, nor any liability to Landlord for such remodels.

(c) Tenant may, without Landlord's consent, install signage on the exterior of the Premises with Franchisor's standard lettering, logo and colors; provided, however, such signage must comply with all applicable laws and regulations, and the objective criteria, but not any subjective criteria, set forth in Landlord's sign criteria, sign program or sign plan, if any, for the project within which the Premises are located.

3. Assignment By Tenant.

(a) Tenant does not have the right to sublease or assign the Lease to any third-party without Landlord's and Franchisor's written approval. Landlord will not consent to an assignment or subletting by Tenant (other than in accordance with Section 3(b) or Section 7) without first verifying that Franchisor has given its written consent to Tenant's proposed assignment or subletting.

(b) So long as Tenant is in good standing under the Lease, Tenant has the right to assign all of its right, title, and interest in the Lease to Franchisor or its affiliates during the term of the Lease, including any extensions or renewals, without first obtaining Landlord's consent. No assignment will be effective, however, until Franchisor or its designated affiliate gives Landlord written notice of its acceptance of the assignment. Franchisor or its affiliates will be responsible for the Lease obligations incurred after the effective date of the assignment, but in no way shall be responsible for any financial obligation owed Landlord by Tenant prior to the effective date of the assignment.

(c) If Franchisor elects to assume the Lease, Franchisor shall not be required to begin paying rent until Landlord delivers possession of the Premises to the Franchisor. At any time until the Landlord delivers possession of the Premises, Franchisor shall have the right to rescind the election to assume by written notice to the Landlord.

4. Default and Notices to Franchisor.

(a) Landlord shall send Franchisor copies of any and all default notices under its Lease with Tenant at the same time it provides Tenant with such notice. If Tenant fails to cure any breach or default under the Lease within the applicable cure period set forth in the Lease, Landlord shall promptly give Franchisor written notice thereof, specifying the defaults that Tenant has failed to cure to which Franchisor has the right to unilaterally assume the Lease if Tenant fails to cure. Franchisor shall have twenty (20) days from the date Franchisor receives such notice to exercise, by written notice to Landlord and Tenant, its right to assume the Lease. Franchisor shall have an additional thirty (30) days from the expiration of Tenant's cure period in which to cure the default or violation (or a reasonable period of time to cure a non-monetary default not capable of being cured within such thirty (30)-day period).

(b) If Franchisor elects to assume the Lease, Franchisor or its designated entity shall not be required to cure Tenants previous defaults. Franchisor shall begin paying rent when Landlord delivers possession of the Premises to the Franchisor or its designated entity. At any time until Landlord delivers possession of the Premises, Franchisor or its designated entity shall have the right to rescind the election to assume by written notice to Landlord.

5. Termination of Franchise Agreement; Expiration or Non-Renewal of Lease.

(a) If Tenant is in default under the Franchise Agreement, Franchisor may, at its option, send written notice to Landlord and Tenant, via electronic or mail options, stating that Franchisor elects for the Tenant's interest under the Lease to be assigned to Franchisor or its designated entity. If Tenant fails to vacate the Premises and surrender possession thereof to the Franchisor or its designated entity within 3 days after receipt of written notice of Franchisee's default, Tenant shall be deemed to be in default of the Lease. Following Landlord's delivery of a written notice of default, an

assignment of the Lease shall be effected pursuant to Section 7 below. Tenant hereby irrevocably authorizes Landlord to rely on any written notice of default it receives from Franchisor, or its counsel, and Landlord may disregard any notices or demands it receives from Tenant once Landlord has received said written notice of default. Landlord shall 1) immediately grant Franchisor unfettered access to the leased premises, and 2) change the locks and provide only the Franchisor a key, so the Franchisor may continue conducting business, without harm to Teapioca goodwill, until such time as either the Tenant cures the default and resumes the franchised business, with Franchisors written approval, or until Franchisor and Landlord fulfills all obligations under Sections 6 and 7 below.

(b) If the Franchise Agreement is terminated for any reason during the term of the Lease or any renewal or extension thereof and if Franchisor desires to assume the Lease, Franchisor shall promptly give Landlord written notice thereof. Within twenty (20) days after receipt of such notice, Landlord shall give Franchisor written notice specifying any non-financial defaults of Tenant under the Lease. If Franchisor or its designated entity elects to assume the Lease, Franchisor or its designated entity must cure said non-financial defaults consistent with Section 3 above.

(c) If the Lease contains renewal term or extension right(s) and if Tenant does not exercise said right(s) prior to thirty (30) days prior to the expiration period, Landlord shall give Franchisor written notice thereof, and Franchisor shall have the option, for thirty (30) days after receipt of said notice, to exercise the Tenant's renewal or extension right(s) on the same terms and conditions as are contained in the Lease. If the Franchisor elects to exercise such right(s), it shall so notify Landlord in writing, whereupon Landlord and the Franchisor or its designated entity shall promptly execute and deliver an agreement whereby the Franchisor or its designated entity assumes the Lease, effective at the commencement of the extension or renewal term. If Franchisor assumes the Lease under this provision, Franchisor has the unilateral right to assign the Lease to another affiliate or Franchisee pursuant to Section 7(c).

6. Access to Premises Following Expiration or Termination of Lease. Upon the expiration or termination of the Lease, Landlord will cooperate with and assist Franchisor in gaining immediate possession of the Premises, including changing the locks and providing Franchisor with immediate access to such new lock and keys, and, if the Franchisor does not elect to assume the Lease for the Premises consistent with subsections 3, 4(a) or 5(b) above, Landlord will allow Franchisor to enter the Premises, without being guilty of trespass and without incurring any liability to Landlord except for any damages caused by Franchisor's willful misconduct or gross negligence, to remove all signs and all other items identifying the premises as a Teapioca retail Business and to make such other modifications (such as repainting) as are reasonably necessary to protect the Trademarks and system, and to distinguish the Premises from other Teapioca locations. In the event Franchisor exercises its option to purchase assets of Tenant, or to claim assets under the Security Agreement signed concurrently with the Franchisee's Franchise Agreement with Franchisor, Landlord will permit Franchisor to remove all such assets by Franchisor.

7. Assumption and Subsequent Assignment by Franchisor. If Franchisor or its affiliate elects to assume the Lease under Section 3, or unilaterally assumes the Lease as provided for in Sections 4 or 5, Landlord and Tenant agree that:

(a) Tenant will remain liable for the responsibilities and obligations, including amounts owed to Landlord, prior to the date of assignment and assumption. Further, Tenant shall be and remain liable to Landlord for all of its obligations under the Lease, notwithstanding any assignment or assumption of the Lease by Franchisor. Franchisor or its affiliate shall be entitled to recover from Tenant, all amounts it pays to Landlord to cure Tenant's defaults under the Lease, including interest and reasonable collection costs.

(b) Franchisor or its affiliate, upon taking possession of the Premises, shall cure any non-monetary defaults specified by Landlord within the timeframes notes herein and shall execute and

deliver to Landlord its assumption of Tenant's rights and obligations under the Lease. Franchisor or its affiliate shall pay, perform, and be bound by all the duties and obligations of the Lease applicable to Tenant, except that the Franchisor may elect not to assume or be bound by the terms of any Amendment to the Lease executed by Tenant without obtaining Franchisor's prior written approval, which shall not be unreasonably withheld or delayed.

(c) At or after the time Franchisor or its affiliate assumes Tenant's interests under the Lease, the Franchisor or its affiliate may, at any time, assign such interests or sublet the Premises to a Teapioca Franchisee. Any such assignment shall be subject to the prior written consent of the Landlord, which Landlord shall not unreasonably withhold as it relates to a creditworthy Franchisee who otherwise meets Franchisor's then-current standards and requirements for the Franchisees and agrees to operate the Business as a Teapioca Franchised Business pursuant to a Franchise Agreement with Franchisor. Upon receipt by Landlord of an assumption agreement pursuant to which the assignee agrees to assume the Lease and to observe the terms, conditions, and agreements on the part of Tenant to be performed under the Lease, Franchisor or its affiliate shall thereupon be released from all obligations and liability as tenant under the Lease from and after the date of assignment, without any need of a written acknowledgement of such release by Landlord.

(d) Automatic Termination of Personal Guarantee. After the conclusion of the first (2) years of the initial term of this lease, any personal Guaranty provided to Landlord on behalf of Tenant, Franchisee or Franchisor shall be terminated, provided there have been no events of default by Tenant under the lease.

8. Access to Premises During Lease. As provided in the Franchise Agreement, Franchisor shall have the right to access the Premises during continuance of the Lease to ensure compliance by Tenant with its obligations under the Franchise Agreement. Franchisor shall have the right, without being guilty of trespass or any other crime or tort, but has no obligation, to enter the Premises at any time (i) to make any modification or alteration it considers necessary to protect the Franchisor's system and proprietary marks, (ii) to cure any default under the Franchise Agreement or the Lease, or (iii) to remove Franchisor's trademarks and trade dress upon the Franchise Agreement's expiration or termination. Neither Franchisor nor Landlord shall be responsible to Tenant for any damages Tenant might sustain as a result of action Franchisor takes in accordance with this provision and Tenant remains liable to reimburse Franchisor for the costs of de-identification, as described in the Franchise Agreement. Franchisor shall repair or reimburse Landlord for the cost of any damage that result from Franchisor's removal of trade dress items and other property from the Premises.

9. Exclusivity. During the Term of this Lease and any extension thereof, Landlord agrees that (i) Tenant shall have the exclusive right in the shopping center, or Business complex to operate quick service drink business that may include teas, milk tea, boba/bubble/pearl tapioca drinks, Vietnamese Coffee, frozen coffee, slushies, lemonades, Vietnamese dessert products, smoothies, and Asian snow ice desserts, and (ii) quick service drink services and related products, accessories and services hereunder shall be considered a protected use for Tenant. If the provisions of this Section, including the protected use provision, are violated, then in addition to any other remedy Tenant may have at law or in equity, Tenant shall have the right to (a) terminate the Lease, or (b) immediately reduce its Base Rent under the Lease to One Dollar ($1.00) per month until such time as Landlord's breach is cured, or for the remainder of the Term, and any renewals, if such breach cannot be cured.

10. Additional Provisions.

(a) Landlord hereby acknowledges that the provisions of this Lease Rider are required pursuant to the Franchise Agreement under which Tenant plans to operate its Teapioca Business and the Tenant would not lease the Premises without this Rider.

(b) Landlord further acknowledges that Tenant is not an agent or employee of Franchisor and that Tenant has no authority or power to act for, or to create any liability on behalf of, or to in any way bind Franchisor or any supplier of Franchisor, and that Landlord has entered into this Lease Rider with full understanding that it creates no duties, obligations, or liability of or against Franchisor or any third-party supplier of Franchisor, unless and until the Lease is assigned to, and accepted in writing by, Franchisor.

(c) All notices to Franchisor required by this Rider must be in writing and sent by registered or certified mail, postage prepared, or may be sent by Federal Express or other overnight carrier which obtains a signature upon delivery, to the following address:

Teapioca International
Attn: Franchise Operations
2851 Joe Dimaggio Blvd.
Suites 33 & 34
Round Rock, Texas 78665

with copy to:

Teapioca International
c/o Shelton Law & Associates Law Firm
1320 Arrow Point Drive, Ste 501
Cedar Park, TX 78613

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

11. Sales Reports. If requested by Franchisor, Landlord will provide Franchisor with whatever information Landlord has regarding Tenant's sales from the Business.

12. Amendment of Lease. Landlord and Tenant will not amend the Lease without first obtaining written consent from Franchisor of the terms of said Amendment.

13. Conflicts. In the event of a conflict between the terms of the Lease and the terms set forth in this Rider, the terms set forth in this Rider shall govern. In the event of a conflict between notices proved to Landlord by Tenant and Franchisor, the notices of Franchisor shall prevail. Landlord and Tenant acknowledge and agree that Franchisor shall have an independent right to enforce the terms of this Rider against Landlord and Tenant, despite the fact that Franchisor is not a party to the Lease.

14. Miscellaneous. Any waiver excusing or reducing any obligation imposed by this Rider shall be in writing and executed by the party who is charged with making the waiver and shall be effective only to the extent specifically allowed in such writing. The language used in this Rider shall in all cases be construed simply according to its fair meaning and not strictly for or against any party. Nothing in this Rider is intended, nor shall it be deemed, to confer any rights or remedies upon any person or entity not a party hereto. This Rider shall be binding upon, and shall inure to the benefit of, the successors, assigns, heirs, and personal representatives of the parties hereto. This Rider sets forth the entire agreement with regard to the rights of Franchisor, fully superseding any and all prior agreements or understandings between the parties pertaining to the subject matter of this Rider. This Rider may only be amended by written agreement duly executed by each party.

15. Counterparts. This Franchise Lease Rider may be executed in multiple counterparts by the parties and all such counterparts when taken together shall be deemed one original. This Franchise Lease Rider may be executed by facsimile or electronic transmission and treated as an original counterpart.

16. Governing Law. This Rider shall be governed by the laws of the State in which the Premises are located. If any provision of this Rider shall be held by any court of competent jurisdiction to be illegal, void, or unenforceable, such decision shall have no effect upon and shall not impair the enforceability of any other provision of this Rider. Any provision found to be illegal, void, or unenforceable shall be modified to the extent that it can to embody the desire, and intent of the Parties by a court of competent jurisdiction. Franchisors intent or the outcome that is for the goodwill of the franchise system as a whole shall be held as the correct and prevailing intent.

IN WITNESS WHEREOF, this Franchise Lease Rider is made and entered into by the undersigned parties as of _____, _____.

LANDLORD:

By: _____

Print Name: _____

Its: _____

FRANCHISEE: _____

By: _____

Print Name: _____

Its: _____

FRANCHISOR: TEAPIOCA INTERNATIONAL

By: _____

Print Name: Bao Phan

Its: Chief Executive Officer

EXHIBIT 13
TO THE FRANCHISE AGREEMENT
HOMELAND SECURITY AGREEMENT

THIS HOMELAND SECURITY AGREEMENT is entered into on the Effective Date, between Franchisor and Franchisee. In consideration of the Teapioca franchise granted to Franchisee by Franchisor pursuant to that certain Teapioca Franchise Agreement dated as of the Effective Date (the "Franchise Agreement") and/or the extension of license by Teapioca to Franchisee, of its Trademarks and Servicemarks as evidenced in Exhibit 6 of the Franchise Agreement, and other good and valuable consideration, Franchisor and Franchisee agree as follows:

Franchisee and Franchisee's owners agree not to employ or contract with any person working in the United States that is not 1) a United States citizen, 2) a lawful permanent resident, or 3) anyone who does not have a legally issued eligibility permit to work in the United States of America, within the operation of their Teapioca business.

Franchisor and Franchisee acknowledge that this Exhibit to the Franchise Agreement does not pertain to outside Vendors, the consumer, individuals with documented work visas, or the general public. Franchisee shall submit to Franchisor, upon request, proof of authorization to work in the United States for any independent contractors, employees, managers, Manager, officers, agents and representatives that are involved in the day to day business operation of the Teapioca Business.

