

FRANCHISE DISCLOSURE DOCUMENT

Boba Nation Franchise LLC
A California Limited Liability Company
2626 Yerba Vista Court
San Jose, California 95121
(408) 834-2124
info@thebabanation.com
www.thebabanation.com



You will operate a Boba Nation location, where you will provide an awesome experience and delicious, bubble tea beverages and retail items. The total investment necessary to begin operation of a Boba Nation franchise ranges from \$350,000 to \$495,000. This includes \$38,000 - \$45,000 that must be paid to us or our affiliates.

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

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

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

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

Issuance Date: April 16, 2024

How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|--|---|
| How much can I earn? | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E. |
| 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 C 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 Boba Nation business in my area? | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| Does the franchisor have a troubled legal history? | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| What's it like to be a Boba Nation franchisee? | Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences. |
| What else should I know? | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in California. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in California than in your own state.
2. **Spouse Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
5. **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.
6. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.

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

BOBA NATION FRANCHISE LLC
Franchise Disclosure Document

Table of Contents

| | | |
|----------|--|----|
| ITEM 1: | THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES..... | 6 |
| ITEM 2: | BUSINESS EXPERIENCE..... | 7 |
| ITEM 3: | LITIGATION..... | 8 |
| ITEM 4: | BANKRUPTCY | 8 |
| ITEM 5: | INITIAL FEES..... | 8 |
| ITEM 6: | OTHER FEES | 9 |
| ITEM 7: | ESTIMATED INITIAL INVESTMENT..... | 15 |
| ITEM 8: | RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES | 17 |
| ITEM 9: | FRANCHISEE'S OBLIGATIONS | 19 |
| ITEM 10: | FINANCING..... | 20 |
| ITEM 11: | FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING.... | 20 |
| ITEM 12: | TERRITORY | 27 |
| ITEM 13: | TRADEMARKS | 28 |
| ITEM 14: | PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION | 29 |
| ITEM 15: | OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS | 30 |
| ITEM 16: | RESTRICTION ON WHAT FRANCHISEE MAY SELL..... | 30 |
| ITEM 17: | RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION | 31 |
| ITEM 18: | PUBLIC FIGURES..... | 35 |
| ITEM 19: | FINANCIAL PERFORMANCE REPRESENTATIONS..... | 35 |
| ITEM 21: | FINANCIAL STATEMENTS..... | 39 |
| ITEM 22: | CONTRACTS | 39 |
| ITEM 23: | RECEIPT | 39 |

LIST OF EXHIBITS

EXHIBIT A: List Of State Franchise Administrators And Agents For Service Of Process

EXHIBIT B: Franchise Agreement

EXHIBIT C: Financial Statements of Boba Nation Franchise LLC

EXHIBIT D: Operations Manual Table of Contents

EXHIBIT E: Outlets as of the date of this Disclosure Document

EXHIBIT F: General Release

EXHIBIT G: State Addenda

EXHIBIT H: Receipt

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

To simplify the language in this disclosure document, the terms “Franchisor”, or “we” or “us” means Boba Nation Franchise LLC, the Franchisor. The terms “we”, “us” and “Franchisor” do not include you, the “Franchisee”. We refer to the purchaser(s) of a Boba Nation franchise, as “you” or “Franchisee”, whether an individual, a partnership, corporation, or limited liability company. If you are a corporation, partnership or other entity, our Franchise Agreement also will apply to your owners, officers and directors. If you are married and your spouse is not a partner in the franchise business, certain provisions of our Franchise Agreement will also apply to that spouse.

We were formed as a limited liability company in the State of California on September 20, 2021. Our principal business address is 2626 Yerba Vista Court, San Jose, California 95121, and our telephone number is (408)834-2124. We do business under our company name, “Boba Nation” and its associated design (the “Marks”). Our affiliate, Boba Nation IP, LLC, a California limited liability company, has filed our primary service mark for registration on the Principal Register of the United States Patent and Trademark Office. We have not offered franchises in any other line of business. We only offer franchises which operate under the “Boba Nation” Marks. We began offering franchises on June 15, 2022.

The principal business addresses of our agents for service of process are shown on Exhibit A.

Our Parents, Predecessors and Affiliates

We have no parents or predecessors.

We have an affiliated company, Boba Nation Holdings, LLC, a California limited liability company with a principal place of business at 2626 Yerba Vista Court, San Jose, California, 95121. Boba Nation Holding, LLC has never conducted any other line of business or offered franchises in any other line of business. Boba Nation Holdings, LLC is the required supplier for all powders, syrups, and toppings.

We have a second affiliated company, Boba Nation IP, LLC, a California limited liability company with a principal place of business at 2626 Yerba Vista Court, San Jose, California, 95121. Boba Nation IP, LLC is the owner of our primary service mark and has filed for registration on the Principal Register of the United States Patent and Trademark Office. Boba Nation IP, LLC has never conducted any other line of business or offered franchises in any other line of business.

We have a third affiliated company, BBLY Corporation, a corporation formed under the laws of the State of California on August 18, 2022 (“BBLY”). BBLY does not offered franchises in any line of business. BBLY is the required supplier for all powders, syrups, equipment and toppings.

Through our other affiliates, we operate two Boba Nation outlets in California, which all operate using both the trade name “Boba Nation” and the Marks. None of our affiliates have offered franchises in this or in any other lines of business previously.

We may operate other Boba Nation concepts, including additional Boba Nation outlets, or other dessert or cafe concepts in the future.

The Franchise Offered:

We offer franchises for the right to operate a Boba Nation retail location. You will provide an experience to your customers. Boba Nation offers bubble tea beverages as well as various retail items in a modern environment. You will provide products to customers under the “Boba Nation” Marks, using our distinctive operating procedures and standards in a limited protected territory and from a single location (the “Franchised Business”). The distinguishing characteristics of a Boba Nation Franchised Business include, but are not limited to, the Boba Nation distinctive trade dress, proprietary designs and techniques, operations methods, inventory, procedures for management, training, advertising, and promotional programs, all of which may be changed, improved or further developed by us at any time (the “System”).

Market and Competition:

The market for your Boba Nation Franchised Business consists of anyone that enjoys bubble tea and dessert.

The market for retail dessert locations is developed. You will compete with businesses, including national, regional and local businesses, offering services similar to those offered by your Boba Nation Franchised Business. There are other bubble tea and dessert franchises, as well as independent businesses throughout the United States, that may offer similar products and services. Your business may experience higher demand in the summer and may also be affected by economic conditions.

Industry Specific Regulations:

You must comply with all local, state and federal laws and regulations that apply to the operation of your Boba Nation Franchised Business, including, among others, business operations, land use, insurance, discrimination, employment and workplace safety laws. Your advertising of the Franchised Business is regulated by the Federal Trade Commission. If you elect to offer alcoholic beverages at the Franchised Business, and we consent to such offerings, you must obtain all required licenses to permit sales, service, and consumption of alcohol at your Franchised Business location. There may be federal, state and local laws which affect your Franchised Business in addition to those listed here.

You should investigate whether there are any state or local regulations or requirements that may apply in the geographic area in which you intend to conduct business. You should consider both their effect on your business and the cost of compliance.

ITEM 2: BUSINESS EXPERIENCE

President: Baltej Singh Sra, Husband of Sylvia Singh Sra

| Employer | Start/End Date | Title | Location |
|-------------|----------------------------|-----------|----------------------|
| Boba Nation | October 2021 – Present | President | San Jose, California |
| Boba Chai | June 2018 – September 2021 | President | San Jose, California |

| | | | |
|----------------|-----------------------|------------------------|----------------------|
| American Eagle | April 2016 – May 2018 | Global Program Manager | San Jose, California |
|----------------|-----------------------|------------------------|----------------------|

Vice President: Sylvia Singh Sra, Wife of Baltej Singh Sra

| Employer | Start/End Date | Title | Location |
|-------------|-------------------------|----------------|----------------------|
| Boba Nation | October 2021 – Present | Vice President | San Jose, California |
| EduBest | December 2015 – Present | President | San Jose, California |

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5: INITIAL FEES

We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Thirty Thousand Dollars (\$30,000.00). This payment is fully earned by us, and due in a lump sum payment when you sign the Franchise Agreement. Boba Nation Franchise LLC will allot One Thousand Five Hundred Dollars (\$1,500.00) from the initial franchise fee to go towards training costs. The Initial Franchise Fee is not refundable under any circumstance.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you. We currently offer a discounted Initial Franchise Fee of Twenty-Five Thousand Dollars (\$25,000) for Boba Nation Franchisees in good standing who wish to open an additional unit.

You are required to make an initial purchase of ingredients and branded merchandise from our affiliate, BBLY. This initial purchase is between Eight Thousand to Fifteen Thousand Dollars (\$8,000 - \$15,000) and includes two months’ worth of required powders, syrups, and toppings.

From time to time, we may offer special incentive programs as part of our franchise development activities. We reserve the right to offer, modify or withdraw any incentive program without notice to you.