Franchisee acknowledges that a breach of this Exhibit to the Franchise Agreement is grounds for an immediate Termination of the Franchise Agreement Without an Opportunity to Cure and requires no advance or additional Notice to Franchisee of such Breach. The Burden of Proof that Franchisee did not Breach this Exhibit to the Franchise Agreement will rest solely on Franchisee to prove its non-breach of this Exhibit. Franchisee has read this statement and acknowledges that this provision is not overreaching or unduly burdensome on Franchisee.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Franchise Agreement and all of its Exhibits by their signatures on the Summary Page as of the Effective Date.

EXHIBIT 14
TO THE ONGOING FRANCHISE AGREEMENT

PROMISSORY NOTE

FOR VALUE RECEIVED, _____ and _____ ("Borrower"), promise(s) to pay to Teapioca International, LLC located at 2851 Joe Dimaggio Blvd., Ste. 33 & 34, Round Rock, TX 78665 ("Investor"), in lawful money of the United States of America, the principal sum of _____ Thousand dollars ($_____) with interest on the principal balance from time to time remaining unpaid prior to default or maturity at the rate set forth below.

Principal and interest shall be paid to Investor beginning on _____ day of _____, _____ (the "Effective Date") and continuing thereafter until _____ day of _____, _____ (the "Maturity Date"), which shall not exceed _____ from the Effective Date, based upon the provisions and covenants detailed below.

1. Monthly Installments. Borrower may, but is not required to, make monthly payments that shall be credited towards the all due balance described below. The balance, if any remaining, shall be due and payable on or before the Maturity Date.

2. Interest Rate. Interest on the principal balance hereof in totality to the Maturity Date shall be payable at a rate equal to a flat non-prorated and non-annual percent of twenty-five percent (25%). No additional interest shall be added to nor taken away from the total interest due based upon when the full balance is paid. For example, if the Investor invests $100,000.00 with Borrower, the Investor shall be repaid a total of $125,000.00 flat, notwithstanding the date when the entire balance is repaid.

3. Acceleration; Events of Default. Investor may at its option, without notice to Borrower or any other person, accelerate the Maturity Date at any time it shall reasonably deem itself insecure; or for any one of the following reasons, each of which shall be defined as an Event of Default: (i) Failure by Borrower to make any payment pursuant to this Note when due; or (ii) termination of or default under any other note, loan, or obligation Borrower may have with Investor or any of its Affiliates that is in existence at the Effective Date or which may later come into existence. At such time that Investor exercises its option to accelerate the Maturity Date, the entire principal and interest hereunder shall become immediately due and payable.

4. Excessive Interest. In no event, whether by reason of demand for payment, prepayment, acceleration of the Maturity Date or otherwise, shall the interest contracted for, charged or received by Investor exceed the maximum amount permissible under applicable law. If from any circumstances interest would otherwise be payable to Investor in excess of the maximum lawful amount, the interest payable to Investor shall be reduced automatically to the maximum amount permitted by applicable law. If Investor shall ever receive anything of value deemed interest under applicable law which would apart from this provision be in excess of the maximum lawful amount, an amount equal to any amount which would have been excessive interest shall be applied to the reduction of the principal amount owing hereunder in the inverse order of its maturity and not to the payment of interest, or if such amount which would have been excessive interest exceeds the unpaid balance of principal hereof, such excess shall be refunded to Borrower. All interest paid or agreed to be paid to Investor shall, to the extent permitted by applicable law be spread throughout the full stated term (including any renewal or extension) of such indebtedness so that the amount of interest on account of such indebtedness does not exceed the maximum permitted by applicable law, or the maximum amount reflected in Section 2 above. The provisions of this paragraph shall control all existing and future agreements between Borrower and Investor.

5. Payment. Unless otherwise designated by Investor, all payments hereunder shall be made to the Investor at the address reflected in paragraph one (1) above.

Should any installment of principal and/or interest upon this Note become due and payable on any day other than a Business Day ("Business Day" means Monday through Friday upon which Savings and Loan Associations located in the state of Texas are open for business), the maturity thereof shall be extended to the next succeeding Business Day.

6. Prepayment. Borrower reserves the right to prepay the outstanding principal balance of this Note, in whole or in part, at any time and from time to time, without premium or penalty. Any such prepayment shall be made together with payment of interest on the amount of principal being prepaid through the date of such prepayment.

7. Notice. Addresses for Notices:

If to Borrower:

_____
Attn: _____
_____
_____

If to Investor:

Teapioca International, LLC
2851 Joe Dimaggio Blvd.
Suites 33 & 34
Round Rock, TX 78665

8. Grammar. As used herein, where appropriate, the masculine gender includes the feminine and the neuter, and the singular numbers include the plural.

9. Governing Law. THIS NOTE SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS AND THE UNITED STATES OF AMERICA, EXCEPT THAT ANY CONFLICT OF LAWS RULE OF SUCH JURISDICTION WHICH WOULD REQUIRE REFERENCE TO THE LAWS OF SOME OTHER JURISDICTION SHALL BE DISREGARDED.

Signatures to follow on next page.

IN WITNESS WHEREOF, this Note is effective on the day and year first above written.

BORROWER: _____ and _____.

_____

Printed Name

_____ _____

Signature of Franchisee **Date**

INVESTOR: TEAPIOCA INTERNATIONAL, LLC

Bao Phan

Printed Name

_____ _____

Signature of Franchisor **Date**

EXHIBIT F
TO TEAPIOCA INTERNATIONAL, LLC
FRANCHISE DISCLOSURE DOCUMENT
AREA DEVELOPMENT AGREEMENT

By and Between

TEAPIOCA INTERNATIONAL, LLC, FRANCHISOR

AND

_____, **DEVELOPER**

DEVELOPMENT AGREEMENT
SUMMARY PAGE(S)

EFFECTIVE DATE:		_____
DEVELOPER:		
DEVELOPER'S ADDRESS FOR NOTICES:		
TELEPHONE NUMBER:		
EMAIL ADDRESS:		
DEVELOPMENT FEE:		For the right to develop the total number of additional franchised units shown on the Development Schedule on Exhibit I. Franchisor acknowledges previous receipt of the Site Selection and Real Estate Training Agreement Fee and the Business Establishment Agreement Fee, for Unit 1.

Units	Discount %	Original Price	Discount	Total after Discount
3- Pack	12%	$ 132,000	$ 15,840	$ 116,160
5- Pack	17%	$ 220,000	$ 37,400	$ 182,600
7- Pack	24%	$ 308,000	$ 73,920	$ 234,080

❒ 3-Pack:
The Total Development Fee for a 3-Pack of One Hundred Sixteen Thousand One Hundred Sixty Dollars ($116,160.00), must be paid to Franchisor upon signing the Area Development Agreement for a 3-Pack Development Schedule, which includes paying Thirty-Eight Thousand Seven Hundred Twenty ($38,720.00) per unit, which is a twelve percent (12%) discount off each franchise unit;

❒ 5-Pack:
The Total Development Fee for a 5-Pack of One Hundred Eighty-Two Thousand Six Hundred Dollars ($182,600.00), must be paid to Franchisor upon signing the Area Development Agreement for a 5-Pack Development Schedule, which includes paying Thirty-Six Thousand Five Hundred Twenty Dollars ($36,520.00) per unit, which is a seventeen percent (17%) discount off each franchise unit; or

❒ 7-Pack:
Paying the Total Development Fee of Two Hundred Thirty-Four Thousand Eighty Dollars ($234,080.00) must be paid to Franchisor upon signing the Area Development Agreement for a 7-Pack Development Schedule, which includes paying Thirty-Three Thousand Four Hundred Forty Dollars ($33,440.00) for each unit, which is a twenty-four percent (24%) discount off each franchise unit.

DISCOUNTS:		A Ten percent (10%) discount off the First Units Initial Fees for U.S. military who would be eligible for the VetFran membership with a valid DD-214; A Five Thousand Dollar ($5,000.00) discount off the Initial Inventory Order, only valid in 2025; a Federal Employee discount of Ten percent (10%) off; only valid in 2025.
DEVELOPMENT TERM:		The full development term shall be equal to the last date of the last unit shown on the Development Schedule on Exhibit I
TRANSFER FEE:		Transfer Fee payable to Franchisor upon notice is Ten Thousand Dollars ($10,000.00); plus, a Transfer Training Fee of Fifteen Thousand Dollars ($15,000.00)

OPEN FOR BUSINESS DEADLINE DATE:		For each granted Franchised Unit, the development deadline shall be as indicated on Exhibit I
DEVELOPER'S TERRITORY:		Shall be as indicated on Exhibit I
MEDIATION REQUIRED:		Mediation required in Texas for all disputes
FRANCHISOR ADDRESS FOR NOTICES:		Teapioca International, LLC Attn: Franchise Operations 2851 Joe Dimaggio Blvd. Suites 33 & 34 Round Rock, TX 78665 **with copy to:** Teapioca International c/o Shelton Law & Associates Law Firm 1320 Arrow Point Drive, Ste 501 Cedar Park, TX 78613

Even though this Agreement contains provisions requiring Developer to operate the Business and the Franchised Business in compliance with the System: (1) Franchisor does not have authority to control the day-to-day conduct and operation of Developer's business or employment decisions; and (2) Developer and Franchisor do not intend for Franchisor to incur any liability to third parties in connection with or arising from any aspect of the System or Developer's use of the System, whether or not in accordance with the requirements of the Manuals.

Nothing in this Agreement or any related Agreement is intended to disclaim the representations Franchisor made in the Franchise Disclosure Document. The submission of this Agreement to Developer does not constitute an offer to Developer, and this Agreement shall become effective only upon execution by Franchisor and Developer.

THE REST OF THIS PAGE HAS BEEN INTENTIONALLY LEFT BLANK

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby have duly executed and delivered this Agreement on the Effective Date, and hereby accepts and approves the attached Development Agreement, with its Exhibits I-IV. Developer hereby acknowledges that the Agreement and Exhibits include Non-Competition and Non-Disclosure items, Personal Guaranty's and the requirement to abide by the laws under the United States Department of Homeland Security to name just a few. This Agreement was requested to be sent electronically for ease of signing, and is hereby acknowledged by the parties that both Parties have and had the ability prior to signing to review the final Development Agreement in its entirety and the ability to have it reviewed by their respective legal and financial counsel, or advisors of their choosing.

The Parties intend to be bound by all the terms of the Development Agreement and all its attached Exhibits, including specifically, the clauses and terms of:

- Development Schedule attached as Exhibit I
- The Guaranty and Assumption of Obligations attached as Exhibit II
- Holders of Legal or Beneficial Interest attached as Exhibit III
- The Applicable State Addendum attached as Exhibit IV

DEVELOPER: _____

By:_____

Name: _____

Title: _____

DEVELOPER PERSONAL GUARANTOR

_____
Personally, and Individually (Printed Name)

_____
Personally, and Individually (Signature)

HOME ADDRESS

_____

_____

TELEPHONE NO.: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE: _____ %
Social Security #: _____

DEVELOPER PERSONAL GUARANTOR

_____
Personally, and Individually (Printed Name)

_____
Personally, and Individually (Signature)

HOME ADDRESS

_____

_____

TELEPHONE NO: _____
PERCENTAGE OF OWNERSHIP
IN FRANCHISEE_____%
Social Security #: _____

IN WITNESS WHEREOF, The Franchisor hereby agrees to award the attached Development Agreement opportunity to the above listed individuals and their legal entity, as listed as the Developer, based upon the terms and conditions contained in this Development Agreement, and all its Exhibits currently numbered I through IV.

FRANCHISOR:

TEAPIOCA INTERNATIONAL, LLC

By:_____

Name: Bao Phan
Title: Chief Executive Officer

TABLE OF CONTENTS

ARTICLE 1 - DEFINITIONS 2

ARTICLE 2 - DEVELOPMENT RIGHTS 4

ARTICLE 3 - DEVELOPMENT FEE AND INITIAL FEES 5

ARTICLE 4 - DEVELOPMENT OF FRANCHISED BUSINESSS 6

ARTICLE 5 - TERM AND RIGHT OF FIRST REFUSAL 7

ARTICLE 6 - MARKS AND CONFIDENTIAL INFORMATION 8

ARTICLE 7 - TRANSFERABILITY OF INTEREST 8

ARTICLE 8 - DEFAULT AND TERMINATION 11

ARTICLE 9 - RIGHTS AND DUTIES ON TERMINATION OR EXPIRATION 12

ARTICLE –0 - BENEFICIAL OWNERS OF DEVELOPER 13

ARTICLE –1 - RELATIONSHIP AND INDEMNIFICATION 13

ARTICLE 12 - GENERAL CONDITIONS AND PROVISIONS 14

ARTICLE 13 - DISPUTE RESOLUTION 16

ARTICLE 14 - ACKNOWLEDGMENTS 18

EXHIBITS

DEVELOPMENT SCHEDULE I

GUARANTY AND ASSUMPTION OF OBLIGATIONS II

HOLDERS OF LEGAL OR BENEFICIAL INTEREST IN DEVELOPER; OFFICERS, DIRECTORS, AND MANAGERS III

MULTI-STATE ADDENDUMS IV

TEAPIOCA INTERNATIONAL, LLC
AREA DEVELOPMENT AGREEMENT

This Area Development Agreement is made this ____ day of _____, 20___ and is by and between Teapioca International, LLC, a Texas Limited Liability Company, having its principal place of business at 2851 Joe Dimaggio Blvd, Suites 33 & 34, Round Rock, TX 78665 ("Franchisor", "TPI" or "Teapioca"), and Developer, as shown on the Summary Page.

W I T N E S S E T H :

WHEREAS, Franchisor and Developer are concurrently entering into the Ongoing Franchise Agreement; and

WHEREAS, Developer desires to, and has applied for the right to, develop additional Teapioca Businesses and has applied for such a right, and Franchisor has approved Developer's application in reliance upon all of the representations made herein and therein.

NOW, THEREFORE, Franchisor and Developer, intending to be legally bound, agree as follows:

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ARTICLE 1 - DEFINITIONS

Note: All fixed dollar amounts or fixed percentage amounts stated, or used in the Development Agreement and any Addenda may, in our sole discretion, be adjusted as of January 1st of each year in proportion to the changes in the CPI (Consumer Price Index) (U.S Average, all items) maintained by U.S Department of Labor (or such equivalent index as may be adopted in the future) between January 1st of the previous year and January 1st of the then-current year (the "Index"). Each adjustment will be made effective as of January 1st based on the January Index, but the 1st adjustment will not be made until the 2nd January following the Agreement Date (i.e., for an Agreement Date of July 1, 2024, the 1st adjustment would be effective as of January 1, 2026). Our failure to adjust any fixed dollar amounts due to changes in the Index at any time does not constitute a waiver of our right to make future adjustments. However, we will not impose such adjustments retroactively.

Whenever used in this Development Agreement, the following words and terms have the following meanings:

"CPI" means the Consumer Price Index, further discussed in Article 3 of this Agreement;

"Developer" means the individual or entity defined as "Developer" in the introductory paragraph of this Development Agreement;

"Development Agreement" means this Development Agreement titled Teapioca International, LLC Area Development Agreement" and all instruments supplemental hereto or in amendment or confirmation hereof;

"Development Fee" means paying the Franchisor the Initial Fees for Franchisee's first Unit plus the balance of the total fees of Fifty-Nine Thousand Eight Hundred Forty Dollars ($59,840.00) which are for the total additional Units listed in the Development Schedule of this Agreement at Exhibit I, and further defined in Section 3.2;

"Development Rights" means the rights granted to Developer pursuant to this Development Agreement to establish and operate Teapioca Businesses in the Development Territory;

"Development Schedule" means the schedule attached as Exhibit I setting forth the number and the Opening Dates of Teapioca Businesses to be established pursuant to this Development Agreement;

"Development Territory" has the meaning given to such term in Section 2.1;

"Franchise Agreement" means any Teapioca International, LLC Ongoing Franchise Agreement (including all Exhibits thereto) that Franchisor has entered into with Developer;

"Initial Fees" means, upon execution of this Agreement, unless otherwise stated in the State Addendum attached, paying Franchisor the Site Selection and Real Estate Training Course Fee plus the Business Establishment Course Fees to secure Franchisees chosen Territory; When you Develop Multiple Units, Developer will prepay the Initial Fee for your additional units at the following discounts; twelve percent (12%) discount off of a 3-Pack, paying $38,720.00 for each franchise unit; seventeen percent (17%) discount off of a 5-Pack, paying $36,520.00 for each franchise unit; or twenty-four percent (24%) discount off of a 7-Pack, paying $33,440.00 for each franchise unit, at the time You sign the Ongoing Franchise Agreement.

"Ongoing Franchise Agreement" means that certain Teapioca International, LLC Franchise Agreement (including all Exhibits thereto) between Developer and Franchisor whereby Developer is granted the right to operate its first Teapioca Business;

"Opening Date" means any date by which Developer is required to begin operations for each Teapioca Business, as listed in the Development Schedule;

"Right of First Refusal" means that during a one (1) year period beginning on the day after the Development Agreement expires, if Franchisor elects to further develop the Development Territory, Developer has the right to establish, own and operate any additional Teapioca Businesses Franchisor proposes to locate within the Development Territory, provided Developer meets all other terms and conditions stated in this Section 5.2 and this Development Agreement. Franchisor shall give Developer written notice of its proposal to develop additional Teapioca Businesses within the Development Territory and Developer shall have thirty (30) days to accept in writing Franchisor's proposal to own and operate such additional Teapioca Businesses. Developer's ownership and operation of such additional Teapioca Businesses shall be subject to the terms and conditions set forth in Franchisor's written proposal, which may vary in form and substance from the terms, conditions and economics set forth in this Development Agreement. If Developer fails to accept in writing Franchisor's written proposal within such thirty (30) day period (or if Developer fails to comply with the terms of the proposal), then Franchisor shall have the right to establish, own and operate, or license others to establish, own and operate, Teapioca Businesses in the Development Territory.

"Social Media" means online content created by individuals and/or entities using highly accessible and scalable publishing technologies through their desktop computer, laptop computer, smart phones, mobile phones or by other means available in the future. Social Media allows individuals and/or entities to connect in the online world to form relationships for personal and business use. The definition of Social Media includes user-generated content and consumer-generated media. Social Media occurs in many different forms, including, but not limited to, Internet forums, weblogs, social blogs, wikis, podcasts, pictures and videos. Technologies for Social Media include, but are not limited to: blogs, picture-sharing, vlogs, wall-postings, e-mail, instant messaging, music-sharing, crowdsourcing, and voice over IP, to name a few. Some examples of Social Media sites and/or applications are Google Groups (reference, social networking), Wikipedia (reference), MySpace (social networking), Facebook (social networking), MouthShut.com and yelp.com (product reviews), Youmeo (social network aggregation), YouTube (social networking and video sharing), Avatars United (social networking), Second Life (virtual reality), Flickr (photo sharing), Twitter (social networking and microblogging), LinkedIn (business social media),Open Diary (blogging) and other microblogs such as Jaiku, among others. This list is not inclusive and shall mean all Social Media available now and created in the future;

"Transfer" means changing owner, or ownership of an interest in the Developer, the Area Development Agreement, the Approved Territory, the Developers Business' assets or the Developer entity;

"Transferee" means the individual or entity third-party buyer, who purchases this Area Development Agreement if the Developer chooses to sell

"Transfer Fee" means the Ten Thousand Dollars ($10,000.00) minimum due from Franchisee upon submitting the Notice of Selling a single Franchise Unit;

"Transfer Training Fee" means the Fifteen Thousand Dollars ($15,000.00) minimum due from Transferee upon Signing their Ongoing Franchise Agreement for the purchased single Franchise Unit.

ARTICLE 2 - DEVELOPMENT RIGHTS

Section 2.1 Grant of Development Rights

Franchisor hereby grants to Developer, and Developer undertakes and accepts, upon the terms and conditions of this Development Agreement, the Development Rights to establish and operate not less than the total number of Teapioca Businesses at sites located within the Development Territory described as set forth on Exhibit I. We will designate Developer's Development Territory for each Franchise location based upon the then-current site criteria. (see also Exhibit I)

Section 2.2 Exclusivity and Retained Rights

Franchisor shall not, so long as this Development Agreement is in force and effect establish, own or operate, or license others to establish, own or operate, any Teapioca Business within the Development Territory other than to Developer pursuant to this Development Agreement; provided Developer is not in default under any of the terms hereof or of any of the terms of any Teapioca Lounge® Franchise Agreement, however, Franchisor and its Affiliates retain the right:

i. to continue to own and operate, and allow others to continue to own and operate, Teapioca Businesses existing inside or outside of the Development Territory as of the date of this Development Agreement;

ii. to establish, own or operate, and license others to establish, own or operate, Teapioca Businesses outside of the Development Territory;

iii. to establish, own or operate, and license others to establish, own or operate, or continue to own or operate, businesses under other systems using other proprietary marks, both within and outside the Development Territory;

iv. to purchase or otherwise acquire the assets or controlling ownership of one (1) or more businesses identical or similar to the Franchised Business (and/or acquire franchise, license and/or similar agreements for such businesses), some or all of which may be located anywhere, including within the Development Territory. If Franchisor purchases or acquires franchises or licenses, Franchisor may, in its sole discretion, act as Franchisor or licensor with respect to such Franchisees or licensees wherever located, pursuant to the individual franchise or license agreement(s) between Franchisor and such Franchisee(s) or licensee(s). If Franchisor purchases or acquires such businesses within the Development Territory which are not franchised or licensed, Franchisor may, in its sole discretion:

    1. offer to sell any such businesses to Developer or to any third-party at the business's fair market value to be operated as a Teapioca Business; or

    2. offer Developer the opportunity to operate such business(s) in partnership with Franchisor (or an Affiliate) under the business(s) existing trade name or a different trade name.

v. to be acquired (regardless of the form of transaction) by any business, even if the other business operates, franchises and/or licenses competitive businesses within the Development Territory;

vi. to provide the services and sell any products authorized for Teapioca Businesses using the Marks or other trademarks and commercial symbols through alternate channels of distribution, such as joint marketing with partner companies, Internet sales and catalog sales; provided, however, that no such sales shall be made to any competitive business within the Development Territory;

vii. to engage in any activities not expressly forbidden by this Development Agreement; and/or

viii. to authorize the sale of additional single units or area developers within Developers' Territory.

ARTICLE 3 - DEVELOPMENT FEE AND INITIAL FEES

All fixed dollar amounts or fixed percentage amounts stated, or used in the Development Agreement and any Addenda may, in our sole discretion, be adjusted as of January 1st of each year in proportion to the changes in the CPI (Consumer Price Index) (U.S Average, all items) maintained by U.S Department of Labor (or such equivalent index as may be adopted in the future) between January 1st of the previous year and January 1st of the then-current year (the "Index"). Each adjustment will be made effective as of January 1st based on the January Index, but the 1st adjustment will not be made until the 2nd January following the Agreement Date (i.e., for an Agreement Date of July 1, 2020, the 1st adjustment would be effective as of January 1, 2022). Our failure to adjust any fixed dollar amounts due to changes in the Index at any time does not constitute a waiver of our right to make future adjustments. However, we will not impose such adjustments retroactively.

Section 3.1 Initial Fees

Simultaneously with the execution of this Development Agreement, Developer shall execute the Ongoing Franchise Agreement for the first Unit and shall pay the Initial Fees for the first Teapioca Business to be developed pursuant to this Development Agreement, if not already paid in full.

Franchisor's Initial Fees are based upon how many franchises have been awarded by the Franchisor. Developer must pay Franchisor an Initial Development Fee as set forth below in Article 1 to secure Franchisees chosen Territory, which includes the Training and Ongoing Support fees to purchase the additional Single Unit Franchises.

Developer will pay the Initial Fee, which is due with the Site Selection and Real Estate Training Agreement and the Business Establishment Agreement (unless modified by a State Addendum).

Section 3.2 Development Fee

Because Developer purchased the right to develop additional franchise units concurrently with the first franchise unit, Developer will receive a Territory, as defined in Section 2.1 and on Exhibit I, depending upon the number of franchises Developer chose.

The Total Development Fees shown on the Summary Page, must be paid to Franchisor upon signing the Area Development Agreement for a 3-Pack Development Schedule,

The total Development Fee for the number of units as shown on the Development Schedule, Exhibit I, is due to Franchisor in a lump sum when Developer signs this Agreement, unless otherwise

stated in the State Addendum attached. The Development Fee is payment, in part, for reserving the Development Territory, expenses incurred by Franchisor in furnishing assistance and services to Developer as set forth in the Development Agreement and for costs incurred by Franchisor, including general sales and marketing expenses, training, legal, accounting and other professional fees. The Development Fees, as described above, are uniform for all Developers.

ARTICLE 4 - DEVELOPMENT OF FRANCHISED BUSINESS

Section 4.1 Minimum Development Obligation

Developer shall strictly follow the Development Schedule set forth in Exhibit I, as time is of the essence. By the dates set forth within the Development Schedule, Developer shall establish and operate Teapioca Businesses in the number indicated in the Development Schedule. Developer shall at all times continuously maintain in operation, pursuant to each Franchise Agreement, at least the number of Teapioca Businesses required to be operational at such time as set forth in the Development Schedule; provided, however, that such obligation does not apply to Teapioca Businesses that are closed. Franchisor may audit and inspect the Developers Business at any time it sees fit to ensure compliance.

Section 4.2 Developer May Exceed Minimum Development Obligation

During the term of this Development Agreement, Developer may, subject to the terms and conditions of this Development Agreement, develop and operate more Teapioca Businesses in the Development Territory than required by this Development Agreement; provided, however, Developer shall give Franchisor reasonable assurances Developer has the required skill, financial resources and managerial skills to perform its duties under this Development Agreement and each Franchise Agreement. Developer shall pay the full Initial Fee for each additional Teapioca Business developed in excess of the requirements of this Development Agreement, and Franchisor shall not credit any part of the Development Fee against the Initial Fee for any additional Teapioca Businesses.

Section 4.3 Exercise of Development Rights

Developer shall enter into a separate Franchise Agreement for each additional Teapioca Business established pursuant to this Development Agreement. Upon approval of the site by Franchisor, as provided in Section 5.1 of the Franchise Agreement, Franchisor shall deliver either a DocuSigned Franchise Agreement or two (2) hard copies of the Franchise Agreement along with a copy of its then-current Disclosure Document, if required by law. Immediately upon receipt of the Disclosure Document, Developer shall return to Franchisor a signed copy of the Acknowledgment of Receipt of the Disclosure Document. After any applicable waiting periods have expired, Developer shall execute and deliver to Franchisor either a DocuSigned Franchise Agreement or two (2) hard copies of the Franchise Agreement and shall pay the Initial Fee, as provided in Section 3.1.

Section 4.4 Conditions Precedent to Franchisor's Obligation

Franchisor shall not execute the Franchise Agreement if:

(a) Developer is not in compliance with all, or is in default of any, of its obligations under this Development Agreement or any other agreement between Franchisor and Developer; or

(b) in the case of each then existing Franchise Agreement, Developer, as Franchisee, is not in compliance with all, or is in default of any, of its obligations under any Franchise Agreement. Franchisor

and Developer shall execute the Franchise Agreement for each additional Teapioca Business within thirty (30) days after the site has been approved by Franchisor as set forth in Section 5.1 of the Franchise Agreement (provided the lease for the approved site has been executed by lessor and Developer within the thirty (30) day period, including Franchisors Collateral Assignment of Lease attached to the Franchise Agreement, as the "Lease Rider") but in no event later than the date stated in the Development Schedule that such Teapioca Business must be established and operating.

Section 4.5 No Subfranchising by Developer

Developer has no right under this Development Agreement to sublicense, subfranchise, resell, or otherwise transfer any interest in any Franchised Businesses.

Section 4.6 Management Obligations

Each Teapioca Business developed pursuant to this Agreement must always be under the direct full-time supervision of Developer (or if Developer is a business entity and not an individual, Developer's primary owner or an individual appointed by Developer and approved in writing by Franchisor). Developer (or Developer's primary owner or an individual appointed by Developer and approved in writing by Franchisor) shall personally devote his or her best efforts towards the operation of the Franchised Business, or provide for full time management, trained and approved by the Franchisor, to manage the day-to-day operation of the Teapioca Businesses developed pursuant to this Development Agreement.

Developer and all hired directors and managers must attend the required Ongoing Training program. Developer must pay for all travel expenses, room and board, and any related employee costs during the training program.

ARTICLE 5 - TERM AND RIGHT OF FIRST REFUSAL

Section 5.1 Term

Unless sooner terminated in accordance with the terms of this Development Agreement, the term of this Development Agreement and all Development Rights granted herein to Developer shall expire on the last Opening Date as set forth in the Development Schedule. At the end of the term of this Development Agreement, the exclusive Development Rights with respect to the Development Territory will automatically terminate, and Developer shall have no right to renew or extend the term of this Development Agreement.

Section 5.2 Developer's Right of First Refusal

Following the expiration of this Development Agreement, Developer has no right to renew, but Franchisor has the right to re-evaluate the prospects for the establishment of Teapioca Businesses in the Development Territory. Franchisor shall give Developer written notice of its proposal to develop additional Teapioca Businesses within the Development Territory and Developer must accept in writing Franchisor's proposal to own and operate such additional Teapioca Businesses within the given time frame in the written offer. Developer's ownership and operation of such additional Teapioca Businesses shall be subject to the terms and conditions set forth in Franchisor's written proposal, which may vary in form and substance from the terms, conditions and economics set forth in this Development Agreement. If Developer fails to accept in writing Franchisor's written proposal within the given time period (or if Developer fails to comply with the terms of the proposal), then Franchisor shall have the right to establish,

own and operate, or license others to establish, own and operate, Teapioca Businesses in the Development Territory.