ITEM 6: OTHER FEES

| Type of Fee ¹ | Amount | Due Date | Remarks |
|--|---|--|--|
| Continuing Royalty Fee ² | Five Percent (5%) of Gross Revenues See Note 2 below. | Weekly via ACH on Wednesday of the following week. | Gross Revenues are defined in Note 2 below. Royalties are currently paid directly to us. |
| Brand Development Fund Contribution ³ | One Percent (1%) of Gross Revenue We reserve the right to increase the Brand Development Fund Contribution to Two percent (2%) of Gross Revenue. | Weekly via ACH at the same time as Royalty. | Brand Fund Contributions are paid directly to the Brand Fund. |
| Local Advertising and Marketing ⁴ | One percent (1%) of Gross Revenues \$6,000 - \$8,000 on Grand Opening advertising | As incurred. | Payable to third parties. All advertising must be pre-approved by us. |
| Cooperative Advertising ⁵ | Currently 0%, subject to an increase to 1% of your monthly Gross Revenue. | As incurred. | Payable to third parties. |
| Technology Fee ⁶ | Currently \$0. Costs as incurred. | As incurred. | Payable to us. |
| Interest ⁷ | 1.5% per month or highest rate allowed by law. | As incurred. | Interest is paid to us from the date of nonpayment or underpayment. |
| Late Charge | \$250 | As incurred. | If you fail to pay us the Continuing Royalty Fee, Brand Fund Fee, or if you fail to submit your Gross Revenue report when due, we may charge you \$100 for each late submission in addition to interest charges. |
| Non-Compliance Fee ⁸ | \$300 per incident per day. | As incurred. | Payable to us. |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|------------------------------|--|--|---|
| Transfer Fee ⁹ | For Transfers to: (i) an entity or individual that is new to the System, seventy five percent (75%) of the then current Franchise Fee; (ii) an entity or individual that is already an existing owner in the System, fifty percent (50%) of the then current franchise fee; (iii) an entity owned and controlled by the franchisee for convenience purposes without changing the majority ownership in the franchisee entity, One Thousand Five Hundred Dollars (\$1,500); and (iv) upon Franchisee's death or disability to a spouse, parent or child, no charge. | Transfer fee is paid to us upon application to transfer. | Payable to us. |
| Relocation Fee ¹⁰ | Thirty percent (30%) of the then current Franchise Fee. | As incurred. | The Relocation Fee is paid to us. |
| Non-Sufficient Funds Fee | \$250 | As incurred. | If your check is returned or an electronic funds transfer from your bank account is denied for insufficient funds, for each occurrence we may charge you an Insufficient Funds Fee. |
| Audit Fee ¹¹ | Costs and Expenses. | As incurred. | Payable to us. |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|--|---|---|---|
| Additional Training at Franchisor's Location ¹² | Currently \$150 per person per day plus expenses incurred. | As incurred. | Payable to us. |
| Remedial Training/ On-Site Training at Franchisee's Location ¹³ | Currently \$150 per trainer per day plus travel and other expenses incurred. | As incurred. | Payable to us. |
| Successor Agreement Fee | \$10,000 | Upon signing a then current form franchise agreement. | The Successor Agreement Fee is paid to us, over and above any Royalties, Brand Fund or any other fees to which we are entitled. |
| 3 rd Party Accounting Fee ¹⁴ | Costs and Expenses | As incurred. | Payable to third party accounting provider. |
| Indemnification | The amount of any claim, liability or loss we incur from your Franchised Business. | As incurred. | Payable to us. |
| Liquidated Damages ¹⁵ | An amount equal to the average monthly Royalty Fees paid or owed during the twelve months of operation preceding the effective date of termination multiplied by the lesser of twenty-four months or the number of months remaining in the Franchise Agreement. | Payable within 15 days of termination. | Payable to us. |
| Confidential Operating Manual Replacement Fee | Our then-current fee. | As Incurred. | Payable to us. |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|--|---|----------------|--|
| Management Fee ¹⁶ | Ten percent (10%) of gross revenue during interim management period, plus our expenses. | As incurred. | Payable to us. |
| Post-Termination or Post-Expiration Expenses ¹⁷ | Costs and expenses. | As incurred. | Reimbursement of our post-termination or post-expiration expenses is paid to us. |
| Testing or Supplier Approval Fee | \$750, may be refunded to franchisee if approved for use by the entire system. | Upon request. | Testing or Supplier Approval fees are paid to us. |
| Reimbursement of Legal Fees and Expenses | Our costs and expenses, including but not limited to attorneys' fees, incurred for your failure to pay amounts when due or failure to comply in any way with the Franchise Agreement. | As incurred. | Payable to us. |
| Insurance | Amount paid by us for your insurance obligations plus an additional ten percent (10%) administrative fee. | As incurred. | You must reimburse us for any insurance costs and other fees we incur due to your failure to meet the insurance obligations required by the Franchise Agreement. |
| Taxes | Amount of taxes. | As incurred. | You must reimburse us for any taxes that we must pay to any taxing authority on account of either the operation of your Franchised Business or payments that you make to us, including, but not limited to any sales taxes or income taxes imposed by any authority. |
| Mystery Shop/Customer Satisfaction Measure ¹⁸ | Amount incurred. Currently up to three times per year up to \$300 per mystery shop. | When incurred. | Payable to third parties or us. You must reimburse us for any costs associated with this program. |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|---|--------------------|----------------|--|
| Customer Dispute Resolution Reimbursement | Amount reimbursed. | When incurred. | Payable to us. If we issue a refund to a customer on your behalf, you must reimburse us for that amount. |

All fees and expenses described in this Item 6 are nonrefundable and are generally uniformly imposed. Except as otherwise indicated in the preceding chart, we impose all fees and expenses listed and you must pay them to us.

1) The table above provides recurring or isolated fees or payments that you must pay to us or our affiliates or that we or our affiliates impose or collect in whole or in part on behalf of a third party or that you are required to spend by the Franchise Agreement. All fees and expenses described in this Item 6 are nonrefundable. Except as otherwise indicated in the chart above, we uniformly impose all fees and expenses listed and they are payable to us and are fully earned upon receipt by us.

2) You must pay us a Continuing Royalty Fee equal to five percent (5%) of the Gross Revenue generated weekly by your Franchised Business. "Gross Revenue" means all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor's methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. It does not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, (iii) properly documented promotional discounts (i.e. coupons) or (iv) properly documented employee discounts (limited to 3% of Gross Revenue). Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Revenue does include the redemption amount of purchases made by gift card. If you do not report revenues for the month, then we will collect 120% of the last Continuing Royalty Fee collected and settle the balance the next period in which you report revenue. You are required to set up authorization at your bank to allow us to electronically transfer funds from your bank account to our bank account. Interest and late fees will apply to any late payments or electronic funds transfer requests denied due to insufficient funds.

3) You are required to contribute one percent (1%) of your weekly Gross Revenues to the Brand Development Fund ("Brand Fund Contribution"). We reserve the right to increase your Brand Fund Contribution to two percent (2%) of weekly Gross Revenue. Brand Fund Contributions will be paid directly to the Brand Fund and not to us. Brand Fund Contributions are not income to us. We will have the right to expend the funds accumulated in the Brand Fund in our sole discretion. Currently no Brand Development Fund exists but we reserve the right to establish one in the future and require you to contribute to the Brand Development Fund.

4) You are required to spend at least one percent (1%) of the Gross Revenue generated by your Franchised on advertising for the Franchised Business in the Territory. You must spend \$6,000 - \$8,000 on grand opening advertising. Upon our request, you must furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. You may not use social media platforms, such as Facebook, Twitter, LinkedIn, blogs, or other networking and sharing websites, unless you first receive our written approval to do so and such use is in strict accordance with our requirements.

5) There are currently no advertising cooperatives in our System. We reserve the right to create a regional advertising cooperative and to require you to contribute to this advertising cooperative in our sole discretion. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising. Company-owned units may be active members of any cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion. Franchisor owned outlets have the same voting power as franchisee owned outlets. Each franchised location equates to one vote in each cooperative. The amount due can be increased by majority vote of each cooperative.

6) There is currently no technology fee in our System. Technology fee is for services such as web hosting, and other services as developed in the future. We reserve the right to establish a technology fee and to require you to pay this technology fee in our sole discretion.

7) The highest interest rate allowed by law in California is 10% annually.

8) If you are not in compliance with any terms of the franchise agreement or operating manual, you will be charged \$300 per incident per day.

9) If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee. We have the right to match any offer to purchase the business, and we can substitute cash for any financing agreement.

10) If you choose to or are forced to relocate, you must pay us a fee equal to five percent (5%) of the then current franchise fee.

11) We have the right to conduct an audit of the books and records of the Franchised Business. If we do so, with an independent auditor or otherwise and it is determined that you underestimated your Gross Revenues in any report by two percent (2%) or less, then you must pay within fifteen (15) days of written notice, the underreported amount plus interest. If it is determined that you underestimated your Gross Revenues in any report by more than two percent (2%), then you must pay within fifteen (15) days of written notice, the underreported amount along with the cost of conducting the audit, including without limitation travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest. If you fail to provide any reports, supporting reports or other information as required and we conduct an audit of the books and records of the Franchised Business, you must pay within fifteen (15) days of written notice, the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, accountant fees, attorneys' fees and interest.

12) Training for you and up to two other people is included in the franchise fee. We can provide training to additional individuals for you at a rate of \$150 per person per day of training. You are also responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training.

13) Any additional training that occurs at your site, requested by you or required by us, is currently \$350 per trainer per day plus travel and other expenses incurred.

14) We may decide in our sole discretion that you must use the services of a 3rd party to provide your accounting or bookkeeping services. Payments will be made directly to the accounting provider.

15) Liquidated damages are in addition to any royalties, brand fund contributions or other fees you may owe at the time of termination.

16) If we are required to operate your franchised location you must pay us this management fee.

17) Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses.

18) You will pay this fee either to us or directly to the mystery shop provider.

ITEM 7: ESTIMATED INITIAL INVESTMENT

| Type of Expenditure | Amount (Low) | Amount (High) | Method of Payment | When Due | To Whom Payment is Made |
|---|--------------|---------------|--|---------------------------------------|--|
| Initial Franchise Fee ¹ | \$30,000 | \$30,000 | Lump sum payment in cash or available funds. | Upon signing the Franchise Agreement. | Payable to us |
| Premises Lease/Utility Deposit ² | \$7,000 | \$10,000 | As incurred | Before opening | Landlord and utility providers |
| Designer/Architect Fee | \$13,000 | \$15,000 | As incurred | Before opening | Third-party providers |
| Leasehold Improvements, Construction and/or Remodeling ³ | \$150,000 | \$250,000 | As incurred | Before opening | Third-party providers |
| Furniture, Fixtures, Equipment and Supplies | \$110,000 | \$130,000 | As incurred | Before opening | Third-party providers |
| Exterior Signage, Menu Board, Low Voltage | \$5,000 | \$8,000 | As incurred | Before opening | Third-party providers |
| POS System, Computer Hardware, and Software ⁴ | \$2,000 | \$3,000 | As incurred | Before opening | Third-party providers |
| Security and Music System | \$5,000 | \$6,000 | As incurred | Before opening | Third-party providers |
| Initial Inventory to Begin Operating ⁵ | \$7,000 | \$10,000 | As incurred | Before opening | Approved Vendors, Third-party providers, or us |
| Business Permits and Licenses | \$500 | \$1,000 | As incurred | Before opening | Licensing Authorities |
| Insurance ⁶ | \$1,000 | \$2,500 | As incurred | Before opening | Insurance Providers |
| Professional Fees ⁷ | \$2,000 | \$4,000 | As incurred | Before opening | Accountants, Attorneys, Business Advisors |
| Your Training Expenses ⁸ | \$1,000 | \$2,000 | As incurred | Before opening | Third-party providers |
| Uniforms | \$500 | \$500 | As incurred | Before opening | Payable to us |

| Type of Expenditure | Amount (Low) | Amount (High) | Method of Payment | When Due | To Whom Payment is Made |
|--|-------------------------------|---------------|-------------------|----------------|-------------------------|
| Grand Opening Advertising ⁹ | \$6,000 | \$8,000 | As incurred | Before opening | Third-party providers |
| Operating Expenses / Additional funds-Three Months ¹⁰ | \$10,000 | \$15,000 | As incurred | After opening | Various |
| TOTAL¹¹ | \$350,000 to \$495,000 | | | | |

Notes:

1) We will charge you an initial franchise fee (“Initial Franchise Fee”) when you sign the Franchise Agreement. The Initial Franchise Fee is Thirty Thousand Dollars (\$30,000.00). This payment is fully earned by us, and due in a lump sum payment when you sign the Franchise Agreement.