Following the expiration or termination of this Area Development Agreement, Franchisor has the absolute right to purchase any logoed assets of the Development company for book value or Developers' cost.

ARTICLE 6 - MARKS AND CONFIDENTIAL INFORMATION

Section 6.1 No License Under Development Agreement

Notwithstanding any provision to the contrary under this Development Agreement, this Development Agreement does not grant Developer any right to use the Marks. The right to use the Marks may only be granted by the terms of a Franchise Agreement. Developer shall not use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols, or in any modifying words, terms, designs or symbols, or in any modified form, nor may Developer use any Mark in connection with any business or activity other than the business conducted by Developer pursuant to the Franchise Agreements or in any other manner not explicitly authorized in writing by Franchisor.

Section 6.2 Confidential Information

Except as hereinafter provided, Developer shall not, during the term of this Development Agreement or at any time thereafter, whether in person, in writing or through the Internet or online Social Media sites or applications, communicate, divulge or use for the benefit of any other person or entity, any Trade Secrets or Confidential Information which may be communicated to Developer or of which Developer may learn by virtue of Developer's activities under this Development Agreement. Developer may divulge Trade Secrets and Confidential Information only to such of its employees as deemed necessary by Developer. Developer shall require its employees and all other persons designated in the Franchise Agreement to execute Non-Disclosure and Non-Competition Agreements as required by Section 7.4 of the Ongoing Franchise Agreement.

ARTICLE 7 - TRANSFERABILITY OF INTEREST

Section 7.1 By Franchisor

This Development Agreement and all rights herein may be assigned and transferred by Franchisor and, if so, shall be binding upon and inure to the benefit of Franchisor's successors and assigns; provided, however, that with respect to any assignment resulting in the subsequent performance by the assignee of the functions of Franchisor, the assignee shall assume the obligations of Franchisor herein, and Franchisor shall have no liability for the performance of any obligations contained in this Development Agreement after the effective date of such transfer or assignment.

Section 7.2 By Developer

If the Developer chooses to sell his Area Development Agreement to a third-party Transferee, the Developer must adhere to the following covenants, acknowledgements, requirements and conditions:

i. The Development Rights set forth in this Development Agreement are personal to Developer and are granted in reliance upon the personal qualifications of Developer. Developer has represented, and hereby represents, it is entering into this Development Agreement with the intention of

complying with its terms and conditions and not for the purpose of resale of the Development Rights;

ii. Developer, without Franchisor's prior written consent, shall not sell, assign, transfer, convey, give away or encumber any part of its interest in this Development Agreement, its interest in the Development Rights granted hereby, its interest in any entity that owns any interest in such rights, or any interest in Developer, and shall not offer, permit or suffer the same to be sold, assigned, transferred, conveyed, given away or encumbered in any way. Developer shall not, without the prior written consent of Franchisor, fractionalize any of the Development Rights granted pursuant to this Development Agreement. Any purported sale, assignment, transfer, conveyance, gift or encumbrance of any of Developer's rights herein not having Franchisor's prior written consent shall be null and void and shall constitute a material default of this Development Agreement;

iii. So long as Developer is in full compliance with this Development Agreement, and should Franchisor not elect to exercise its right of first refusal as provided in Section 7.4, Franchisor shall not unreasonably withhold its approval of an assignment or transfer to proposed assignees or Transferees if:

a. Developer has complied with the requirements of Section 7.2;

b. all obligations owed to Franchisor by Developer are fully paid and satisfied;

c. Developer (and any transferring owners, if Developer is a business entity) has executed a mutual general release, in a form the same as or similar to the General Release attached to the Ongoing Franchise Agreement, of any and all claims against both parties, including its equity owners, officers, directors, managers, attorneys, agents, employees and others as set forth in the General Release, in their corporate and individual capacities, including modifying the General Release to include, without limitation, claims arising under federal, state or local laws, rules or ordinances, and any other matters incident to the termination of this Development Agreement or to the transfer of Developer's interest herein or to the transfer of Developer's ownership of all or any part of the Development Rights; provided, however, that if a general release is prohibited, both parties shall give the maximum release allowed by law;

d. the prospective Transferee has satisfied to Franchisor that it meets Franchisor's management, business and financial standards, and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to determine Transferee's ability to carry out the obligations contained in the Development Agreement and in a franchise agreement;

e. Developer has provided Franchisor with a complete copy of all contracts and agreements and related documentation between Developer and the prospective Transferee relating to the intended sale, assignment, transfer, conveyance, gift or encumbrance of the Development Rights;

f. Developer, or the Transferee, has paid to Franchisor the Transfer Fee shown on the Summary Page per non-developed Franchise Agreement covered under this Development Agreement, upon notice to Franchisor of Developers intent to Transfer;

g. Transferee or Developer have paid the Transfer Training Fee required in the amount shown on the Summary Page of this Agreement;

h. the Transferee and its Manager has agreed to be personally bound jointly and severally by all provisions of this Development Agreement for the remainder of its term and all holders of a legal or beneficial interest in the Transferee have agreed to personally guarantee jointly and severally the full performance thereof by Transferee;

i. The Transferee has obtained all necessary consents and approvals by third parties and all applicable federal, state and local laws, rules, ordinances and requirements applicable to the transfer have been complied with or satisfied;

j. Developer has, and if Developer is an entity, all of the holders of a legal and beneficial interest in Developer have, executed and delivered to Franchisor a non-competition agreement in a form the same as or similar to the Non-Disclosure and Non-Competition Agreement attached to the Ongoing Franchise Agreement.

Section 7.3 Public or Private Offerings

If Developer desires to make either a public or a private offering of its securities, prior to such offering and sale and prior to the public release of any statements, data or other information of any kind relating to the proposed offering of Developer's securities, Developer shall secure the written approval of Franchisor, which approval Franchisor shall be entitled to withhold in its sole discretion. Developer shall secure Franchisor's prior written approval of any and all press releases, news releases and any and all other publicity, the primary purpose of which is in the public interest in its offering. Only to the extent that written approval has been given by Franchisor may Developer proceed to file, publish, issue, release and make public any data, material or information regarding its securities offering. Any review by Franchisor is solely for its own information, and its approval shall not constitute any kind of authorization, acceptance, agreement, endorsement, approval or ratification of the same, either express or implied; and Developer shall make no oral or written notice of any kind whatsoever indicating or implying that Franchisor or its Affiliates have any interest in or relationship whatsoever to the proposed offering other than Franchisor acting as Franchisor. Developer shall indemnify and hold harmless Franchisor and its Affiliates, and their owners, directors, officers, managers, members, collaterals, attorneys, agents, employees, successors and assigns, from all claims, demands, costs, fees, charges, liabilities or expenses (including attorneys' fees) of any kind whatsoever arising from Developer's offering or information published or communicated and any actions taken with regard thereto.

Section 7.4 Franchisor's Right of First Refusal

If Developer or its owners shall at any time determine to sell, assign, transfer, convey, give away or encumber the Development Rights under this Development Agreement or any of their respective ownership interests in Developer, or any of Developer's assets (except in the ordinary course of business), Developer or its owners shall obtain a bona fide, executed written offer from a responsible and fully disclosed person or entity, as applicable, and shall submit an exact copy of such offer to Franchisor, and Franchisor shall, for a period of fourteen (14) days from the date of delivery of such offer, have the right, exercisable by written notice to Developer, to offer to purchase the offered assets or interest for the price Franchisor determines to be fair market value. Franchisor has the right to substitute cash for the fair market value of any form of payment proposed in such offer. Franchisor shall have not less than sixty (60) days from the date of delivery of its written notice of intent to purchase to complete such purchase. Franchisor's credit shall be deemed at least equal to the credit of said person or entity, as applicable. If Franchisor does not exercise this Right of First Refusal, Developer may complete the sale of such interest, subject to Section 7.2. If such sale, assignment, transfer, conveyance, gift or encumbrance is not completed

within sixty (60) days after delivery of such offer to Franchisor, Franchisor shall again have the Right of First Refusal provided herein.

ARTICLE 8 - DEFAULT AND TERMINATION

Section 8.1 Termination Without Opportunity to Cure

Franchisor has the right to immediately terminate this Development Agreement by delivering a notice to Developer stating Franchisor elects to terminate this Development Agreement as a result of any of the breaches set forth below:

i. Developer makes or attempts to make an unauthorized sale, assignment, transfer, conveyance, gift or encumbrance of any part of its interest in this Development Agreement, its interest in the Development Rights granted hereby, its interest in any entity that owns any interest in such rights, or any interest in Developer;

ii. Developer has made any material misrepresentation or omission in its application for the Development Rights conferred by this Development Agreement;

iii. Developer is convicted of or pleads no contest to a felony or other crime or offense that may adversely affect the goodwill associated with the Marks;

iv. Developer makes any unauthorized use of the Marks or unauthorized use or disclosure of the Confidential Information;

v. Franchisor has delivered a notice of termination for a Franchise Agreement between Franchisor and Developer in accordance with its terms and conditions, or Developer has terminated a Franchise Agreement without Cause;

vi. Developer fails to meet or satisfy any timing requirement or deadline contained in the Development Schedule; or

vii. Termination of this Area Development Agreement does not automatically terminate any fully executed Ongoing Franchise Agreements, unless the default that caused termination of this Agreement would be a Default listed in Section 16.2 of the Ongoing Franchise Agreement, then both will terminate once the proper Notice and cure time (if applicable) has lapsed.

Section 8.2 Termination With Opportunity to Cure

If Developer fails to comply with any other provision of this Development Agreement, Franchisor may terminate this Development Agreement by delivering notice of termination to Developer stating the reason for termination, provided Developer shall have the right to cure a breach within thirty (30) days after delivery of Franchisor's notice of default.

During the 30-day period after the termination or expiration of the Development Agreement, Franchisor has the right to purchase any logoed assets for book value or Your cost, whichever is less.

Section 8.3 Termination by Developer

The Developer may terminate this Development Agreement under any grounds permitted by law provided that the Developer first issues a minimum thirty (30) day notice to the Franchisor, giving the Franchisor the right to cure, or the right to begin to cure, if such noticed deficiency is unable to be cured within thirty (30) days. Upon termination, the Developer will be subject to the provisions hereto provided in Article 9 of this Development Agreement.

ARTICLE 9 - RIGHTS AND DUTIES ON TERMINATION OR EXPIRATION

Section 9.1 Loss of Development Rights

Upon termination of this Development Agreement, the Development Rights granted to Developer under this Development Agreement shall automatically terminate. Developer shall have no additional rights to establish or operate any Teapioca Business for which a Franchise Agreement has not been executed by Franchisor and Developer. No default under this Development Agreement shall constitute a default under any Franchise Agreement between the parties, except to the extent that any default under this Development Agreement constitutes a default under any Franchise Agreement in accordance with the terms of the Franchise Agreement. Notwithstanding the above, the terms and conditions of each Franchise Agreement must be complied with by the Developer and shall control in determining whether any default exists under such Franchise Agreement.

During the thirty (30) day period after the termination or expiration of the Development Agreement, Franchisor has the right to purchase any logoed assets of the Development company for book value or Developers' cost.

Section 9.2 Amounts Owed to Franchisor

Developer shall immediately pay to Franchisor upon termination or expiration of the Development Agreement any amounts owed by Developer to Franchisor that are then unpaid, plus any interest due.

Section 9.3 Confidential Information

Upon termination or expiration of this Development Agreement, Developer and all of its employees, agents or other representatives shall immediately cease to use and shall maintain the absolute confidentiality of any Trade Secrets and Confidential Information disclosed or otherwise learned or acquired by Developer and shall not use such Trade Secrets and Confidential Information in any other business or venture.

Section 9.4 Covenant Not to Compete

During the term and after the termination of this Development Agreement, Developer and any beneficial owner of an interest in Developer shall be subject to all of the restrictive covenants set forth in Article 7, Article 17 and Exhibit 2 of the last Ongoing Franchise Agreement, as applicable, which covenants by this reference are incorporated herein.

Section 9.5 Continuing Obligations

All obligations of Franchisor and Developer under this Development Agreement that expressly or by their nature survive the expiration or termination of this Development Agreement shall continue in full force and effect until they are satisfied in full or by their nature expire.

ARTICLE 10 - BENEFICIAL OWNERS OF DEVELOPER

Developer represents, and Franchisor enters into this Development Agreement in reliance upon such representation, that the individuals identified in Exhibit III as Holders of a Legal or Beneficial Interest are the sole holders of a legal or beneficial interest (in the stated proportions) of Developer.

ARTICLE 11 - RELATIONSHIP AND INDEMNIFICATION

Section 11.1 Relationship

This Development Agreement is purely a contractual relationship between the parties and does not appoint or make Developer an agent, legal representative, joint venturer, partner, employee, servant or independent contractor of Franchisor for any purpose whatsoever. Developer may not represent or imply to third parties that Developer is an agent of Franchisor, and Developer is in no way authorized to make any contract, agreement, warranty or representation on behalf of Franchisor, or to create any obligation, express or implied, on Franchisor's behalf. Under no circumstances shall Franchisor be liable for any act, omission, contract, debt or any other obligation of Developer. In no event shall this Development Agreement or any conduct pursuant hereto make Franchisor a fiduciary with respect to Developer. Franchisor shall in no way be responsible for any injuries to persons or property resulting from the development of any Teapioca Business pursuant to this Development Agreement. Any third-party contractors and vendors retained by Developer for remodeling or construction or any other purpose are independent contractors of Developer alone.

Section 11.2 Standard of Care

This Development Agreement does not establish a fiduciary relationship between the parties. Unless otherwise specifically provided in this Development Agreement with respect to certain issues, whenever this Development Agreement requires Developer to obtain Franchisor's written consent or permits Developer to take any action or refrain from taking any action, Franchisor is free to act in its own self-interest without any obligation to act reasonably, to consider the impact on Developer or to act subject to any other standard of care limiting Franchisor's right, except as may be provided by statute or regulation.

Section 11.3 Indemnification

Developer shall hold harmless and indemnify Franchisor, its Affiliates, all holders of a legal or beneficial interest in Franchisor and/or its Affiliates, and all of Franchisor's and its Affiliates' officers, directors, executives, managers, partners, owners, members, employees, collaterals, legal representatives, attorneys, agents, successors and assigns (collectively "Franchisor Indemnitees") from and against all losses, damages, fines, costs, expenses or liability (including attorneys' fees and all other costs of litigation) incurred in connection with any action, suit, demand, claim, investigation or proceeding, or any settlement thereof, that arise from, are based upon or are related to Developer's (a) development, ownership or operation of any Teapioca Business; (b) violation, breach or asserted violation or breach of any federal, state or local law, regulation or rule; (c) breach of any representation, warranty, covenant, or provision of this Development Agreement or any other agreement between Developer and Franchisor (or any of its Affiliates); (d) defamation of Franchisor or the System; (e) acts, errors or omissions by Developer or any of its partners, owners, members, officers, directors, managers, employees or agents, committed or incurred in connection with the development of Teapioca Businesses, including any negligent or intentional acts or omissions; or (f) infringement, violation or alleged infringement or violation of any Mark, patent or copyright or any misuse of the Confidential Information. Franchisor's right to indemnity

shall exist notwithstanding the fact joint or several liability may be imposed upon Franchisor by statute, ordinance, regulation or judicial or arbitral decision.

ARTICLE 12 - GENERAL CONDITIONS AND PROVISIONS

Section 12.1 Superiority of Franchise Agreement

Developer acknowledges that any and all Franchise Agreements executed in connection with an individual Teapioca Business within the Development Territory are independent of this Development Agreement. The continued existence of any such Franchise Agreement shall not depend on the continuing existence of this Development Agreement. If any conflict shall arise in connection with this Development Agreement and any such Franchise Agreement, the latter shall have precedence and superiority over the former.

Section 12.2 No Waiver

No failure of Franchisor to exercise any power reserved to it herein, or to insist upon strict compliance by Developer with any obligation or condition herein, and no custom or practice of the parties in variance with the terms hereof, shall constitute a waiver of Franchisor's right to demand exact compliance with the terms of this Development Agreement. Waiver by Franchisor of any particular default by Developer shall not be binding unless in writing and executed by Franchisor and shall not affect nor impair Franchisor's right with respect to any subsequent default of the same or of a different nature. Subsequent acceptance by Franchisor of any payment(s) due shall not be deemed to be a waiver by Franchisor of any preceding breach by Developer of any terms, covenants or conditions of this Development Agreement.

Section 12.3 Injunctive Relief and Specific Performance

As any breach by Developer of any of the restrictions or obligations contained in this Agreement would result in irreparable injury to Franchisor, and as the damages arising out of any such breach would be difficult to ascertain, Franchisor shall be entitled to seek injunctive relief (whether a restraining order, a preliminary injunction or a permanent injunction) against any such breach, whether actual or contemplated, and/or specific performance with respect to such breach without the necessity of posting security or bond.

Section 12.4 Notices

All notices required or permitted under this Development Agreement shall be in writing and shall be deemed received: (a) at the time delivered by hand to the recipient party (or to an officer, director, manager or partner of the recipient party); (b) two (2) business days after being sent via guaranteed overnight delivery by a commercial courier service; or (c) five (5) business days after being sent by Registered Mail, return receipt requested. Either party may change its address by a written notice sent in accordance with this Section 12.4. All notices, payments and reports required by this Development Agreement shall be sent to Developer at the address set forth in the introductory paragraph of this Development Agreement and to Franchisor at the following addresses:

Teapioca International, LLC
Attn: Bao Phan
2851 Joe Dimaggio Blvd.
Suites 33 & 34
Round Rock, TX 78665

With a copy to:
Shelton Law & Associates, Franchise Attorneys at Law
c/o Teapioca International, LLC
1320 Arrow Point Drive, Ste 501
Cedar Park, TX 78613

Section 12.5 Guaranty and Assumption of Obligations

All holders of a legal or beneficial interest in Developer of five percent (5%) or greater shall be required to execute, as of the date of this Development Agreement, the Guaranty and Assumption of Obligations attached as Exhibit II.

Section 12.6 Approvals

Whenever this Development Agreement requires the prior approval or consent of Franchisor, Developer shall make a timely written request to Franchisor for its approval and, except as otherwise provided herein, any approval or consent granted shall be effective only if in writing. Franchisor makes no warranties or guarantees upon which Developer may rely, and assumes no liability or obligation to Developer or any third-party, by providing any waiver, approval, advice, consent or services to Developer in connection with this Development Agreement, or by reason of any neglect, delay or denial of any request for approval.

Section 12.7 Entire Agreement

Subject to Section 12.7 of this Development Agreement, the Exhibits attached hereto and thus made a part hereof and the documents referred to herein shall be construed together and constitute the entire, full and complete agreement between Franchisor and Developer concerning the subject matter hereof, and shall supersede all prior agreements. Except for any representation by Franchisor contained herein, no other representation, oral or otherwise, has induced Developer to execute this Development Agreement. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. There are no representations, inducements, promises or agreements, oral or otherwise, between the parties not embodied herein or within the Ongoing Franchise Agreement which are of any force or effect with respect to the matters set forth in or contemplated by this Development Agreement or otherwise. No amendment, change or variance from this Development Agreement shall be binding on either party unless executed in writing by both parties.

Section 12.8 Severability and Modification

Except as noted below, each Section, paragraph, part, term and provision of this Development Agreement shall be considered severable. If any Section, paragraph, part, term or provision herein is ruled to be unenforceable, unreasonable or invalid, such ruling shall not impair the operation of or affect the remaining portions, Sections, paragraphs, parts, terms and provisions of this Development Agreement, and the latter shall continue to be given full force and effect and bind the parties; and such unenforceable, unreasonable or invalid Sections, paragraphs, parts, terms or provisions shall be deemed not part of this Development Agreement. If Franchisor determines that a finding of invalidity adversely affects the basic consideration of this Development Agreement, Franchisor has the right to, at its option, terminate this Development Agreement.

Notwithstanding the above, each of the covenants contained in Article 6, and Article 9 shall be construed as independent of any other covenant or provision of this Development Agreement. If all or any portion of any such covenant is held to be unenforceable, unreasonable or invalid, then it shall be

amended to provide for limitations on disclosure of Confidential Information or on competition to the maximum extent permitted by law.

Section 12.9 Construction

All captions herein or in the Exhibits attached hereto and thus made a part hereof, are intended solely for the convenience of the parties, and none shall be deemed to affect the meaning or construction of any provision hereof or thereof. Should any provision of this Development Agreement require interpretation or construction, it is agreed by the Franchisor and Developer the court, administrative body or other person or entity interpreting or construing this Development Agreement shall not apply a presumption the provisions hereof shall be more strictly construed against the Franchisor by reason of the rule of construction that a document is to be construed more strictly against the person or entity who, or through its agent, prepared same.

Section 12.10 Force Majeure

Whenever a period of time is provided in this Development Agreement for either party to perform any act, except pay monies to Franchisor, neither party shall be liable nor responsible for any delays due to strikes, lockouts, casualties, acts of God, war, terrorism, pandemic, governmental regulation or control or other causes beyond the reasonable control of the parties, and the time period for the performance of such act shall be extended for the amount of time of the delay. This clause shall not result in an extension of the term of this Development Agreement.

Section 12.11 Timing

Time is of the essence. Except as set forth in Section 12.10, failure to perform any act within the time required or permitted by this Development Agreement, shall be a material breach.

Section 12.12 Further Assurances

Each party to this Development Agreement will execute and deliver such further instruments, contracts, forms or other documents, and will perform such further acts, as may be necessary or desirable to perform or complete any term, covenant or obligation contained in this Development Agreement.

Section 12.13 Third-Party Beneficiaries

Anything to the contrary notwithstanding, nothing in this Development Agreement is intended, nor shall be deemed, to confer upon any person or entity other than Franchisor or Developer, and their respective successors and assigns as may be contemplated by this Agreement, any rights or remedies under this Agreement.

Section 12.14 Multiple Originals

Both parties shall execute multiple copies of this Development Agreement and each executed copy shall be deemed an original.

ARTICLE 13 - DISPUTE RESOLUTION

Section 13.1 Choice of Law

Except to the extent this Development Agreement or any particular dispute is governed by the U.S. Trademark Act of 1946, the Lanham Act, 15 U.S.C. Sec. 1051 et seq., or other federal law, this

Development Agreement shall be governed by and construed in accordance with the laws of the State of Texas, or, where applicable, the laws of the state in which the Franchisee is located (without reference to its conflict of laws principles). References to any law refer also to any successor laws and to any published regulations for such law, as in effect at the relevant time. References to a governmental agency also refer to any regulatory body that succeeds the function of such agency.

Section 13.2 Consent to Jurisdiction

Claims for injunctive relief or specific performance may be brought by Franchisor where it is located, where Developer is/was located, where Franchisor's counsel is located, or where the claim arose. Developer hereby waives all questions of personal jurisdiction and venue for the purpose of carrying out this provision.

Section 13.3 Rights and Remedies

Nothing contained herein shall bar Franchisor's right to obtain injunctive relief or specific performance against threatened conduct that may cause it loss or damages, including obtaining restraining orders and preliminary and permanent injunctions. Developer's rights and remedies regarding Franchisor's breach of this Development Agreement are as set forth in this Development Agreement.

Section 13.4 Limitations of Claims

Any claim concerning the Franchised Business or this Development Agreement or any related agreement will be barred unless an action relating to the ownership of any of Franchisor's Marks, or for injunctive relief, specific performance or non-binding mediation, as set forth in this Agreement, is commenced within one (1) year from the date on which Developer or Franchisor knew or should have known, in the exercise of reasonable diligence, of the facts giving rise to the claim.

Section 13.5 Waiver of Jury Trial

DEVELOPER AND FRANCHISOR EACH IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, WHETHER AT LAW OR EQUITY, BROUGHT BY EITHER OF THEM RELATING TO THE OWNERSHIP OF ANY OF FRANCHISOR'S MARKS OR THE UNAUTHORIZED USE OR DISCLOSURE OF FRANCHISOR'S TRADE SECRETS OR CONFIDENTIAL INFORMATION OR FOR INJUNCTIVE RELIEF OR SPECIFIC PERFORMANCE.

Section 13.6 Limitation of Damages

Developer and Franchisor each waive, to the fullest extent permitted by law, any right or claim for any punitive or exemplary damages against the other. Developer waives and disclaims any right or claim to consequential damages in any action or claim against Franchisor concerning this Development Agreement or any related agreement. In any claim or action brought by Developer against Franchisor concerning this Development Agreement, Developer's damages shall not exceed an amount greater than Developer's Development Fee.

Section 13.7 Mediation

Except for actions or claims for injunctive relief or specific performance or the unauthorized use or disclosure of Franchisor's Trade Secrets or Confidential Information, all claims, disputes and other matters in question between Franchisor and Franchisee arising out of or relating to this Agreement, the business relationship or any other agreement, including whether this Mediation clause is binding

upon the parties, shall be resolved by non-binding mediation before the Center for Public Resources -- National Franchise Mediation Program, FAM or another mutually agreeable mediator. Notwithstanding the above, the following shall not be subject to mediation:

(i) disputes and controversies arising from the Sherman Act, the Clayton Act or any other Federal or state antitrust law;
(ii) disputes and controversies based upon or arising under the Lanham Act, as now or hereafter amended, relating to the ownership, use, misuse or validity of any Confidential Information, the Proprietary Marks or any other trademarks;
(iii) disputes and controversies relating to actions to obtain possession of the premises of the Business under lease or sublease.

Both parties will sign a confidentiality agreement reasonably satisfactory to Franchisor. Upon submission, the obligation to attend mediation in the county and state designated by Franchisor (currently Texas), unless modified by an attached State Addendum, is binding on both parties. Each party will bear his, her or its own costs for the mediation, except the mediation fee and the fee for the mediator will be split equally.

To initiate mediation, either Franchisor or Franchisee shall appoint one mediator and after appointment of the mediator, shall notify in writing the other of such appointment and the name of and the contact information for the mediator within three (3) business days after selection of said mediator. The mediation shall be conducted in Texas as directed by the sole mediator. If an agreement is reached between the parties, then the signed award of the mediator shall be final and binding upon Franchisor and Franchisee and any other party to the mediation. Judgment may be entered upon the award of the mediator in any court having competent jurisdiction. If a first mediation session is unsuccessful, both parties agree to attend a second mediation session, scheduled for at least an eight (8) hour session, and a third session if needed, under the same terms, time and conditions within thirty (30) days of the completion of the first mediation session.

Franchisee acknowledges it has read the terms of this non-binding mediation provision and affirms each provision is entered into willingly and voluntarily and without any fraud, duress or undue influence on the part of Franchisor or any of Franchisor's agents or employees.

ARTICLE 14 - ACKNOWLEDGMENTS

Section 14.1 Receipt of this Development Agreement and the Franchise Disclosure Document

Developer represents and acknowledges it has received, read and understands this Development Agreement and Franchisor's Franchise Disclosure Document, and Franchisor has accorded Developer ample time and opportunity to consult with advisors of its own choosing about the potential benefits and risks of entering into this Development Agreement. Developer represents and acknowledges it has received an exact copy of this Development Agreement and its Exhibits fully executed except for signatures or personal information, prior to the date on which this Development Agreement was executed. Developer further represents and acknowledges it has received, at least fourteen (14) calendar days prior to the date on which this Development Agreement was executed, the Disclosure Document required by the 2007 Amendment to the Federal Trade Commission Rule entitled Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures.

Section 14.2 Consultation by Developer

Developer represents it has been urged to consult with its own advisors with respect to the legal, financial and other aspects of this Development Agreement, the business franchised hereby and the prospects for that business. Developer represents it has either consulted with such advisors or has deliberately declined to do so.

Section 14.3 True and Accurate Information

Developer represents all information set forth in any and all applications, financial statements and submissions to Franchisor is true, complete and accurate in all respects, and Developer acknowledges Franchisor is relying upon the truthfulness, completeness and accuracy of such information.

Section 14.4 Risk

Developer represents it has conducted an independent investigation of the business contemplated by this Development Agreement and acknowledges, like any other business, an investment in this Development Agreement and/or a Teapioca Franchised Business(es) involves business risks and the success of the venture(s) is dependent, among other factors, upon the business abilities and efforts of Developer. Franchisor makes no representations or warranties, express or implied, in this Development Agreement or otherwise, as to the potential success of the business venture(s) contemplated hereby.

Section 14.5 No Guarantee of Success

Developer represents and acknowledges it has not received or relied on any guarantee, express or implied, as to the revenues, profits or likelihood of success of any Teapioca Business to be developed pursuant to this Development Agreement. Developer represents and acknowledges there have been no representations by Franchisor's owners, members, managers, directors, employees, attorneys or agents that are not contained in, or are inconsistent with, the statements made in the Ongoing Franchise Agreement or this Development Agreement.

Section 14.6 No Violation of Other Agreements

Developer represents its execution of this Development Agreement will not violate any other agreement or commitment to which Developer or any holder of a legal or beneficial interest in Developer is a party.

Section 14.7 Independent Obligations

Each obligation or other provision contained in this Development Agreement shall be deemed and construed as a separate and independent obligation of the party bound by, undertaking or making the same, and not dependent on any other provisions of this Development Agreement, unless expressly so provided. If any party has breached any obligation or other provision contained in this Agreement in any respect, the fact there exists another obligation or provision relating to the same subject matter (regardless of the relative levels of specificity), which the party has not breached shall not detract from or mitigate the fact the party is in breach of the first obligation or other provision contained in this Development Agreement.