2) This estimate represents a deposit and first month of rent for a location with 800 – 1,500 square feet of space, plus utilities deposits you may incur. Real estate costs vary widely from place to place. This estimate is based on the experience of our affiliate-owned outlets. Rental rates may be more or less than this range depending on the location of your Franchised Business. In certain real estate markets, rents may be three times higher or more than the rents on which the estimates in the above table are based. You may also incur real estate broker fees, additional prepayments (e.g., first and./or last month’s rent), common area maintenance (CAM) fees, real estate taxes and insurance costs, advertising or promotional fund fees or other costs, depending on the terms of your lease. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract. Utility providers set the amounts of the utility deposits. A credit check may be required by the issuing utility company prior to the initiation of services, or a higher deposit required for first time customers. These costs will vary depending on the type of services required for the facility and the municipality or utility provider from which they are being contracted. We have based our estimate on the experiences of our affiliates. The figures in the chart include deposits that may be refundable to you at a later time. In most cases, your lease will require you to pay electric, gas, water, and other utilities directly; however, some landlords cover some utility charges through operating fees.

3) This estimate is for the costs for improvements to your Franchised Business location without a tenant improvement allowance from the landlord. We have based our estimates on the historical experience of our affiliates. These estimates are applicable to a site which has been obtained in the “vanilla box” stage, which refers to an interior condition with existing heating/cooling with delivery systems, electrical switches and outlets, a finished ceiling, walls that are prepped for painting and a concrete slab floor.

4) Hardware: Laptop or Desktop, iPad, Router, Multi-Function Printer, Toast POS.

Software: Clover, proprietary recipe app and other online delivery platforms

5) Includes initial order of ingredients and retail items to open.

6) Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. Insurance costs and requirements may vary widely in different localities. The estimate is for the first quarterly premium for required minimum insurance coverage. We reserve the right to require additional types of insurance and coverage as provided in the Franchise Agreement.

7) You may incur professional fees depending on the scope of work performed, which may include, legal and accounting fees to review franchise documents and costs of forming a separate legal entity. This list is not exhaustive. This amount will vary greatly depending on your specific needs and location. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any other contracts that you will enter into as part of starting your Franchised Business.

8) The cost of the Initial Management Training Program is included in the Initial Franchise Fee. The Initial Management Training Program is conducted in two phases. The chart estimates the costs for transportation, lodging, and meals for your trainee(s). These incidental costs are not included in the Initial Franchise Fee. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation, and living expenses. This estimate does not include employee wages.

9) During the period two weeks prior to opening and four weeks after opening you must spend six thousand dollars to eight thousand dollars (\$6,000 - \$8,000) on Grand Opening marketing activities. You are required to spend at least one percent (1%) of Gross Revenue per month on local marketing.

10) These figures represent additional operating capital that you may need to operate your Franchised Business during the first year after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll and payroll taxes, Royalties (as described in this disclosure document), Brand Fund Contributions (if any), additional advertising, marketing and/or promotional activities, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. It does not include owner compensation. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as your business experience.

11) This total amount is based upon the historical experience of our affiliate. Your costs may vary based on a number of factors including but not limited to the geographic area in which you open, local market conditions, the location selected, the time it takes to build sales and your skills at operating a business. We strongly recommend that you use these categories and estimates as a guide to develop your own business plan and budget and investigate specific costs in your area.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

We have identified various suppliers, distributors and manufacturers of equipment, inventory, and services that your Franchised Business must use or provide which meets our standards and

requirements. You must purchase any equipment or materials bearing the Marks in accordance with our specifications. We maintain written lists of approved items of equipment, inventory and supplies (by brand name and/or by standards and specifications) and a list of designated suppliers and contractors for those items in the Operations Manual. We will update these lists periodically and issue the updated lists to all franchisees. These suppliers can change with notice. We estimate that required purchases make up approximately fifty percent (50%) of the purchases and leases to be made by the franchisee in establishing the business and approximately twenty to twenty-five percent (20% - 25%) of the purchases and leases required for ongoing operations.

Before you open for business, you must purchase and maintain at your sole cost and expense the insurance coverage that we specify. This includes comprehensive general liability insurance, including public liability, personal injury, advertising injury, and products liability with a combined single limit of at least \$1 million per occurrence and \$2 million aggregate; worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated; business interruption insurance which provided for payment to Company of royalties and advertising payment lost during the business interruption; and property insurance for the full replacement value of furniture, fixtures, equipment and leasehold improvements. Each policy must be written by a responsible carrier or carriers acceptable to us and must name us and our respective officers, directors, partners, agents and employees as additional insured parties, as their interests may appear. Insurance costs and requirements may vary widely in different localities.

Currently, you must have the following hardware and software: Desktop or laptop, iPad, router, all in one printer/copier/scanner/fax, high-speed internet access, and Toast POS.

We approve suppliers after careful review of the quality of the products they provide to us and you. If you would like us to consider another item or supplier, you must make such request in writing to us and have the supplier give us samples of its product or service and such other information that we may require. In addition, you must pay a fee of \$750, which may be refundable if the supplier is approved. If the item and/or supplier meet our specifications, as we determine in our sole discretion, we will approve it as an additional item or supplier. We will make a good-faith effort to notify you whether we approve or disapprove of the proposed item or supplier within 30 days after we receive all required information to evaluate the product or service. If we do not approve any request within 30 days, it is deemed unapproved. We reserve the right to revoke approval of any item or supplier that does not continue to meet our then-current standards. Our criteria for approving items and suppliers are not available to you. If you request that we approve a proposed item or supplier, we may charge Seven Hundred and Fifty Dollars (\$750) or our actual costs of product testing and evaluation.

Us or our affiliate received \$2,124.00 from required purchases by franchisees for the most recent fiscal year ending on December 31, 2023.

Our affiliate, BBLY, which is the required supplier for all powders, syrups and toppings, and is owned by our officers.

Apart from what is disclosed in this section, we currently do not receive any other revenue, rebates, discounts or other material consideration from any suppliers based on your required purchases of products, supplies or equipment; however, we may do so in the future, and any rebates or discounts we receive may be kept by us in our sole discretion.

Currently, there are no purchasing or distribution cooperatives. However, we can require that you make your purchases through a cooperative if one is formed.

From time to time, we may negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of all franchisees. As of the date of this Disclosure Document, we have not created any purchasing arrangements with suppliers.

We provide no material benefits (such as the grant of additional franchises) based on your use of designated sources; however, failure to use approved items or designated suppliers and contractors may be a default under the Franchise Agreement. Additionally, when there is any default under the Franchise Agreement, we reserve the right, in addition to other remedies available under the Franchise Agreement, to direct suppliers to withhold furnishing products and services to you.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

| Obligation | Section or Article in Franchise Agreement | Item in Franchise Disclosure Document |
|--|---|--|
| a. Site Selection and Acquisition | 8.1 | 11 |
| b. Pre-Opening Purchase/Leases | 8.3, 12.1.1, 12.3.1 | 7, 11 |
| c. Site Development & other Pre-Opening Requirements | 8.2, 8.3, 12.1.1, 12.1.3 | 11 |
| d. Initial and Ongoing Training | Article 7 | 11 |
| e. Opening | 8.2.3, 8.3 | 11 |
| f. Fees | 5.1, 5.2.7, Article 6, 12.3.7, 12.6, 15.6, 16.4, 18.1.4, 18.1.5, 19.1.5 | 5, 6, 7 |
| g. Compliance with Standards and Policies/Operating Manual | Article 9, 12.1, 12.1.7, 19.1.1 | 8, 11 |
| h. Trademarks and Proprietary Information | 9.4, Article 14, 19.2, 19.3, 19.4 | 13, 14 |
| i. Restrictions on Products/Services Offered | 12.1.1, 12.1.4, 12.6 | 8 |
| j. Warranty and Customer Service Requirements | 12.1.5 | 6 |
| k. Territorial Development and Sales Quotas | 13.2 | 12 |
| l. Ongoing Product/Service Purchases | 12.1.4, 12.3.5 | 8 |

| Obligation | Section or Article in Franchise Agreement | Item in Franchise Disclosure Document |
|--|--|--|
| m. Maintenance, Appearance and Remodeling Requirements | Article 9, 12.1.2, 12.1.5, 12.1.9 | 11,17 |
| n. Insurance | Article 15 | 7 |
| o. Advertising | Article 13 | 6, 11 |
| p. Indemnification | 15.4, 15.6, 16.3.6, 21.1 | 14 |
| q. Owner's Participation, Management, Staffing | 11.1, 11.3, 12.1.6 | 11, 15 |
| r. Records /Reports | 12.2 | 6 |
| s. Inspections and Audits | 9.2, 12.1.7, 12.2.5 | 6, 11 |
| t. Transfer | Article 16 | 17 |
| u. Renewal | Article 5 | 17 |
| v. Post-Termination Obligations | Article 18 | 17 |
| w. Non-Competition Covenants | 19.5 | 17 |
| x. Dispute Resolution | Article 20 | 17 |

ITEM 10: FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease, or obligation.

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

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

1. Pre-Opening Obligations

Before you open your Franchised Business, we will:

- a. provide you with site selection guidelines and approve a location for your Franchised Business. Within four (4) months of signing the Franchise Agreement, you must submit a written request for approval to us describing the proposed location and providing other information about the site that we reasonably request. We will respond within thirty (30) business days, either accepting or rejecting the proposed location. We consider the following factors in approving a site: general location and neighborhood, distance from neighboring franchise territories, proximity to major roads and residential areas, traffic patterns, condition

of premises, tenant mix, and demographic characteristics of the area. If you do not identify a site that meets our approval within four (4) months of signing the Franchise Agreement, we reserve the right to terminate the Franchise Agreement. We will not own and/or lease a site to you. You are responsible for negotiating a purchase or lease with the owner of a site we approve. (Franchise Agreement, Sections 8.1.2, 8.1.3, 10.1).

- b. loan to you the Boba Nation Operations Manual, other manuals and training aids we designate, and give you access to on-line learning modules for use in the operation of your Boba Nation Franchise, as they may be revised from time to time. (Franchise Agreement, Section 10.3).

- c. provide a written list of equipment, signage, supplies and products that will be required to open the Franchised Business. We and our affiliates are not obligated to install any of these items (Franchise Agreement, Section 10.5).
- d. provide you and up to two other individuals with initial training at our location. We reserve the right to designate an alternative location for the initial training. We will determine, in our sole discretion, whether you satisfactorily complete the initial training. (Franchise Agreement, Sections 7.1, 7.2).
- e. provide a trainer at your premises for on-site training, supervision and assistance for up to two days during the opening of your Franchised Business. (Franchise Agreement, Section 7.3).
- f. assist and advise on construction, ordering of fixtures and build out. We do not typically own the premises you will lease. (Franchise Agreement, Section 8.1)
- g. provide sample location layout and specs. (Franchise Agreement, Section 8.2)
- h. approve your location within thirty (30) business days. If we cannot agree on a location within the Time to Open below, it will be considered a default of the Franchise Agreement. (Franchise Agreement, Section 8.1.3)

2. **Time to Open**

We estimate the typical length of time between the signing of the Franchise Agreement and the time you open your Boba Nation franchised business is one (1) year. Factors that may affect this time period include your ability to acquire financing or permits, build out of your location, have signs and equipment installed in your location, and completion of required training. You should have a suitable location and signed lease within six months of signing the Franchise Agreement. If you have not opened your Franchised Business within one (1) year after you sign the Franchise Agreement, you must obtain our consent to extend the time to open, which we may or may not grant, at our discretion. Failure to open your Franchised Business within the original time as extended, is a default of the Franchise Agreement. (Franchise Agreement, Sections 8.1, 8.3)

3. **Obligations After Opening**

During the operation of your franchise, we will:

- a. offer from time to time, in our discretion, mandatory or optional additional training programs. If we require it, you must attend mandatory additional training offered by us, and/or attend

an annual business meeting or franchisee conference for up to five (5) days each year at a location we designate. Failure to attend mandatory additional training or an annual business meeting or conference is a default of the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. (Franchise Agreement, Section 7.4).