Section 14.8 Gender

Whenever the context of this Development Agreement requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

IN WITNESS WHEREOF, the parties hereto, intending to be legally bound hereby, have duly executed and delivered this Development Agreement, as of the date of their signatures on the Summary Page of this Development Agreement.

EXHIBIT I TO THE
AREA DEVELOPMENT AGREEMENT

Development Territory (Search Area)

For developing a three (3) pack, Developer is paying the Total Development Fee of Twenty-Nine Thousand Nine Hundred Twenty Dollars ($29,920.00), Developer has suggested, and Franchisor has approved the following Non-Exclusive Development Territory:

Developer agrees that they shall be opened for business within the Granted Territory by the date indicated in Column II below and operating at all times thereafter during the term of this Agreement not less than the cumulative minimum number of Teapioca Lounge Units listed in Column III of this Exhibit I.

SAMPLE DEVELOPMENT SCHEDULE

I Unit Sequence	II Latest date for Commencement of Each such unit	III Cumulative Minimum Number of units In Operation
1st Unit	twelve (12) months later	1
2nd Unit	twenty-four (24) months later	2
3rd Unit	thirty-six (36) months later	3

IN WITNESS WHEREOF, this Development Schedule has been duly accepted, executed and delivered by each of the individuals, and guarantors listed on the Summary Page to this Development Agreement, intending to be legally bound hereby, on the Effective Date.

EXHIBIT II TO THE AREA DEVELOPMENT AGREEMENT
GUARANTY AND ASSUMPTION OF OBLIGATIONS

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS ("Guaranty") intending to be legally bound hereby, on the Effective Date, as shown on the Summary Page of this Area Development Agreement.

In consideration of, and as an inducement to, the execution of that certain Area Development Agreement of even date herewith ("Agreement") by Teapioca International, LLC ("Franchisor"), each of the undersigned hereby personally and unconditionally (a) guarantees to Franchisor, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that ("Developer") shall punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) shall personally be bound by, and personally liable for the breach of each and every provision in the Agreement, including those relating to monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities. Each of the undersigned waives: (a) acceptance and notice of acceptance by Franchisor of the foregoing undertakings; (b) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (c) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (d) any right he may have to require that an action be brought against Developer or any other person as a condition of liability; and (e) any and all other notices and legal or equitable defenses to which he may be entitled.

Each of the undersigned consents and agrees that: (a) his direct and immediate liability under this Guaranty shall be joint and several; (b) he shall render any payment or performance required under the Agreement upon demand if Developer fails or refuses punctually to do so; (c) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Developer or any other person; and (d) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may from time to time grant to Developer or to any other person, including, without limitation, 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 Guaranty, which shall be continuing and irrevocable during the term of the Agreement.

Each of the undersigned further consents and agrees it shall be a party to any of the actions or claims between Franchisor and Developer for injunctive relief or specific performance or relating to the ownership of any of Franchisor's Marks or the unauthorized use or disclosure of Franchisor's Trade Secrets or Confidential Information, or which are to be resolved by non-binding mediation as set forth in the Agreement. Each of the undersigned also agrees to be personally bound by the waiver of jury trial as set forth in Section 23.6 of the Ongoing Franchise Agreement(s).

Whenever the context of this Guaranty requires, the masculine gender includes the feminine or neuter and vice versa, and the singular number includes the plural.

Capitalized terms not defined herein shall have the meaning set forth in the Area Development Agreement or the Ongoing Franchise Agreement.

IN WITNESS WHEREOF, this Guaranty has been duly executed and delivered by each of the individuals, and guarantors listed on the Summary Page to this Development Agreement, intending to be legally bound hereby, on the Effective Date.

EXHIBIT III TO THE AREA DEVELOPMENT AGREEMENT
ALL HOLDERS OF 5% OR MORE LEGAL OR BENEFICIAL INTEREST IN DEVELOPER; OFFICERS, DIRECTORS AND MANAGERS

Holders of Legal or Beneficial Interest:

The Holders of 5% or more interest are listed on the Summary Page of this Development Agreement.

Officers, Directors and Managers:

Developer acknowledges that they must submit, within 24 hours, a training request for all Managers, Director and Officers that will work within or have ownership or direction over the Development Business. The information at minimum that must be provided is:

Name:_____
Position/Title:_____
Home Address: _____
_____
_____
Telephone No.:_____
E-mail address:_____

EXHIBIT IV TO THE AREA DEVELOPMENT AGREEMENT

MULTI-STATE ADDENDUMS

To Avoid Duplication in the Disclosure Document These Are Located At

Exhibit G to the Franchise Disclosure Document

On The Execution Copy the Applicable State Addendum Will Be

Located At This Exhibit IV to the Area Development Agreement

EXHIBIT G

STATE ADDENDUMS
(ADDITIONAL INFORMATION REQUIRED BY CERTAIN STATES)

ADDENDUM REQUIRED BY THE STATE OF CALIFORNIA

In recognition of the requirements of the California Franchise Investment Law, Cal. Corp. Code 31000-31516, and the California Franchise Relations Acts, Cal. Bus. & Prof. Code 20000-20043, the Franchise Disclosure Document for Teapioca International, LLC for use in the State of California shall be amended as follows:

1. The California Franchise Investment Law requires that 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 Corporation Code requires Us to give You a disclosure document in a form approved by the Department of Business Oversight before asking You to consider a material modification of an existing Ongoing Franchise Agreement;

3. In accordance with California Rule 310.114.1(c)(3), the Franchisor, nor any person or franchise broker listed in Item 2 of the Disclosure Document 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 that association or exchange.

4. The ongoing franchise agreement requires You to execute a general release of claims upon renewal or transfer of the ongoing franchise agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order is void. Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000-31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000-20043);

5. The California Business and Professions Code 20000 through 20043 provide rights to the Franchisee concerning termination, transfer or non-renewal of a franchise. If the ongoing franchise agreement contains a provision that is inconsistent with the law, the law will control.

6. The Ongoing Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A. Sec. 101 et seq.);

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

8. The Ongoing Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable;

9. The Ongoing Franchise Agreement requires application of the laws and forum of the State of Texas. This provision may not be enforceable under California law;

10. The Ongoing Franchise Agreement requires mediation. The mediation will occur only in Texas. Costs will be borne equally by both parties. 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 an ongoing franchise agreement restricting venue to a forum outside the State of California;

11. The Antitrust Law Section of the Office of the California Attorney General views maximum price agreements as per se violations of the Cartwright Act. As long as this represents the law of the State of California, we will not interpret the Ongoing Franchise Agreement as

permitting or requiring maximum price limits.

12. Neither Teapioca International, LLC, *any* person or franchise broker in Item 2 of the UFDD is subject to any currently effective order or 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 these persons from membership in such association or exchange; and

13. OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at www.dbo.ca.gov.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF CONNECTICUT

In recognition of the requirements of the Connecticut Business Opportunity Investment Act, Sections 36(b)-60 *et seq* and Conn. Gen. Stat. Ann. 42-133(e) to 42-133(h), the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of Connecticut shall be amended as follows:

1. The Connecticut statute 42-133(f) requires that a copy of the Franchisor's Intent not to renew be given six months prior to the expiration of the current Ongoing Franchise Agreement, unless the alleged grounds are for voluntary abandonment by the Franchisee of the franchise relationship;

2. Pursuant to Connecticut statute 42-133(f)(c) upon termination of any franchise the Franchisee shall be allowed fair and reasonable compensation by the Franchisor for the Franchisee's inventory, supplies, equipment and furnishings purchased by the Franchisee from the Franchisor or its approved sources under the terms of the franchise or any ancillary or collateral agreement; however, no compensation shall be allowed for personalized items which have no value to the Franchisor;

3. No franchise entered into or renewed shall be for a term of less than three years and for successive terms of not less than three years thereafter unless cancelled, terminated or not renewed; and

4. Any waiver of the rights of a Franchisee under sections 42-133(f) or 42-133(g) which is contained in the Ongoing Franchise Agreement shall be void.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED FOR HAWAII

In recognition of the requirements of the Hawaii Franchise Investment Law, Hawaii Revised Statutes, Title 26, Chapter 482E *et seq.* the Franchise Disclosure Document for Teapioca International, LLC, is amended as follows:

1. These franchises have been filed under the Franchise Investment Law of the State of Hawaii. Filing does not constitute approval, recommendation of endorsement by the Director of Commerce and Consumer Affairs or a finding by the Director of Commerce and Consumer Affairs that the information provided herein is true, complete and not misleading;

2. The Franchise Investment Law makes it unlawful to offer or sell any franchise in this state without first providing to the prospective Franchisee, or subfranchisor at least seven (7) days prior to the execution by the prospective Franchisee, of any binding franchise or other agreement, or at least seven (7) days prior to the payment of any consideration by the Franchisee, or subfranchisor, whichever occurs first, a copy of the Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise;

3. The Hawaii Franchise Investment Law provides rights to Franchisee concerning non-renewal, termination and transfer of the Ongoing Franchise Agreement. If the Agreement, and more specifically Articles 4, 16, 17 and 18 contain a provision that is inconsistent with the Hawaii Franchise Investment Law, the Hawaii Franchise Investment Law will control;

4. Articles 4 and 18 require Franchisee to sign a general release as a condition of renewal and transfer of the franchise; such release shall exclude claims arising under the Hawaii Franchise Investment Law;

5. Section 16.2, which terminates the Ongoing Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*);

6. This Disclosure Document contains a summary only of certain material provisions of the Ongoing Franchise Agreement. The contract or agreement should be referred to for a statement of all rights, conditions, restrictions and obligations of both the Franchisor and the Franchisee; and

7. Registered agent in the state authorized to receive service of process: Commissioner of Securities, Department of Commerce and Consumer Affairs, Business Registration Division, Securities Compliance Branch, 335 Merchant Street, Room 203, Honolulu, Hawaii 96813.

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IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, III. Comp. Stat. 705/1 to 705/44 the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of Illinois shall be amended to include the following:

Cover Page & Item 17, Additional Disclosures. The following statements are added to the cover page and Item 17:

The Illinois Franchise disclosure Act provides that any provision in the Ongoing Franchise Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

The Illinois Franchise Disclosure Act requires that Illinois law apply to any claim arising under the Illinois Franchise Disclosure Act.

Each provision of the Additional Disclosures shall be effective only to the extent that the jurisdictional requirements of the Illinois Franchise Disclosure Act of 1987, with respect to such provision, are met independently, without reference to this Addendum. The Additional Disclosures shall have no force or effect if such jurisdictional requirements are not met.

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AMENDMENT TO THE TEAPIOCA INTERNATIONAL, LLC ONGOING FRANCHISE AGREEMENT REQUIRED BY THE STATE OF ILLINOIS

This Amendment to the Teapioca Ongoing Franchise Agreement dated _____ between Teapioca International, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Ongoing Franchise Agreement.

1. The provisions of this Amendment form an integral part of, and are incorporated into, the Ongoing Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Illinois; b) Franchisee is a resident of the State of Illinois; and/or c) the franchise will be located or operated in the State of Illinois.

2. Section 22.6 is deleted and replaced with the following:

   This Agreement, the documents referred to herein, and the Exhibits hereto constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements, no other representations (except for or other than those contained in the disclosure document) having induced Franchisee to execute this Agreement.

3. The following sentence is added to the end of Section 23.1:

   Notwithstanding the foregoing, the Illinois Franchise Disclosure Act shall govern this Agreement.

4. The following sentence is added to the end of Section 23.2:

   Section 4 of the Illinois Franchise Disclosure Act provides that any provision in this Agreement which designates jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois.

5. The following sentence is added at the end of Section 23.4:

   Section 27 of the Illinois Franchise Disclosure Act provides that causes of action under the Act must be brought within the earlier of: 3 years of the violation; 1 year after Franchisee becomes aware of the underlying facts or circumstances; or 90 days after delivery to Franchisee of a written notice disclosing the violation.

6. The following sentence is added to the end of Section 23.2:

   Section 41 of the Illinois Franchise Disclosure Act states that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Act is void.

7. Any capitalized terms that are not defined in this Amendment shall have the meaning given them in the Ongoing Franchise Agreement.

8. Except as expressly modified by this Amendment, the Ongoing Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF INDIANA

In recognition of the requirements of the Indiana Franchise Disclosure Law, Indiana Code 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7-1 to 23-2-2.7-7, the Franchise Disclosure Document for Teapioca International, LLC for use in the State of Indiana shall be amended as follows:

1. The Indiana Deceptive Franchise Practices Act requires that Indiana law govern any cause of action arising under the Indiana Franchise Disclosure Law or the Indiana Deceptive Franchise Practices Act and prohibits limiting litigation brought for breach of the agreement in any manner whatsoever;
2. Item 12, "Territory," shall be amended by the addition of the following paragraph: We will not compete unfairly with You within a reasonable area;
3. The Indiana Deceptive Franchise Practices Act makes it unlawful to require a Franchisee to covenant not to compete with Teapioca International, LLC for a period longer than three (3) years or in an area of reasonable size upon termination of or failure to renew the franchise;
4. Each provision of this Addendum to the Disclosure Document shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Indiana Franchise Disclosure Law, Indiana Code 23-2-2.5-1 to 23-2-2.5-51, and the Indiana Deceptive Franchise Practices Act, Indiana Code 23-2-2.7-1 to 23-2-2.7-7, are met independently without reference to this Addendum to the Disclosure Document;
5. Item 17p (your death or disability) of the Disclosure Document and Sections 16.2 and 18.6 of the Ongoing Franchise Agreement is amended to provide for a period of 180 days following disapproval to sell the Teapioca International, LLC franchise to an assignee acceptable to Teapioca International, LLC; and
6. Item 17v (choice of forum) of the Disclosure Document and Section 23.2 of the Ongoing Franchise Agreement (Exhibit G) is amended to provide that litigation may occur in the State of Indiana.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF MARYLAND

Item 17, Additional Disclosures. The following statements are added to Item 17:

The Ongoing Franchise Agreements provide for termination upon bankruptcy. These provisions may not be enforceable under federal bankruptcy law.

Item 17(c) is amended to include: The General Release required as a condition of renewal, sale, and/or assignment/transfer *shall not apply* to any liability under the Maryland Franchise Registration and Disclosure Law.

Item 17(u), (v) and (w) are amended to include: A Franchisee in Maryland may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

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

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AMENDMENT TO THE TEAPIOCA INTERNATIONAL, LLC ONGOING FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MARYLAND

This Amendment to the TEAPIOCA INTERNATIONAL, LLC Ongoing Franchise Agreement dated _____ between TEAPIOCA INTERNATIONAL, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Ongoing Franchise Agreement.

1. The provisions of this Amendment form an integral part of, and are incorporated into, the Ongoing Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; b) Franchisee is a resident of the State of Maryland; and/or c) the franchise will be located or operated in the State of Maryland.

2. The following sentence is added to the end of Initial Fees, Section 3.1:

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

3. The following is added to the end of Renewals, Section 4.2:

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

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

5. The following sentence is added to the end of Choice of Law, Section 23.1:

   Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern this Agreement.