- b. upon your request, or as we determine to be appropriate, provide remedial on-site training and assistance at your premises. For any on-site remedial training, you must reimburse all costs for the services of our trainer, including but not limited to the trainer's then-current per diem fee and all travel-related expenses, such as transportation, meals and lodging. The current fee is \$350 per trainer per day of on-site training (Franchise Agreement, Section 7.5).

- c. upon your request, provide individualized assistance to you within reasonable limits by telephone, fax, electronic mail or postage service, subject at all times to availability of our personnel and in reasonable limits (Franchise Agreement, Section 7.6).
- e. from time to time, as may become available, provide you with samples or camera-ready advertising, TV and radio commercials, and other promotional materials (Franchise Agreement, Section 10.6).
- f. conduct inspections of your Franchised Business, at the frequency and duration that we deem advisable. Such inspections include evaluating your service to ensure that they meet our standards (Franchise Agreement, Section 10.4).
- g. provide you with any written specifications for required equipment, products and services and provide you with updated lists of any approved suppliers of these items (Franchise Agreement, Section 10.7).
- h. advise on the advertised selling price for products and services for your Boba Nation business. We reserve the right to set a maximum price (as allowed by law) you may charge for products and services you offer in your franchised business (Franchise Agreement, Section 12.5).
- i. approve or disapprove of all advertising, direct mail, and other promotional material and campaigns you propose in writing to us. We will respond within fourteen (14) business days, either accepting or rejecting the proposed material and/or campaign; however, if we do not respond within fourteen (14) business days, the proposed material and/or campaign is deemed "disapproved" (Franchise Agreement, Section 13.6).

4. Advertising

Local Advertising (Franchise Agreement, Sections 13.2 and 13.6)

We require you to spend at least one percent (1%) of monthly Gross Revenue on local marketing and advertising activities per month. During the period two weeks prior to opening and four weeks after opening you must spend six thousand dollars to eight thousand dollars (\$6,000 - \$8,000) on Grand Opening marketing activities. We must approve all advertising materials. Upon our request, you must

furnish us with a quarterly report and documentation of local advertising expenditures during the previous calendar quarter. We reserve the right to collect some or all of your grand opening funds and/or your Local Advertising expenditure and implement grand opening campaign activities and/or Local Advertising on your behalf.

You will be required to follow our marketing plan, unless otherwise approved in writing. This will include a combination of social media, digital and local advertising initiatives. You may use marketing materials that we may offer to you from time to time. You may not use any advertising or marketing materials, including press releases, unless they have been approved in advance in writing by us, which approval may be withheld in our discretion. We will respond to your request for approval within fourteen (14) business days; however, if we do not respond within fourteen (14) business days, the proposed advertising or marketing material is deemed "disapproved".

We do not provide for placement of local advertising on your behalf, and we have no obligation to spend any amount on advertising in your area or territory. You are responsible for local advertising placement. If feasible, you may do cooperative advertising with other Boba Nation franchisees in your area, with our prior written approval. You may not maintain any business profile on Facebook, Twitter, LinkedIn, YouTube or any other social media and/or networking site without our prior written approval.

System-wide Brand Development Fund (Franchise Agreement, Section 13.3)

You are required to contribute to the Brand Fund one percent (1%) of weekly Gross Revenues generated by your Franchised Business. We reserve the right to increase the Brand Fund Contribution to two percent (2%). Your Brand Fund Contribution would be collected at the same time and in the same manner as your Royalty.

Each Boba Nation outlet operated by our affiliate or us may contribute to the Brand Fund, in our discretion, but has no obligation to do so.

The Brand Fund is administered by us. We may use Brand Fund contributions to pay any and all costs for the development, production and placement of advertising, marketing, promotional and public relations materials and programs. We may also use Brand Fund contributions to pay any and all costs of marketing seminars and training programs, market research, and services of advertising and/or public relations agencies. We may further use Brand Fund contributions to pay our costs (including marketing personnel salaries and other administrative costs) for advertising that is administered by us or prepared by us, as well as for administration and direction of the Brand Fund.

The Brand Fund will not be used to defray any of our other general operating expenses. Brand Fund contributions will not be used to solicit new franchise sales; provided however, we reserve the right to include "Franchises Available" or similar language and contact information in advertising produced with Brand Fund contributions.

The Brand Fund collects and expends the Brand Fund contributions for the benefit of the System as a whole. We reserve the right to use the Brand Fund contributions to place advertising in national, regional or local media (including broadcast, print, or other media) and to conduct marketing campaigns through any channel, in our discretion, including but not limited to, Internet and direct-mail campaigns. We have no obligation, however, to place advertising or conduct marketing campaigns in any particular area, including the Territory where your Franchised Business is located.

The Brand Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

We have no obligation to make expenditures that are equivalent or proportionate to your Brand Fund contribution or to ensure that you benefit directly or pro rata from the production or placement of advertising from the Brand Fund.

An annual unaudited financial statement of the Brand Fund is available to any franchisee upon written request.

No Brand Fund Contributions were required, made or expended in our most recently concluded fiscal year. Although the Brand Fund is intended to be of perpetual duration, we may terminate it at any time and for any reason or no reason. We will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

If we spend more or less than the total of all contributions to the Brand Fund in any fiscal year, we may carry-forward any surplus or deficit to the next fiscal year.

Regional Advertising (Franchise Agreement, Section 13.4)

Currently, our System has no regional advertising fund or cooperative. However, we may decide to establish a regional fund or cooperative in the future and your participation may be mandatory, in our sole discretion. A regional cooperative will be comprised of all franchised Boba Nation outlets in a designated geographic area. Our affiliate and franchisor owned outlets are not required to contribute to a regional cooperative. Each Boba Nation outlet will have one vote in the cooperative. We will determine in advance how each cooperative will be organized and governed. Membership will be defined on a geographic basis. We have the right to form, dissolve, merge or change the structure of the cooperatives. If a cooperative is established during the term of your Franchise Agreement, you must sign all documents we request and become a member of the cooperative according to the terms of the documents. We will administer the cooperative

If we establish a regional advertising fund or cooperative, you must contribute amounts we require, up to one half (1/2) of your Local Advertising spending requirement. This may be increased by majority vote of your regional cooperative. Your contributions to a regional advertising fund or cooperative will be in addition to your required contributions to the Brand Fund. There are not currently any governing documents available for your review.

Advertising Council (Franchise Agreement, Section 9.6)

We do not have an advertising council composed of franchisees that advises us on advertising policies. The Franchise Agreement gives us the right, in our discretion, to create a franchisee advisory council to communicate ideas, including proposed advertising policies. If created, we will determine in advance how franchisees are selected to the council, which may include factors such as a franchisee's level of success, superior performance and location profitability. We reserve the right to change or dissolve the council at any time.

5. Computer Systems (Franchise Agreement, Section 12.3)

You are required to use the hardware, software, system tools and processes as stated in the Operations Manual. Currently, you are required to have the following hardware and software.

Hardware: Desktop or laptop computer, iPad, All-In-One Printer/Copier/Fax/Scanner, High Speed Internet, Toast POS hardware.

Software: Clover, Proprietary Recipe App, Third Party Delivery Applications

There are no contractual limitations on the frequency and cost of upgrades and/or updates to the above-described systems or programs. We may in the future modify or establish other sales reporting systems as we deem appropriate, for the accurate and expeditious reporting of Gross Revenue and delivery of our products and services. You must fully cooperate in implementing any such modifications at your expense. The current approximate cost of the required hardware and software is \$5,000 - \$8,000.

We have no obligation to maintain, repair, update or upgrade your computer and software. At your cost, you must provide on-going maintenance and repairs to your computer and software. We cannot estimate the cost of maintaining, updating and upgrading your smart device or computer hardware and software because it will depend on the make and model of your device and computer, repair history, usage, local cost of computer maintenance services in your area and technological advances that we cannot predict.

We reserve the right to have independent access to your sales information and customer data generated by and stored in your system. There are no contractual limitations on our right to have full access to this information. At our option, we may retrieve, download, analyze and store such information and data at any time. Upon our request, you must sign any documents we require to allow us to independently and electronically access and retrieve the information stored on the system. We own all customer data stored in your computer system.

6. Table of Contents of Operations Manual

The Table of Contents of our Boba Nation Operations Manual, current as of the date of this Disclosure Document is attached as Exhibit D. The Operations Manual has a total of 194 pages.

7. Training (Franchise Agreement, Article 7)

You (if the franchisee is an individual) or the managing member (if the franchisee is a business entity) must also complete our Initial Training Program, to our satisfaction, at least two (2) weeks before opening your Franchised Business. We will train you at our location in Newark, California, or another location we specify:

TRAINING PROGRAM

| SUBJECT | HOURS OF CLASSROOM TRAINING | HOURS OF ON THE JOB TRAINING | LOCATION |
|-------------|-----------------------------------|---------------------------------|-----------------------|
| Orientation | 8 | | NEWARK, CALIFORNIA |

| | | | |
|--|----|----|--------------------|
| Introduction to Bubble Tea Shop, Equipment and Kitchen Tools | | 6 | NEWARK, CALIFORNIA |
| Boba Cooking | | 4 | NEWARK, CALIFORNIA |
| Tea Brewing | | 4 | NEWARK, CALIFORNIA |
| Making Jellies/Puddings | | 4 | NEWARK, CALIFORNIA |
| Making Milk Tea | | 4 | NEWARK, CALIFORNIA |
| Making Fruit Tea | | 4 | NEWARK, CALIFORNIA |
| Making Smoothies/Slush/Shakes | | 6 | NEWARK, CALIFORNIA |
| Making Juice and soft serve | | 4 | NEWARK, CALIFORNIA |
| Hot Beverages | | 5 | NEWARK, CALIFORNIA |
| Opening Procedures | | 5 | NEWARK, CALIFORNIA |
| Closing Procedures | | 4 | NEWARK, CALIFORNIA |
| Snack Shop | | 4 | NEWARK, CALIFORNIA |
| Equipment Maintenance | 4 | | NEWARK, CALIFORNIA |
| POS Terminal | 2 | 4 | NEWARK, CALIFORNIA |
| Marketing and Advertisement | 4 | | NEWARK, CALIFORNIA |
| Test / Q&A | 4 | | NEWARK, CALIFORNIA |
| Totals | 22 | 58 | |

Prior to opening your franchised Boba Nation business, you need to successfully complete our training program, which is conducted at our corporate location nearest to you or at another location we designate based on our discretion. The Boba Nation training program initial course component lasts for approximately ten (10) days. This is followed by another two (2) days at your location during your opening. We will train you (or your operating Principal) on day-to-day management and operations and up to one other individual as part of your initial fee. Training is currently provided under the supervision of Jeni Sen and Dexter Humilde.

Jeni Sen is a Vice President Inventory and Training at Boba Nation. She has more than 5 years of extensive experience working as a Manager. She is a certified trainer having completed online

training courses and in class training lessons from Taiwan on making Boba drinks. She has extensive knowledge in making different kinds of beverages and is also a certified food handler.

Dexter Humilde is the Franchise Relationship Manager at Boba Nation. He has over three years of experience in managing and operating Boba tea store with a high focus on Quality and Customer Service.

Jeni and Dexter are involved in all aspects of the Boba Nation system and has an intimate knowledge of all aspects of the business. Additional people may be trained at a rate of \$150 per person per day.

The Operations Manual is the basis of our pre-opening training program in addition to hands on training in “classroom” and field settings.

If you do not complete our Pre-Opening Training Program to our satisfaction, we reserve the right to terminate the Franchise Agreement.

We may conduct mandatory or optional additional training programs, including an annual conference or national business meeting. If we require it, you must attend mandatory training programs that we offer and/or an annual conference or national business meeting for up to a total of five (5) days each year, at a location we designate. Failure to attend mandatory training, including an annual conference or business meeting is a default under the Franchise Agreement. We reserve the right to impose a reasonable fee for tuition and/or attendance for all additional training programs, including the annual business meeting or conference. You must also pay your transportation, lodging, meals and other expenses to attend any mandatory training program. If you fail to attend any mandatory training program, you are required to obtain the training at a location we designate, at your sole cost, which includes tuition at the then-current rate, plus all of your travel costs and our trainer's travel costs. There is no charge for the Pre-Opening Training Program, however you are responsible for the travel and living expenses of you and your attendees.

ITEM 12: TERRITORY

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

Under the Franchise Agreement, you have the right to establish and operate one (1) Boba Nation outlet within a territory (the “Territory”). You are required to establish your location within your territory. The Territory will be based on a particular area surrounded by your Boba Nation location. The Territory will be described in Exhibit “B” to the Franchise Agreement prior to the purchase of a franchise, or in some cases, prior to the execution of a lease agreement. A franchisee's protected territory is defined on an individual basis and is based on various demographic data which may include total residential population, median home value and median household income and will be further defined by political boundaries, Zip Codes, natural boundaries, competition and other factors deemed pertinent by Boba Nation Franchise LLC. The minimum Territory offered is the lesser of an area with a population of 20,000 individuals or a two (2) mile radius.

During the term of your Franchise Agreement, and provided that you are not in default of your Franchise Agreement, we will not open another Boba Nation outlet or grant the right to anyone else to open a Boba Nation outlet within the Territory. However, notwithstanding this limited protection right we grant to you, we reserve all rights to sell our products and services under the Marks in the Territory through alternative distribution channels, as discussed below. There is no minimum sales requirement, market penetration or other contingency that will affect your limited protected right to

operate in the Territory during the term of your Franchise Agreement, unless you are in default of your obligations to us.

You may not change the location of your Franchised Business, without our written consent, which we may withhold in our sole discretion. If you wish to relocate, you must identify a new location for the Franchised Business that meets our approval, in accordance with our then-current site selection procedures, within 90 days.

We may, but have no obligation to, consider granting to you the right to establish additional Boba Nation outlets under other franchise agreements if you are in compliance with the Franchise Agreement and propose to open another Boba Nation outlet in an area and at a location we approve. The Franchise Agreement grants you no options, rights of first refusal or similar rights to acquire additional franchises.

We reserve all rights not expressly granted in the Franchise Agreement. For example, we or our affiliates may own, operate or authorize others to own or operate Boba Nation outlets outside of the Territory and may operate other kinds of businesses within the Territory. Although we do not currently do so and have no plans to do so, we and our affiliates may own, acquire, conduct, or authorize others to conduct, any form of business at any location selling any type of product or service not offered under the Marks, including a product or service similar to those you will sell at your Franchised Business.

We and our affiliates may sell products and services under the Marks within or outside the Territory through any method of distribution other than a dedicated Boba Nation outlet location, including, licensing our designs for use in other formats, and sales through such channels of distribution as the Internet and other non-traditional retail locations. These non-traditional locations include sports arenas, train stations, airports, seasonal or “pop-up” stores and mall kiosks (“Alternative Distribution Channels”). You will receive no compensation for our sales through Alternative Distribution Channels in the Territory.

The Franchise Agreement does not grant you any right to participate in franchises, licensing programs or other business proposals for the sale and distribution of Boba Nation products or services through Alternate Distribution Channels.

During the term of your agreement, you may service customers from outside of your territory only if requested by the customer. You are not allowed to solicit customers located in another Franchisee's territory.

ITEM 13: TRADEMARKS

Boba Nation IP, LLC (“Licensor”) is the owner of the Marks and has granted us the right to use the Marks and license to others the right to use the Marks in the operation of a Boba Nation outlet in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business under the Boba Nation service mark, as described below (“Principal Mark”) Licensor has filed an application for registration of the following Mark(s) on the Principal Register of the United States Patent and Trademark Office.

| Mark | Registration Number | Registration Date | Register |
|--|---------------------|-------------------|-----------|
| Boba Nation (Standard Character Mark) | 6944820 | January 3, 2023 | Principal |

| | | | |
|---|---------|-------------------|-----------|
|  | 7246999 | December 19, 2023 | Principal |
|---|---------|-------------------|-----------|

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Mark or other Marks. Lessor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Mark or other Marks. Lessor and we have the right to control any administrative proceedings or litigation involving the Principal Mark or other Mark licensed by us to you. You must cooperate fully with Lessor and us in defending and/or settling the litigation.

We reserve the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Mark, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Lessor's right, or our right, to the Principal Mark or other Marks.

There are no currently effective material determinations of the United States Patent and Trademark Office, the Trademark Trial and Appeals Board, the Trademark Administration of any state, or any court relating to the Marks. There is no pending infringement, opposition or cancellation. There is no pending material federal or state court litigation involving the Principal Mark or other Marks. There is currently a non-final Office action pending from the USPTO regarding the Principal Mark.

There are no currently effective agreements that significantly limit Lessor's or our rights to use or license the use of the Principal Mark or other Marks in a manner material to the franchise.

As of the date of this Disclosure Document, we know of no superior prior rights or infringing uses that could materially affect your use of the Principal Mark.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

We hold no patents and have no pending patent applications that are material to the franchise. We claim copyrights in all artwork and designs used by the System.

We also claim copyrights and proprietary rights on our designs, advertisements, promotional materials and other written materials and the contents of our Manual and website.

There are no current material determinations of, or proceedings pending in, the United States Patent and Trademark Office, the U.S. Copyright Office, or any court regarding any of our copyrights discussed above.

There are no agreements currently in effect that limit your right to use any of our copyrights. As of the date of this Disclosure Document, we are unaware of any infringing uses of or superior previous rights to any of our copyrights that could materially affect your use of them.

Our mutual obligations to protect your rights to use our copyrights are the same as the obligations for Trademarks described in Item 13 of this disclosure document.

During the term of the Franchise Agreement, you may have access to and become acquainted with our trade secrets, including, but not limited to, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of your Franchised Business; systems of operation, services, programs, products, procedures, policies, standards, techniques, requirements and specifications which are part of the System; the Operations Manual; methods of advertising and promotion; instructional materials; marketing plans, business methods, research, development or know-how, any other information which we may or may not specifically designate as "confidential" or "proprietary", and the components of our System whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively called the "Confidential Information"). You agree that you will take all reasonable measures to maintain the confidentiality of all Confidential Information in your possession or control and that all such Confidential Information and trade secrets shall remain our exclusive property. You may never (during the Initial Term, any Renewal Term, or after the Franchise Agreement expires or is terminated) reveal any of our confidential information to another person or use it for any other person or business. You may not copy any of our Confidential Information or give it to a third party except as we authorize in writing to you prior to any dissemination. Any and all of your personnel who have access to our Confidential Information must sign our Confidentiality/Non-Competition Agreement (Franchise Agreement, Attachment 8).

You must promptly tell us when you learn about unauthorized use of any Confidential Information. We are not obligated to take any action, but will respond to this information as we think appropriate. We will indemnify you for losses brought by a third party concerning your use, in strict compliance with the Franchise Agreement, of the Confidential Information.

ITEM 15: OBLIGATIONS OF THE FRANCHISEE TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Franchise Agreement does not require that you personally supervise your Franchised Business, although we recommend it. However, you must appoint a Manager that is actively involved in overseeing the business. Your Manager must successfully complete our Initial Training Program and all other training courses we require. Your Manager is not required to have an equity interest in the franchisee entity. If you replace your Manager, the new Manager must complete our Initial Training Program to our satisfaction.

Your Manager and any other personnel who will have access to our proprietary and Confidential Information and training must sign our Non-Disclosure/Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 8. All owners, partners and spouses of the Franchisee must sign the Personal Guaranty and Non-Disclosure/Non-Competition Agreement.

ITEM 16: RESTRICTION ON WHAT FRANCHISEE MAY SELL

You must offer and sell all services and products that are part of the System, and all services and products that we incorporate into the System in the future. You may only offer services and products that we have previously approved.

You may not use our Marks for any other business, and you may not conduct any other business from your Franchised Business location. You cannot engage in any other business that competes with your Franchised Business, with our affiliates, or us or with Boba Nation outlets owned by other franchisees, whether such business is inside or outside of the Territory.

We may add to, delete from or modify the products and services that you can and must offer. You must abide by any additions, deletions and modifications, but only if the changes do not materially and unreasonably increase your obligations under the Franchise Agreement. There are no other limits on our rights to make these changes.