6. The following sentence is added to the end of Consent to Jurisdiction, Section 23.2:

   A Franchisee in Maryland may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

7. The following sentence is added at the end of Limitations of Claims, Section 23.4:

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

8. Any capitalized terms that are not defined in this Amendment shall have the meaning given them in the Ongoing Franchise Agreement.

9. Except as expressly modified by this Amendment, the Ongoing Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

AMENDMENT TO THE TEAPIOCA INTERNATIONAL, LLC FRANCHISE DEVELOPMENT AGREEMENT REQUIRED BY THE STATE OF MARYLAND

This Amendment to the Teapioca International, LLC Ongoing Franchise Agreement dated _____ between Teapioca International, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Ongoing Franchise Agreement.

10. The provisions of this Amendment form an integral part of, and are incorporated into, the Ongoing Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Maryland; b) Franchisee is a resident of the State of Maryland; and/or c) the franchise will be located or operated in the State of Maryland.

11. The following sentence is added to the end of Transfer by Franchisee to a Third-party, Section 18.2:

    This Section is not intended to, nor shall it act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

12. The following sentence is added to the end of Transfer to a Controlled Entity, Section 18.3:

    This release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

13. The following sentence is added to the end of Choice of Law, Section 23.1:

    Notwithstanding the foregoing, the Maryland Franchise Registration and Disclosure Law shall govern this Agreement.

14. The following sentence is added to the end of Consent to Jurisdiction, Section 23.2:

    A Franchisee in Maryland may sue in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

15. The following sentence is added at the end of Limitations of Claims, Section 23.4:

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

16. Any capitalized terms that are not defined in this Amendment shall have the meaning given them in the Ongoing Franchise Agreement.

17. Except as expressly modified by this Amendment, the Ongoing Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF MICHIGAN

In recognition of the requirements of the Michigan Franchise Investment Law, which prohibits certain unfair provisions that are sometimes in franchise documents, if any of the below provisions are contained within the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of Michigan those provisions are void and cannot be enforced against You:

1. A prohibition of your right to join an association of Franchisees;

2. A requirement that You assent to a release, assignment, novation, waiver or estoppel that deprives You of rights and protections provided in this act. This shall not preclude You, after entering into a Ongoing Franchise Agreement, from settling any and all claims;

3. A provision that permits Us to terminate a franchise prior to the expiration of this term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Ongoing Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure;

4. A provision that permits Us to refuse to renew a franchise without fairly compensating You by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures and furnishings. Personalized materials that have no value to Us and inventory, supplies, equipment, fixtures and furnishings not reasonably required in the conduct of the Franchised Business are not subject to compensation. This subsection applies only if: (a) the term of the franchise is less than 5 years, and (b) You are prohibited by the Ongoing Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising or other commercial symbol in the same area subsequent to the expiration of the franchise or You do not receive at least 6 months advance notice of our intent not to renew the franchise;

5. A provision that permits Us to refuse to renew a franchise on terms generally available to other Franchisees of the same class or type under similar circumstances. This section does not require a renewal provision;

6. A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the Franchisee from entering into an agreement, at the time of arbitration or litigation, to conduct arbitration or litigation at a location outside this state;

7. A provision that permits Us to refuse to permit a transfer of ownership of a franchise, except for good cause. The subdivision does not prevent Us from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

a. The failure of the proposed Transferee to meet our then-current reasonable qualifications or standards;

b. The fact that the proposed Transferee is our or subfranchisor's competitor;

c. The unwillingness of the proposed Transferee to agree in writing to comply with all lawful obligations;

d. Your or proposed Transferee's failure to pay Us any sums or to cure any default in the Ongoing Franchise Agreement existing at the time of the proposed transfer;

8. A provision that requires You to resell to Us items that are not uniquely identified with Us. This subdivision does not prohibit a provision that grants Us a Right of First Refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third-party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants Us the right to acquire the assets of a franchise for the market or appraised value and has failed to cure the breach in the manner provided in subdivision (C);

9. A provision that permits Us to directly or indirectly convey, assign or otherwise transfer our obligations to fulfill contractual obligations to You unless a provision has been made for providing the required contractual services;

10. If our most recent financial statements are unaudited and show a net worth of less than $100,000.00, You may request that We arrange for the escrow of initial investment and other funds You paid until our obligations, if any, to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At our option, a surety bond may be provided in place of escrow; and

11. THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENFORCEMENT BY THE ATTORNEY GENERAL. Any questions regarding this notice should be directed to: State of Michigan, Consumer Protection Division, Attention: Franchise Bureau, 670 Law Building, Lansing, MI 48913, (517) 373-7117.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF MINNESOTA

In recognition of the requirements of the Minnesota Franchises Law, Minn. Stat. 80C.01 through 80C.22, and of the Rules and Regulations promulgated thereunder by the Minnesota Commissioner of Commerce, Minn. Rules 2860.0100 through 2860.9930, the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of Minnesota shall be amended as follows:

1. Minnesota Statute 80C.21 and Minnesota Rule 2860.4400J prohibit Us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction;

2. With respect to franchises governed by Minnesota law, the Teapioca International, LLC will comply with Minnesota Statutes Sec. 80C.14, Subs, 3,4, and 5 which require, except in certain specified cases, that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Ongoing Franchise Agreement;

3. Minnesota Rule 2860.4400D prohibits Us from requiring You to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§80C.01-80C.22; and

4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchises Law or the Rules and Regulations promulgated thereunder by the Minnesota Commission of Commerce are met independently without reference to this Addendum to the Disclosure Document.

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AMENDMENT TO THE ONGOING FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA

This Amendment to the Teapioca International, LLC Ongoing Franchise Agreement dated _____ between Teapioca International, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Ongoing Franchise Agreement.

1. The provisions of this Amendment form an integral part of, and are incorporated into, the Ongoing Franchise Agreement. This Amendment is being executed because: a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; b) Franchisee is a resident of the State of Minnesota; and/or c) the franchise will be located or operated in the State of Minnesota.

2. Section 22.6 is deleted and replaced with the following:

   This Agreement, the documents referred to herein, and the Exhibits hereto constitute the entire, full and complete agreement between Franchisor and Franchisee concerning the subject matter hereof and shall supersede all prior agreements, no other representations (except for or other than those contained in the disclosure document) having induced Franchisee to execute this Agreement.

3. The following sentence is added to the end of Section 23.1:

   Notwithstanding the foregoing, the Minnesota Franchise Act shall govern this Agreement.

4. The following sentence is added to the end of Section 18.2:

   Notwithstanding the foregoing, Franchisee will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01-80C.22.

5. The following sentence is added to the end of Sections 16.2 and 18.2:

   With respect to franchises governed by Minnesota law, the Franchisor will comply with Minnesota Statutes Sec. 80C.14, Subs, 3, 4, and 5 which require, (except in certain specified cases) (1) that a Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Ongoing Franchise Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

6. The following sentence is added at the end of Section 18.2:

   Under Minnesota Rule 2860.4400J, certain liquidated damages clauses are unenforceable.

7. The following sentence is added to the end of Section 23.2:

Minnesota Statute §80C.21 and Minnesota Rule 2860.4400J prohibit Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in this Agreement can abrogate or reduce Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

The Franchisee cannot consent to the Franchisor obtaining injunctive relief. The Franchisor may seek injunctive relief. See Minn. Rules 2860.4400J.

8. Any capitalized terms that are not defined in this Amendment shall have the meaning given them in the Ongoing Franchise Agreement.

9. Except as expressly modified by this Amendment, the Ongoing Franchise Agreement remains unmodified and in full force and effect.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**

ATTEST/WITNESS:	**FRANCHISEE:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

AMENDMENT TO THE ONGOING FRANCHISE AGREEMENT AS REQUIRED BY THE STATE OF NEW YORK

This Amendment to the Teapioca International, LLC Ongoing Franchise Agreement dated _____ between Teapioca International, LLC, ("Franchisor") and _____ ("Franchisee") is entered into simultaneously with the execution of the Ongoing Franchise Agreement.

In recognition of the requirements of the General Business Law of the State of New York, Article 3, Section 687 and Article 33, Sections 680-695, and the Codes, Rules, and Regulations of the State of New York, Title 13, Chapter VII, Section 200.1 through 201.16, the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of New York shall be amended as follows:

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND TO THE NEW YORK STATE ATTORNEY GENERAL AT 28 LIBERTY STREET, 21ST FLOOR, NEW YORK, NY 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "**Assignment of contract by franchisor"**:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Ongoing Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "**Choice of forum"**, and Item 17(w), titled "**Choice of law"**:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF NORTH DAKOTA

In recognition of the requirements of the North Dakota Franchise Investment Law, N.D. Cent. Code 51-19-01 through 51-19-17, and the policies of the Office of the State of North Dakota Securities Commission, the Franchise Disclosure Document for Teapioca International, LLC for use in the State of North Dakota shall be amended as follows:

1. Item 17(r), (non-competition covenants), of the Disclosure Document, Sections 2.5, and 17.2 and Exhibit 2 of the Ongoing Franchise Agreement disclose the existence of certain covenants restricting competition to which the Franchisee must agree. The Securities Commissioner of the State of North Dakota has held that covenants restricting competition, contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Covenants not to compete such as those referenced above are generally considered unenforceable in the State of North Dakota;

2. Item 17(v), (choice of forum) of the Disclosure Document and Section 23.2, of the Ongoing Franchise Agreement provide that Franchisees must consent to the jurisdiction of the District Court of Texas. The Securities Commissioner of the State of North Dakota has held that requiring Franchisees to consent to jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Investment Law, therefore, this provision is void and of no effect in the State of North Dakota;

3. Item 17(w), (choice of law) of the Disclosure Document and Section 23.1, of the Ongoing Franchise Agreement provide that Texas law governs the Ongoing Franchise Agreement. The Securities Commissioner of the State of North Dakota has held that Ongoing Franchise Agreements which specify that they are to be governed by the laws of a state other than North Dakota are unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, therefore, this provision is void and of no effect in the State of North Dakota;

4. Sections 23.2 and 23.7 of the Ongoing Franchise Agreement provides that Franchisees must consent to the jurisdiction of the Texas. The Securities Commissioner of the State of North Dakota has held that requiring Franchisees to consent to jurisdiction of courts outside of North Dakota is unfair, unjust or inequitable within the intent of Section 51-19-09 of the North Dakota Investment Law. The site of mediation or arbitration shall be agreeable to all parties; therefore, this provision is amended to provide that the state of mediation or arbitration shall be agreeable to all parties;

5. Section 23.5 of the Ongoing Franchise Agreement stipulates that the Franchisee shall pay all costs and expenses incurred by the Teapioca International, LLC in enforcing the Ongoing Franchise Agreement. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Ongoing Franchise Agreement is amended to provide that the prevailing party in any enforcement action is entitled to recover all costs and expenses, including attorney fees;

6. Section 23.5 of the Ongoing Franchise Agreement requires the Franchisee to consent to a waiver of exemplary and punitive damages. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law, therefore, this portion of Section 23.5 is void and of no effect in the State of North Dakota;

7. Section 17.9 of the Ongoing Franchise Agreement stipulates that the Franchisee shall pay liquidated damages to Teapioca International, LLC if the Ongoing Franchise Agreement in terminated early.

The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Ongoing Franchise Agreement is amended to provide that Teapioca International, LLC is entitled to recover all costs and expenses, including attorney fees allowable by law;

8. Section 23.6 of the Ongoing Franchise Agreement stipulates that the Franchisee shall agree to a Waiver of Jury Trial. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Ongoing Franchise Agreement is void and of no effect in the State of North Dakota;

9. Section 4.2 of the Ongoing Franchise Agreement requires the Franchisee to sign a general release upon renewal of the Ongoing Franchise Agreement. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Ongoing Franchise Agreement is void and of no effect in the State of North Dakota;

10. Section 23.4 of the Ongoing Franchise Agreement requires a limitation of Claims. The Securities Commissioner of the State of North Dakota has determined this to be unfair, unjust and inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. Therefore, the referenced section of the Ongoing Franchise Agreement is amended to provide that the statute of limitations under North Dakota law applies; and

11. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the North Dakota Franchise Investment Law are met independently referenced to this Addendum to the Disclosure Document

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF RHODE ISLAND

In recognition of the requirements of the Rhode Island Franchise Investment Act, 19-28.1-1 through 19-28.1-34, the Franchise Disclosure Document of Teapioca International, LLC for use in the State of Rhode Island shall be amended as follows:

1. Item 17, "Renewal, Termination, Transfer and Dispute Resolution," shall be amended by Section 19-28.1-14 of the Rhode Island Franchise Investment Act which provides that "A provision in an Ongoing Franchise Agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act"; and
2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Rhode Island Franchise Investment Act 19-28.1-1 through 19-28.1-34, are met independently without reference to this Addendum to the Disclosure Document.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF SOUTH DAKOTA

In recognition of the requirements of the South Dakota Franchises for Brand-Name Goods and Services Law, S.D. Codified Laws 37-5B-01 through 37-5B-53, the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of South Dakota shall be amended as follows:

1. Section 23.7, of the Ongoing Franchise Agreement is amended by the addition of the following language to the original language that appears therein: "In the event that either party shall make demand for mediation, such mediation shall be conducted in a mutually agreed upon site.
2. Item 17 of the Disclosure Document and Section 17.2 of the Ongoing Franchise Agreement are amended by the addition of the following language to the original language that appears therein: "Covenants not to compete upon termination or expiration of a Ongoing Franchise Agreement are generally unenforceable in South Dakota, except in certain instances as provided by law." To the extent this Addendum shall be deemed to be inconsistent with any terms or conditions of said Ongoing Franchise Agreement or Exhibits or Attachments thereto, the terms of this Addendum shall govern.
3. Item 17(e) & (f) (termination without cause & with cause) of the Disclosure Document and Sections 16.2 and 16.3 of the Ongoing Franchise Agreement are amended by the following language: South Dakota law provides for a thirty (30) day notice to cure any default prior to termination, including the non-payment of royalty and service fees, amount due for purchases from the Company or its affiliates or other payments due to the Company.
4. Section 23.1 of the Ongoing Franchise Agreement are amended by the addition of the following language to the original language that appears therein: "The law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement, and interpretation under the governing law of Texas."
5. Section 23.7 of the Ongoing Franchise Agreement is amended by the addition of the following language to the original language that appears therein: “In the event that either party shall make demand for mediation, such mediation shall be conducted in a mutually agreed upon site. The mediation proceeding shall take place in Texas. In connection with any mediation proceeding the provisions of Rule 408 of the Federal Rules of Evidence.”
6. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the South Dakota Franchises Brand-Name Goods and Services Law are met independently without reference to this Addendum to the Disclosure Document.