You may only sell products and services in the manner we prescribe.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

| | Provision | Section in Franchise Agreement | Summary |
|----|--|---------------------------------------|--|
| a. | Length of the franchise term | Art. 4 | Term is ten (10) years |
| b. | Renewal or extension of the Term | Sections 5.1 and 5.4 | If you are in good standing as defined below, you can renew for one (1) additional term of ten (10) years, unless we have determined, in our sole discretion, to withdraw from your Territory |
| c. | Requirements for franchisee to renew or extend | Sections 5.2 and 5.3 | Be in full compliance, have no more than three (3) events of default during current term; provide written notice to us at least six months before the end of the term; execute a new franchise agreement; pay us a successor agreement fee of \$10,000; continue to maintain your location, current trade dress and other standards; execute a general release; comply with then-current qualifications and training requirements; including completion of additional training. You may be asked to sign a new Franchise Agreement with materially different terms and conditions than your original Franchise Agreement. |
| d. | Termination by franchisee | None | Not Applicable. |
| e. | Termination by franchisor without cause | Section 16.7 | The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve. |

| Provision | Section in Franchise Agreement | Summary |
|------------------|--|--|
| f. | Termination by franchisor with cause | Article 17 We may terminate only if you default. The Franchise Agreement describes defaults throughout. Please read it carefully. |
| g. | “Cause” defined – curable defaults | Section 17.3 You have 5 days to cure non-payments and any other defaults (except for non-curable defaults listed in the Franchise Agreement and described in h. immediately below). |
| h. | “Cause” defined - non-curable defaults | <p>Sections 17.1 and 17.2</p> <p>The Franchise Agreement will terminate automatically, without notice for the following defaults: insolvency; bankruptcy; written admission of inability to pay debts; receivership; levy; composition with creditors; unsatisfied final judgment for more than 30 days; or foreclosure proceeding that is not dismissed within 30 days.</p> <p>We may terminate the Franchise Agreement upon notice to you if you: do not open the Franchised Business within required time frames; falsify any report to us; cease operations for 5 days or more; fail to restore and re-open the Franchised Business within 120 days after a casualty; fail to comply with any section of the Operations Manual; fail to comply with applicable laws; default under any lease for the premises; understate Gross Revenue two (2) or more times; fail to comply with insurance and indemnification requirements; attempt a transfer in violation of the Franchise Agreement; fail, or your legal representative fails to transfer as required upon your death or permanent disability; misrepresent or omit a material fact in applying for the Franchise; are convicted or plead no contest to a felony or crime that could damage the goodwill or reputation of the Marks or the System; receive an adverse judgment in any proceeding involving allegations of fraud, racketeering or improper trade practices or similar claim that could damage the goodwill or reputation of the Marks or the System; conceal revenues or maintain false books; create a threat or danger to public health or safety; refuse an inspection or audit by us; use the Marks, copyrighted material or Confidential Information in an unauthorized manner; make an unauthorized disclosure of Confidential Information; fail to comply with non-competition covenants; default in the performance of your obligations three (3) or more times during the term or receive three (3) or more default notices in any 12-month period; default under any other agreement with us or our affiliate; have insufficient funds to honor a check or EFT two (2) or more times within any twelve (12)-month period; or terminate the Franchise Agreement without cause.</p> |

| Provision | Section in Franchise Agreement | Summary |
|------------------|--|--|
| i. | Franchisee's obligations on termination/ non-renewal | Article 18 Upon termination, you must: cease operations; cease to identify yourself as a Boba Nation franchisee; cease to use the Marks; cancel any assumed name registration that contains any Mark; pay us and our affiliates all sums owing; pay us any damages, costs or expenses we incur in obtaining any remedy for any violation of the Franchise Agreement by you, including, but not limited to attorney's fees; deliver to us all Confidential Information, the Operations Manual and all records and files related to your Franchised Business; comply with the non-disclosure and non-competition covenants; sell to us, at our option, any furnishings, fixtures, equipment, inventory and supplies of your Franchised Business; and assign, at our option, your telephone numbers, directory and internet listings, and social media accounts. |
| j. | Assignment of contract by franchisor | Section 16.1.1 No restrictions on our right to assign. |
| k. | "Transfer" by franchisee defined | Section 16.3 Any assignment, sale, transfer, gift, devise or encumbrance of any interest in the Franchise Agreement, the Franchised Business, any assets of the Franchised Business, or in the Franchisee (if the Franchisee is a business entity). |
| l. | Franchisor approval of transfer by franchisee | Section 16.3 and 16.4 No transfer is allowed without our consent, which we will not unreasonably withhold. |
| m. | Conditions for franchisor approval of a transfer | Conditions include: our decision not to exercise our right of first refusal; transferee meets our then-current standards for qualifying franchisees; transferee signs our then-current form of Franchise Agreement, which may have materially different terms from your Franchise Agreement; transferee successfully complete our Initial Training Program; you have paid us and third-party creditors all amounts owed; you and the transferee sign a General Release in the form of Exhibit C to the Franchise Agreement; you shall subordinate any claims you have against the transferee to us; you will indemnify us for a period of 3 years following the transfer; our approval of the material terms and conditions of the transfer; For Transfers to: (i) an entity or individual that is new to the System, you will pay seventy five percent (75%) of the then current Franchise Fee; (ii) an entity or individual that is already an existing owner in the System, you will pay fifty percent (50%) of the then current franchise fee; (iii) an entity owned and controlled by the franchisee for convenience purposes without changing the majority ownership in the franchisee entity, you will pay one thousand five hundred dollars (\$1,500); and (iv) upon Franchisee's death or disability to a spouse, parent or child, no charge. |

| Provision | Section in Franchise Agreement | Summary | |
|------------------|--|-------------------------------------|--|
| n. | Franchisor's right of first refusal to acquire franchisee's business | Section 16.6 | You must promptly notify us of any written offer to purchase your Franchise. We have 30 days to exercise our first right to buy it on the same terms and conditions, provided that (a) we may substitute cash for any other consideration (b)we may pay the entire purchase price at closing, (c) our credit is deemed as good as the proposed purchaser, (d) we have at least 60 days to close and (e) you shall give us all customary seller's representations and warranties. |
| o. | Franchisor's option to purchase franchisee's business | Section 18.2 | Upon termination of the Franchise Agreement, we have the option to purchase your equipment, furniture, fixtures, signs, advertising materials, supplies, and inventory at your cost or fair market value, whichever is less. |
| p. | Death or disability of franchisee | Sections 16.3, 16.4 and 16.7 | The Franchise Agreement will terminate automatically upon your death or permanent disability, unless prohibited by law and the Franchise is transferred within 6 months to a replacement franchisee that we approve. |
| q. | Non-competition covenants during the term of the franchise | Section 19.5.1 | You may not: divert, or attempt to divert, customers of any Boba Nation outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business, induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. |
| r. | Non-competition covenants after the franchise is terminated or expires | Section 19.5.2 | For 24 months after the termination of the Franchise Agreement, you may not: divert, customers of any Boba Nation outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 10 miles of your former Boba Nation outlet location or any other Boba Nation outlet location (franchised or company owned), induce any person employed by us to leave their employment; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. |
| s. | Modification of the agreement | Sections 9.4, 14.6, 19.1.4 and 22.4 | No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you. |

| Provision | Section in Franchise Agreement | Summary |
|---|---------------------------------------|--|
| t. Integration/merger clause | Section 21.4 | Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Sections 20.1 and 20.2 | At our option, claims that are not resolved internally may be submitted to non-binding mediation only at our headquarters located in Hayward, California |
| v. Choice of forum | Section 20.3 | Litigation takes place in California. (subject to applicable state law) |
| w. Choice of law | Section 20.3 | California law applies. (subject to applicable state law) |

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

This Item contains a historic financial performance representation of total income, cost of goods sold, occupancy costs, operating expenses, and gross profit of our two (2) affiliate-owned Boba Nation outlets located in Newark, California and Hayward, California both of which opened in April of 2022. Our affiliate owned outlets are similar in size as expected franchisee outlets and represents the sale of products and services that will be available for franchisees to sell. As of the end of the 2023 Fiscal Year there was one franchised outlet in operation. This franchised outlet was excluded as it was not open for a full year.

Hayward, CA – January 2023 – December 2023

| Store A | Amount | %Sales |
|--------------------------|------------------|-------------|
| Sales | | |
| Sales - Food & Beverages | \$778,897 | 100% |
| Sales | \$778,897 | 100% |

| | | |
|----------------------------------|------------------|-----|
| COGS - Food | | |
| Cost Of Goods Sold | \$205,243 | 26% |
| Gross Profit | \$573,654 | 74% |
| Payroll and Labor | | |
| Payroll and Labor | \$217,273 | 28% |
| Occupancy | | |
| Rent/CAM | \$127,871 | 16% |
| Utilities | \$31,293 | 4% |
| Direct Operating Expense* | | |
| Direct Operating Expense* | \$34,939 | 4% |
| Operating Income | \$162,278 | 21% |

***Does not include Royalty and Brand Fund Contributions**

Newark, CA – January 2023 – December 2023

| Store B | Amount | %Sales |
|----------------------------------|------------------|--------|
| Sales | | |
| Sales - Food & Beverages | \$456,855 | 100% |
| Sales | \$456,855 | 100% |
| COGS - Food | | |
| Cost of Goods Sold | \$123,145 | 27% |
| Gross Profit | \$333,710 | 73% |
| Payroll and Labor | | |
| Payroll and Labor | \$130,364 | 29% |
| Occupancy | | |
| Rent/CAM | \$76,722 | 17% |
| Utilities | \$18,775 | 4% |
| Direct Operating Expense* | | |
| Direct Operating Expense* | \$20,963 | 5% |
| Operating Income | \$86,886 | 19% |

***Does not include Royalty and Brand Fund Contributions**

Notes regarding the above financial performance representation:

1. These results are unaudited.
2. These results represent sales of products and services which will be available for franchisees to sell.
3. As a Franchisee you will face Royalty fees of 5% of Gross Revenue and a Brand Fund Contribution Fee of up to 2% of Gross Revenue (currently 1%).

4. Total Income includes all money received in the operation of the business, less sales taxes or other taxes collected from customers for transmittal to the appropriate taxing authority.

Our affiliate-owned outlet operates in substantially the same manner as franchise outlets; however, our affiliate-owned outlet is not subject to the same fees which a franchisee will experience. Item 6 of this Disclosure Document outlines the fees to which a franchisee will be subject, such as royalty fees and brand fund contributions.

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

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

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Baltej Sra at 2626 Yerba Vista Court, San Jose, California 95121, (408) 834-2124, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary
For Years 2021 to 2023

| Column 1 Outlet Type | Column 2 Year | Column 3 Outlets at the Start of the Year | Column 4 Outlets at the End of the Year | Column 5 Net Change |
|-------------------------|------------------|---|---|------------------------|
| Franchised | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | +1 |
| Company – Owned* | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | +2 |
| | 2023 | 2 | 2 | 0 |
| Total Outlets | 2021 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | +2 |
| | 2023 | 2 | 3 | +1 |

* Company-owned stores are operated by affiliated entities.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)
For Years 2021 to 2023

| Column 1 State | Column 2 Year | Column 3 Number of Transfers |
|-------------------|------------------|---------------------------------|
| None | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |
| Total | 2021 | 0 |
| | 2022 | 0 |
| | 2023 | 0 |

Table No. 3
Status of Franchised Outlets
For Years 2021 to 2023

| Column 1 State | Column 2 Year | Column 3 Outlets at Start of Year | Column 4 Outlets Opened | Column 5 Terminations | Column 6 Non- renewals | Column 7 Reacquired by Franchisor | Column 8 Ceased Operations - Other Reasons | Column 9 Outlets at End of the Year |
|-------------------|------------------|--|-------------------------------|--------------------------|------------------------------|--|---|---|
| CA | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |
| Total | 2021 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2023 | 0 | 1 | 0 | 0 | 0 | 0 | 1 |

Table No. 4
Status of Company Owned* Outlets
For Years 2021 to 2023

| Col. 1 State | Col. 2 Year | Col. 3 Outlets at Start of Year | Col. 4 Outlets Opened | Col. 5 Outlets Reacquired from Franchisees | Col. 6 Outlets Closed | Col. 7 Outlets Sold to Franchisees | Col. 8 Outlets at End of the Year |
|-----------------|----------------|--|-----------------------------|--|-----------------------------|---|---|
| CA | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |
| Total | 2021 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2022 | 0 | 2 | 0 | 0 | 0 | 2 |
| | 2023 | 2 | 0 | 0 | 0 | 0 | 2 |

* Company-owned stores are operated by affiliated entities.

Table No. 5
Projected Openings as of December 31, 2023

| Column 1 State | Column 2 Franchise Agreements Signed But Outlet Not Opened | Column 3 Projected New Franchised Outlets in the Next Fiscal Year | Column 4 Projected New Company Owned Outlets in the Next Fiscal Year |
|-------------------|--|---|--|
| California | 0 | 2 | 2 |
| Total | 0 | 2 | 2 |

No franchisee has signed confidentiality clauses during the last three years.

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

Exhibit E lists the location of each Boba Nation location in our System.

No franchisees have ceased to do business under the franchise agreement, or had an outlet terminated, canceled or not renewed within the last fiscal year, or ceased to communicate with us within 10 weeks of the issuance date.

ITEM 21: FINANCIAL STATEMENTS

Boba Nation Franchise LLC was formed on September 20, 2021. Included in Exhibit C is our audited financials as of December 31, 2023, December 31, 2022, and December 31, 2021.

Our fiscal year end is December 31.

ITEM 22: CONTRACTS

Copies of all proposed agreements regarding the franchise offering are included in Exhibit B. These include our Franchise Agreement and all exhibits to it (Marks, Territory Description, General Release, Statement of Ownership Interests in Franchisee, Spousal Guaranty, and Confidentiality and Non-Compete Agreement).

ITEM 23: RECEIPT

A receipt in duplicate is attached to this Disclosure Document as Exhibit H. You should sign both copies of the receipt. Keep one copy for your own records and return the other signed copy to Baltej Singh Sra, 2626 Yerba Vista Court, San Jose, California 95121.

EXHIBIT A

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

| State | State Agency | Agent for Service of Process |
|-------------|---|--|
| CALIFORNIA | Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677) www.dfp.ca.gov Ask.DFPI@dfpi.ca.gov | Commissioner of the Department of Financial Protection and Innovation |
| CONNECTICUT | State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230 | Banking Commissioner |
| HAWAII | Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722 | Commissioner of Securities of the State of Hawaii |
| ILLINOIS | Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465 | Illinois Attorney General |
| INDIANA | Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681 | Indiana Secretary of State 201 State House Indianapolis, IN 46204 |
| MARYLAND | Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 | Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360 |
| MICHIGAN | Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117 | Michigan Department of Commerce, Corporations and Securities Bureau |

| State | State Agency | Agent for Service of Process |
|-----------------|---|---|
| MINNESOTA | Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500 | Minnesota Commissioner of Commerce |
| NEW YORK | NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222 Phone | Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492 |
| NORTH DAKOTA | North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712 | North Dakota Securities Commissioner |
| OREGON | Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 | Director of the Department of Consumer and Business Services |
| RHODE ISLAND | Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585 | Director of Rhode Island Department of Business Regulation |
| SOUTH DAKOTA | Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563 | Director of Insurance-Securities Regulation |
| VIRGINIA | State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051 | Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733 |
| WASHINGTON | Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760 | Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501 |
| WISCONSIN | Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559 | Commissioner of Securities of Wisconsin |

EXHIBIT B
FRANCHISE AGREEMENT

BOBA NATION FRANCHISE LLC
FRANCHISE AGREEMENT

TABLE OF CONTENTS

| | | |
|-----|---|----|
| 1. | RECITATIONS..... | 2 |
| 2. | GRANT OF FRANCHISE..... | 2 |
| 3. | TERRITORY..... | 3 |
| 4. | TERM..... | 3 |
| 5. | SUCCESSION OPTION..... | 3 |
| 6. | FEES..... | 5 |
| 7. | TRAINING..... | 8 |
| 8. | FRANCHISED BUSINESS SITE REQUIREMENTS..... | 9 |
| 9. | SYSTEM MAINTENANCE AND IMPROVEMENT..... | 12 |
| 10. | FRANCHISOR'S OBLIGATIONS..... | 14 |
| 11. | FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS..... | 15 |
| 12. | FRANCHISEE'S OPERATIONS..... | 17 |
| 13. | ADVERTISING, PROMOTIONS AND RELATED FEES..... | 23 |
| 14. | INTELLECTUAL PROPERTY..... | 26 |
| 15. | INSURANCE AND INDEMNIFICATION..... | 28 |
| 16. | TRANSFERS..... | 30 |
| 17. | DEFAULTS..... | 35 |
| 18. | POST-TERMINATION..... | 39 |
| 19. | NON-DISCLOSURE AND NON-COMPETITION COVENANTS..... | 41 |
| 20. | DISPUTE RESOLUTION..... | 45 |
| 21. | GENERAL | 47 |

List of Attachments

| | |
|---------------|---|
| ATTACHMENT 1: | Trademarks |
| ATTACHMENT 2: | Territory |
| ATTACHMENT 3: | Release |
| ATTACHMENT 4: | Authorization Agreement Automatic Deposits (ACH Withdrawals) |
| ATTACHMENT 5: | Conditional Assignment of Lease |
| ATTACHMENT 6: | Statement of Ownership Interests in Franchisee |
| ATTACHMENT 7: | Guaranty |
| ATTACHMENT 8: | Confidentiality and Non-Compete Agreement |
| ATTACHMENT 9: | Internet Advertising, Social Media, Software, and Telephone Account Agreement |

THIS FRANCHISE AGREEMENT (this “Agreement”) is being entered into this day of _____, (the “Effective Date”) by and between Boba Nation Franchise LLC a California limited liability company with its principal place of business at 2626 Yerba Vista Court, San Jose, California 95121 (herein “Franchisor) and _____, a(n) _____, with its principal place of business located at _____ and _____’s principals _____, an individual residing at _____ and principals _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be individually and collectively referred to, and each is, the “Franchisee”.

RECITATIONS

Through the expenditure of considerable time, effort and money, Franchisor has developed and established a unique and distinctive retail dessert drink business which features, among other things, delicious, bubble tea as well as various other drinks and retail items in a youthful, hip environment using Franchisor’s designs, and using Franchisor’s confidential operations manual (“Manual”) of business practices and policies, and Franchisor’s distinctive, décor, fixtures and furnishings, operations methods, sales techniques, inventory, procedures for management control and training, assistance, advertising, and promotional programs, all of which may be changed, improved or further developed by Franchisor at any time (taken together herein the “System”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including but not limited to the marks Boba Nation service mark, as set forth in Attachment 1, and such other trade names, service marks, and trademarks as are now designated and may hereafter be designated or substituted by Franchisor for use in connection with the System (the “Marks”).

Franchisor continues to develop, use, and control the use of such Marks in order to identify for the public the source of services and products marketed under the Marks and the System and to represent the System’s high standards of quality, appearance, and service.

Franchisee understands and acknowledges the importance of Franchisor’s high and uniform standards of quality, service, and appearance, and the necessity of operating the business franchised hereunder in conformity with Franchisor’s standards and specifications.

NOW, THEREFORE, the parties, in consideration of the promises, undertakings and commitments of each party to the other set forth herein, and intending to be legally bound hereby, mutually agree as follows:

1. RECITATIONS.

The Recitations set out above form part of this Agreement.

2. GRANT OF FRANCHISE.

Franchisor hereby grants to Franchisee and Franchisee accepts, upon the terms and conditions contained in this Agreement, the license to operate a Boba Nation franchise (the “Franchised Business”), using only the Marks licensed hereunder, in strict conformity with the System, which may be changed, improved and further developed by Franchisor from time to time. This grant applies only to a single location within a territory that is designated in Attachment 2 attached hereto and incorporated herein (the “Territory”).

3. TERRITORY.

- 3.1 **Territory.** This Agreement grants Franchisee the right to operate the Franchised Business at a single location and from within the Territory. Subject to Section 3.2 below, Franchisor agrees that during the Term of this Agreement, Franchisor will not operate, and will not authorize any other franchisees to operate, a Boba Nation outlet in the Territory using the same Marks as licensed to Franchisee in this Agreement so long as Franchisee is not in default under this Agreement or this Agreement has not been terminated. Except as otherwise specified in this Agreement, Franchisor reserves the right to open, operate or franchise Boba Nation franchises bordering and adjacent to the Territory. Except as set forth in this Agreement, Franchisee is prohibited from serving and soliciting customers outside of the Territory and from alternative methods of distribution as more fully specified herein.
- 3.2 **Reservation of Rights.** Franchisee understands and agrees that all rights to any businesses, other than as specified in this Agreement, are fully reserved to Franchisor within or outside of the Territory. By way of example only, Franchisor reserves the rights to offer (i) other products or services not offered under the Marks, (ii) other food concepts under the Marks or other trademarks, including licensing Franchisor’s designs for use in other formats and (iii) products or services through any channel in the Territory other than a dedicated Boba Nation outlet, such as distribution through retail outlets, including but not limited to, grocery stores and gift shops; in captive market locations, such as airports, stadiums, and institutional/professional campuses, and conferences; and the Internet. (“Alternate Distribution Channels”). Franchisee will receive no compensation for Franchisor’s sales through Alternate Distribution Channels made within the Territory. Franchisee agrees that such implementation of Franchisor’s rights pursuant to this Section 3.2 is deemed not to impair or injure Franchisee’s rights pursuant to Section 2 hereof.

4. TERM.

Unless terminated earlier in accordance with the terms set forth in this Agreement, this Agreement and the Franchise granted hereunder shall commence upon the Effective Date set forth above, and terminate on the date that is ten (10) years following the Opening Date, as defined in Section 8 hereof (the “Term”).

5. SUCCESSOR OPTION.

Subject to the terms and conditions of this Agreement, Franchisee shall have the right, following the expiration of the Term hereof, to enter into a new franchise agreement and other agreements then customarily employed by Franchisor and in the form then generally being offered to prospective

franchisees in the state in which the Territory is located (the “Successor Franchise Agreement”) for one (1) additional terms equal to ten (10) years. The term of such Successor Franchise Agreement shall commence upon the date of expiration of the immediately preceding term. Franchisee shall be charged a successor fee equal to Ten Thousand Dollars (\$10,000.00) (“Successor Agreement Fee”).