[THIS AREA HAS BEEN INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE COMMONWEALTH OF VIRGINIA

In recognition of the requirements of Virginia Franchise Protections laws, the Ongoing Franchise Agreement for Teapioca International, LLC, for use in the State of Virginia shall be amended as follows:

1. Section 16.2, which terminates the Ongoing Franchise Agreement upon the bankruptcy of Franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101, *et seq.*);
2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires Us to defer payments of the Initial Fee and other Initial Payments owed by Franchisees to the Franchisor until the Franchisor has completed its pre-opening obligations under the Ongoing Franchise Agreement; and
3. Additional Disclosure: The following statements are added to Item 17.h. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a Franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Ongoing Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AS REQUIRED BY THE STATE OF WASHINGTON

In recognition of the requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code 19.100.180 to 19.100.190, the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of Washington shall be amended as follows:

1. Notwithstanding anything herein to the contrary, the Washington Franchise Investment Protection Act provides:
    a. That mediation sites or venue in the State of Washington, shall be in a mutually agreed upon place, or as determined by the arbitrator at the time of mediation.
    b. That a Franchisee may not waive any rights under the Washington Franchise Investment Protection Act.
    c. That Transfer Fees to be imposed are permissible only to the extent that they compensate for expenses incurred by the Franchisor as a result of the transfer.
    d. That in the event of a conflict of law the provisions of the Washington Franchise Investment Protection Act shall prevail.
    e. All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under applicable state law.
2. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Washington Franchise Investment Protection Act, Wash. Rev. Code 19.100.180 to 19.100.190, are met independently without reference to this Addendum to the Disclosure Document.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Franchise Disclosure Document in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM TO THE ONGOING FRANCHISE AGREEMENT AS REQUIRED BY THE STATE OF WASHINGTON

The state of Washington has a statute, RCW 19.100.180 which may supersede the Franchise Agreement for Teapioca International, LLC in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Ongoing Franchise Agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release, estoppel or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

ADDENDUM REQUIRED BY THE STATE OF WISCONSIN

In recognition of the requirements of the Wisconsin Department of Financial Institutions Sections 31.01 to 32.07 and Wis. Stat. 553.27(4), the Franchise Disclosure Document for Teapioca International, LLC, for use in the State of Wisconsin shall be amended as follows:

3. The Wisconsin Department of Financial Institutions Sections 31.01 to 32.07 applies to most, if not all, Ongoing Franchise Agreements and prohibits the Termination, Cancellation, Non-Renewal of substantial change of the competitive circumstances of an Ongoing Franchise Agreement without good cause. The Law further provides that 90 days prior written notice of the proposed termination, etc. must be given to the Franchisee. The Franchisee has 60 days to cure the deficiency and if the deficiency is so cured, the notice is void. Section 23.1 of the Disclosure Document and the corresponding section of the Franchisor License Agreement should state that the Wisconsin Department of Financial Institutions Sections 31.01 to 32.07 laws supersedes any provisions contained in the Franchise or License Agreement that are consistent with that law; and
4. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Wisconsin Department of Financial Institutions law are met independently without reference to this Addendum to this Disclosure Document.

IN WITNESS WHEREOF, Franchisee and Franchisor have executed this Amendment to the Ongoing Franchise Agreement in duplicate simultaneously with the execution of the Ongoing Franchise Agreement.

ATTEST:	**TEAPIOCA INTERNATIONAL, LLC:**
By: _____	**By: _____**
Print Name: _____	**Print Name: Bao Phan**
Title: _____	**Title: Chief Executive Officer**
ATTEST/WITNESS:	**FRANCHISEE / DEVELOPER:**
By: _____	**By: _____**
Print Name: _____	**Print Name: _____**
Title: _____	**Title: _____**

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC LIST OF STATE ADMINISTRATORS

EXHIBIT H
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC
CONFIDENTIALITY AGREEMENT

By and Between

TEAPIOCA INTERNATIONAL, LLC
FRANCHISOR

AND

_____, PROSPECT

CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement, made this_____ date, by and between Teapioca International, LLC, a Texas Limited Liability Company formed and operating under the laws of the State of Texas, having its principal place of business at 2851 Joe Dimaggio Blvd, Suites 33 & 34, Round Rock, TX 78665 ("Franchisor") and all jointly and severally, of _____ (Hereinafter ("Prospect").

WHEREAS, Franchisor has developed and owns a unique system relating to the establishment and operation of businesses whose purpose is providing high quality boba and bubble tea products as well as other dessert drink confections Teapioca Franchisees provide high quality teas, boba, smoothies, iced products, and other dessert drink confections to customers in a modern lounge setting, where customers come for the Confections and Stay for the Connections®.

WHEREAS, Prospect and Franchisor have entered into discussions which may involve the disclosure to Prospect of the proprietary information of Franchisor.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other, hereby agree as follows:

1. Proprietary Information/Confidential Treatment. During the course of business dealings between the parties, certain of the confidential information of Franchisor will be disclosed to Prospect. Prospect or any of its employees, shall not for any reason or purpose whatsoever, use for its personal benefit, or disclose, communicate or divulge to, or use for the benefit, direct or indirect, of any person, firm, association or corporation other than Prospect, any knowledge of confidential information which is proprietary to Franchisor ("Proprietary Information"). All Proprietary Information shall be the sole property of Franchisor and its assigns, and Prospect hereby assigns to Franchisor any rights it has or may acquire in such Proprietary Information. Prospect will have access to and become acquainted with various trade secrets and trade sources, consisting of patterns, operational systems and compilations of information, records, and specifications which are owned by Franchisor and which are regularly used in the operation of a franchised business. Prospect shall not disclose any of the aforesaid trade secrets, directly or indirectly, or use them in any way, at any time, except as required in the course of business dealings between Franchisor and Prospect.

2. Injunctive Relief. Any breach of provisions of this Agreement shall cause irreparable harm to Franchisor, and therefore, in the event of a breach or threatened breach of the provisions of this Confidentiality Agreement, Franchisor shall be entitled to an injunction restraining Prospect from disclosing or appropriating in whole or in part, the Proprietary Information, or from rendering any services to any person, firm, corporation, association or other entity to whom such confidential information, in whole or in part, has been disclosed or is threatened to be disclosed. Nothing herein shall be construed as prohibiting Franchisor from pursuing any other remedies available for such breach or threatened breach, including the recovery of damages or liquidated damages in the amount of Twenty Thousand Dollars and 00/100 ($20,000.00) for each such breach, whichever is deemed higher by a court of law.

IN WITNESS WHEREOF, the parties hereunder have duly executed, sealed and delivered this Agreement on the day and year set forth above.

FRANCHISOR: TEAPIOCA INTERNATIONAL, LLC	**PROSPECT(S)**
By: Bao Phan	**By: _____**
Its: Chief Executive Officer	**Name, Its: _____**
	By: _____
	Name, Its: _____

EXHIBIT I
TO FRANCHISE DISCLOSURE DOCUMENT
TEAPIOCA INTERNATIONAL, LLC LIST OF STATE ADMINISTRATORS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for franchising disclosure and registration laws and for service of process. We may not yet be registered to sell franchises in any or all of these states. There may also be additional agents appointed in some of the states listed.

California
(*State Administrator*)
Department of Financial Protection and Innovation:
320 West 4th Street, Suite 750
Los Angeles, CA 90013
(213) 576-7500 Toll Free (866) 275-2677

(*Agent for Service of Process*)
Department of Financial Protection and Innovation:
One Sansome Street, Suite 600
San Francisco, CA 94104
(415) 972-8559

Connecticut
(*State Administrator*)
State of Connecticut, Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103-1800
(860) 240-8230

(*Agent for Service of Process*)
Banking Commissioner
44 Capitol Ave.
Hartford, CT 06106
(860) 240-8299

Hawaii
(*State Administrator*)
Business Registration Division
Commissioner of Commerce and Consumer Affairs
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(*Agent for Service of Process*)
Department of Commerce & Consumer Affairs
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Illinois
(*State Administrator*)
Franchise Bureau
Office of the Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

(*Agent for Service of Process*)
Illinois Attorney General
500 South Second Street
Springfield, IL 62706
(217) 782-4465

Indiana
(*State Administrator*)
Indiana Secretary of State
Securities Division, E-111
302 Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

(*Agent for Service of Process*)
Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

Maryland
(*State Administrator*)
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(*Agent for Service of Process*)
Securities Commissioner
Maryland Division of Securities
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

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Michigan
(*State Administrator*)
Consumer Protection Division
Antitrust and Franchise Unit
Michigan Department of Attorney General
525 W. Ottawa Street, 6th Floor
Lansing, Michigan 48933
(517) 373-7117

(*Agent for Service of Process*)
Dept. of the Attorney General's Office
Consumer Protection Division
525 Ottawa Street, 6th Floor
Lansing, MI 48909
(517)373-7117

Minnesota
(*State Administrator*)
Minnesota Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101-2198
(651) 539-1600

(*Agent for Service of Process*)
Minnesota Commissioner of Commerce
85 7th Place East, Suite 500
St. Paul, MN 55101-2198
(612) 296-6328

New York
(*State Administrator*)
Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8236 Phone
(212) 416-6042 Fax

(*Agent for Service of Process*)
Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, NY 12231-0001
(518) 473-2492

North Dakota
(*State Administrator*)
North Dakota Securities Department
State Capitol, Fifth Floor, Dept. 414
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-2910

(*Agent for Service of Process*)
North Dakota Securities Department
State Capitol, Fifth Floor,
600 East Boulevard Avenue
Bismarck, North Dakota 58505
(701) 328-4712

Nebraska
(State Administrator)
Department of Banking and Finance Bureau of Securities/Financial Institutions Division
1526 K Street, Suite 300
Lincoln, Nebraska 68508
(402) 471-2171

(Agent for Service)
Department of Banking and Finance Bureau of Securities/Financial Institutions Division
1526 K Street, Suite 300
Lincoln, Nebraska 68508
(402) 471-3445

Rhode Island
(*State Administrator*)
Securities Division, Dept. of Business Regulation
1511 Pontiac Avenue, Bldg. 69-1
Cranston, Rhode Island 02910
(401) 462-9582

(*Agent for Service of Process*)
Director of Rhode Island Dept. of Business Registration
Securities Division
233 Richmond Street, Suite 232
Providence, RI 02903-4232
(401) 222-3048

Oregon
(*State Administrator*)
Department of Insurance and Finance
Corporate Securities Section
Labor and Industries Building
Salem, Oregon 97310
(503) 378-4387

(*Agent for Service of Process*)
Division of Finance & Corporate Securities
PO Box 14480
Salem, OR 97309
503-378-4140

South Carolina
(*State Administrator*)
Secretary of State
Attn: Business Opportunities and Franchises
P.O. Box 11350
Columbia, SC 29211
(803) 734-1728

(*Agent for Service of Process*)
Secretary of State
Attn: Business Opportunities and Franchises
P.O. Box 11350
Columbia, SC 29211
(803) 734-1728

Texas
(*State Administrator*)
Department of Business Oversight, Secretary of State
Franchise and Business Opportunity Division
1019 Brazos
Austin, TX 78701
(512) 475-0775

(*Agent for Service of Process*)
Secretary of State
1019 Brazos
Austin, TX 78701
(512) 475-0775

South Dakota
(*State Administrator*)
Department of Revenue & Regulation
Division of Securities
445 East Capitol Avenue
Pierre, South Dakota 57501
(605) 773-4823

(*Agent for Service of Process*)
Division of Insurance
Securities Regulation
124 S. Euclid Suite 104
Pierre SD 57501
(605)- 773-3563

Virginia
(*State Administrator*)
State Corporation Commission
Division of Securities and Retail Franchising
Tyler Building, 9th Floor
1300 East Main Street
Richmond, Virginia 23219
(804) 371-9051

(*Agent for Service of Process*)
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, Virginia 23219
(804) 371-9733

Wisconsin
(*State Administrator*)
Division of Securities
Department of Financial Institutions
345 W. Washington Ave., 4th Floor
Madison, Wisconsin 53703
(608) 266-1064

(*Agent for Service of Process*)
Office of the Commissioner of Securities
345 West Washington Avenue
Madison, WI 53703
(608) 266-1064

Washington
(*State Administrator*)
Department of Financial Institutions
Securities Division
150 Israel Road Southwest
Olympia, WA 98501
(360) 902-8762

(*Agent for Service of Process*)
Director, Department of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501
(360) 902-8760

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	N/A
Hawaii	N/A
Illinois	Pending
Indiana	Pending
Maryland	N/A
Michigan	November 9, 2022
Minnesota	N/A
New York	N/A
North Dakota	N/A
Rhode Island	N/A
South Dakota	N/A
Virginia	N/A
Washington	N/A
Wisconsin	N/A

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
ITEM 23 – RECEIPT TO THE DISCLOSURE DOCUMENT
(Keep this copy for Your records)

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

If Teapioca International, LLC offers You a franchise, it must provide this Disclosure Document to You 14 calendar-days before You sign a binding agreement with, or make a payment to, the Franchisor or an affiliate in connection with the proposed franchise sale, or sooner if required by your state applicable law.

[New York and Rhode Island require that We give You this Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the Ongoing Franchise Agreement.] [Michigan and Oregon require that We give You this Disclosure Document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

If We do not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and to the applicable state agency(ies) listed in Exhibit H.

The franchise seller for this is Bao Phan, Johnson Wu, Junrex Esic, and Cameron Daake of Teapioca International, LLC, whose address is 2851 Joe Dimaggio Blvd., Suites 33 & 34, Round Rock, TX 78665; (888)-4TPIOCA; and Devin Conner of W.C. Franchise Developers, whose address is 279 Sawbuck, Irvine, CA, 92618. There are no sub franchisors or franchise brokers offering this franchise for Us. Teapioca International, LLC authorizes the respective state agencies identified in Exhibit H to receive service of process for it in the particular state.

The issuance date of this Indiana Franchise Disclosure Document is July 11, 2025, the Effective Date for your state, is the date listed on the previous page of this Disclosure Document. The undersigned, personally and/or as a duly authorized officer or a partner of the prospective Franchisee, does acknowledge receipt from Teapioca International, LLC of the Franchise Disclosure Document for prospective Franchisees (to which this Receipt is attached), including the following Exhibits:

A. Financial Statements	B. Franchisee Locations	C. Business Establishment Agreement
D. Site Selection and Real Estate Training Agreement	E. Ongoing Franchise Agreement	F. Area Development Agreement
G. State Addendums	H. State Administrators	I. Confidentiality Agreement

Received Date: _____, 202__.

_____
Individually

_____
Print Name

_____
as an officer, member or partner of

_____
name of entity
a_____ state corporation, LLC or partnership
(circle one)

You may return the signed receipt either by signing, dating, and mailing to Teapioca International, LLC at 2851 Joe Dimaggio Blvd., Suites 33 & 34, Round Rock, TX 78665, or by e-mailing it to Franchise@TeapiocaLounge.com

EXHIBIT J
ITEM 23 – RECEIPT TO THE DISCLOSURE DOCUMENT
(Return to Us)

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_____
Individually

_____
Print Name

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as an officer, member or partner of

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name of entity
a_____ state corporation, LLC or partnership
(circle one)

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