5.1 Form and Manner of Successor Agreement. If Franchisee desires to exercise Franchisee’s option to enter into a Successor Franchise Agreement, it shall be done in the following manner:

- 5.1.1 Not less than six (6) months prior to the expiration of the Term of this Agreement, Franchisee shall request from Franchisor in writing, a copy of Franchisor’s then current Disclosure Document (including Franchisor’s then current franchise agreement).
- 5.1.2 Franchisee must execute and return to Franchisor all required documents, including any and all ancillary documents, within thirty (30) days after receipt by Franchisee of a copy of Franchisor’s then current Disclosure Document.
- 5.1.3 The Successor Franchise Agreement shall supersede this Agreement in all respects, and Franchisee understands and acknowledges that the terms of such new agreement may differ from the terms of this Agreement, including, without limitation, higher or lower royalty and other fees.
- 5.1.4 If Franchisee fails to perform any of the acts, or deliver any of the notices required pursuant to this Paragraph 5 in a timely fashion, such failure shall be deemed an election by Franchisee not to exercise Franchisee’s option to enter into the Successor Franchise Agreement, and such failure shall cause Franchisee’s right and option to automatically lapse and expire, without further notice by Franchisor.
- 5.1.5 Franchisee acknowledges that the initial Term of this Agreement provides Franchisee more than a sufficient opportunity to recoup Franchisee’s investment in the Franchise, as well as a reasonable return on such investment.

5.2 Conditions of Successor Agreement. Franchisee’s right to enter into a Successor Franchise Agreement is conditioned upon the following:

- 5.2.1 Franchisee shall be in full compliance with this Agreement and shall have materially performed Franchisee’s obligations under this Agreement, the Manual and under all other agreements that may be in effect between Franchisee and Franchisor, including but not limited to all monetary obligations.
- 5.2.2 Franchisee shall not have committed three (3) or more events constituting default during the then current Term of this Agreement, whether or not such defaults were cured.

- 5.2.3 Franchisee will have completed any required additional training to Franchisor's reasonable satisfaction.
- 5.2.4 Franchisee shall have obtained the right to continue to occupy the premises of the Franchised Business following the expiration of the Term hereof for the full term of the Successor Franchise Agreement and/or have received Franchisor's approval regarding locating the Franchised Business at a new location.
- 5.2.5 Franchisee shall execute a general release of all claims Franchisee may have against Boba Nation Franchise LLC, its parent, subsidiaries and affiliates, its officers, directors, shareholders, agents, and employees, whether in their corporate and/or individual capacities, in the form attached hereto as Attachment 3. This release will include all claims arising under any federal, state, or local law, rule, or ordinance.
- 5.2.6 Franchisee performs such remodeling, repairs, replacements and redecoration as Franchisor may require in order to cause the Franchised Business premises, equipment, fixtures, furnishings and furniture to conform to the plans and specifications being used for new or remodeled franchised businesses on the renewal date.
- 5.2.7 Franchisee shall pay the required Successor Agreement Fee and sign the Successor Franchise Agreement.

5.3 Notice Required by Law. If applicable law requires Franchisor to give notice to Franchisee prior to the expiration of the Term, this Agreement shall remain in effect on a month-to-month basis until Franchisor has given the notice required by such applicable law. If Franchisor is not offering new Boba Nation franchises, is in the process of revising, amending or renewing Franchisor's form of franchise agreement or disclosure document, or Franchisor is not lawfully able to offer Franchisee the then current form of Successor Franchise Agreement at the time Franchisee advises Franchisor pursuant to Paragraph 5.2 hereof that Franchisee desires to enter into a successor franchise agreement, Franchisor may, in Franchisor's sole discretion, (i) offer a successor agreement upon the same terms set forth herein for the appropriate successor term or (ii) offer to extend the Term hereof on a month-to-month basis following the expiration of the Term for as long as Franchisor deems necessary or appropriate so that Franchisor may lawfully offer the then current form of Successor Franchise Agreement. Any timeframes specified in this Paragraph 5 shall be inclusive of any state mandated notice periods.

5.4 Additional Reservation of Rights. Notwithstanding anything herein to the contrary, Franchisor reserves the right not to enter into a successor franchise agreement for this Franchise as a result of a decision to withdraw from a marketing area or the Territory in which Franchisee's Franchised Business is located.

6. FEES.

6.1 **Initial Franchise and Royalty Fee.** As part of the consideration for the right to operate the Franchise granted herein, Franchisee shall pay to Franchisor the following fees:

6.1.1 **Initial Franchise Fee.** Franchisee acknowledges and agrees that the grant of this Franchise and the rights and obligations of the parties under this Agreement constitute the sole and only consideration for the initial franchise fee of Thirty Thousand Dollars (\$30,000.00) (the “Initial Fee”). **The Initial Fee is fully earned at the time this Franchise Agreement is signed and is not refundable under any circumstances.** Franchisee shall pay the full amount of the Initial Fee to Franchisor upon Franchisee’s execution of this Agreement.

6.1.2 **Royalty Fee.** Franchisee agrees to pay Franchisor, throughout the Term, a weekly royalty fee equal to five percent (5%) of the Gross Revenue, as hereinafter defined, realized from the Franchised Business and from any other revenues received using Franchisor’s methods, operations and/or trade secrets (the “Royalty Fee”). The term “Gross Revenue” includes all revenues and income from any source derived or received by Franchisee from, through, by or on account of the operation of the Franchised Business or made pursuant to the rights granted hereunder, including but not limited, any and all other revenues received using Franchisor’s methods, operations and/or trade secrets whether received in cash, in services, in kind, from barter and/or exchange, on credit (whether or not payment is actually received) or otherwise. Gross Revenue shall include Franchisee’s revenues from the sale of alcoholic beverages. Gross Revenue shall include the full amount payable by your customers, without deduction for your delivery costs, third party delivery fees, or for other write-offs; however, Gross Revenue shall not include (i) any sales tax or similar taxes collected from customers and turned over to the governmental authority imposing the tax, (ii) properly documented refunds to customers, or (iii) properly documented promotional discounts (i.e., coupons). Gross Revenue does not include gift card purchases, at the time of purchase, but Gross Revenue does include the redemption amount of purchases made by gift card. At Franchisor’s option, Franchisee shall submit, or grant Franchisor access to, the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.3 **Gross Revenue Reports.** Franchisee shall, each Wednesday for the week prior (Monday through Sunday), furnish Franchisor with a report showing Franchisee’s Gross Revenue at or from the Franchised Business and/or made pursuant to the rights granted hereunder during such period (the “Gross Revenue Report”). The Gross Revenue Report shall be in such form and shall contain such information as Franchisor may from time to time prescribe. Franchisor reserves the right to establish a point-of-sale system (“POS System”) that Franchisor may require Franchisee to use in the operation of the Franchised Business. At Franchisor’s option, Franchisee shall submit the Gross Revenue Report by an electronic transfer of data via the POS System at the times and interims then specified by Franchisor.

6.1.4 Method of Payment. Franchisee shall, together with the submission of the Gross Revenue Report, pay Franchisor the Royalty Fee, the Brand Fund Contribution, as defined and more particularly described in Article 13, and the Technology Fee, as defined and more particularly described in Section 6.6, then due. At Franchisor's request, Franchisee must execute documents that allow Franchisor to automatically take the Royalty Fee and Brand Fund Contribution due as well as other sums due Franchisor, from business bank accounts via electronic funds transfers. Franchisee's failure to allow electronic funds transfers on an ongoing basis is a material breach of this Agreement.

6.2. Late Fee. If the Royalty Fee, Brand Fund Contribution, or any Gross Revenue Reports are not received by Franchisor as required by this Agreement, Franchisee shall pay to Franchisor, in addition to the overdue amount, a late fee of Two Hundred Fifty Dollars (\$250.00). This late fee is reasonably related to Franchisor's costs resulting from the delay in payment and/or receipt of any report, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement for Franchisee's failure to pay the Royalty Fee, the Brand Fund Contribution, and/or submit Gross Revenue Reports in accordance with the terms of this Agreement.

6.3. Interest. Any and all amounts that shall become due and owing from Franchisee to Franchisor under the terms hereof shall bear interest from the date due until paid at the rate of 18% per annum or at the highest rate permitted by law, whichever is lower.

6.4. Non-Sufficient Funds Fee. In the event any of Franchisee's checks are returned, or an electronic funds transfer from Franchisee's bank account is denied, for insufficient funds, Franchisee shall pay Franchisor, in addition to the amount due, a non-sufficient funds fee of Two Hundred Fifty Dollars (\$250.00) per occurrence. This non-sufficient funds fee is reasonably related to Franchisor's costs resulting from the delayed and declined payment, is not a penalty, and is in addition to any other remedy available to Franchisor under this Agreement.

6.5. Taxes. If any sales, excise, use or privilege tax is imposed or levied by any government or governmental agency on Franchisor for any Royalty Fee, Brand Fund Contribution or other fees due and payable to Franchisor under this Agreement, Franchisee shall pay Franchisor a sum equal to the amount of such tax.

6.6 Technology Fee. Once established, in Franchisor's sole and absolute discretion, Franchisee agrees to pay to Franchisor a weekly technology fee for services provided (the "Technology Fee"). Franchisee shall pay Franchisor, throughout the Term, the Technology Fee for technology access, in an amount reasonably determined by Franchisor, for technology adopted, developed or otherwise required by Franchisor in the operation of the Franchised Business, including, but not limited to, software and applications for a scheduling system, payment processor, sales and financial reporting, assigned phone numbers and email addresses required for use in the Franchised Business, franchise portal, benchmarking platform or other operations systems. In franchisor's sole discretion, Franchisor may (i) increase the amount of the Technology Fee or (ii) replace

the software and applications with different technology, developed by Franchisor or a third-party, and Franchisee shall pay the then-current fees for the replacement technology and for continuous access thereto. Payment of the Technology Fee will be made in the same manner and time as required by Franchisor.

7. TRAINING.

- 7.1 Initial Management Training Program. Franchisee (specifically including all Franchisee's principals) shall attend and complete to Franchisor's sole and absolute satisfaction, Franchisor's initial management training program ("Initial Management Training Program") prior to the opening of the Franchised Business. The Initial Management Training Program consists of a ten (10) day course conducted at one of Franchisor's headquarters and/or affiliated owned or franchised outlet or virtually. Franchisor reserves the right to designate an alternate location for any component of the Initial Management Training Program. Franchisee must at all times during the term of this Agreement have principals who have successfully completed the Initial Management Training Program to Franchisor's sole and complete satisfaction. No charge shall be made for up to two (2) principals and one (1) General Manager (as defined below) to take the Initial Management Training Program prior to opening the Franchised Business ("Initial Trainees"). Notwithstanding the foregoing, Franchisee shall be required to pay all of the expenses of the Initial Trainees, including, without limitation, costs of travel, lodging, meals and wages.
- 7.2 Satisfactory Completion. Franchisor shall determine, in Franchisor's sole discretion, whether the Initial Trainees have satisfactorily completed the Initial Management Training Program, which shall include mastery of post-course applications. If the Initial Management Training Program is not satisfactorily completed by the Initial Trainees, or if Franchisor, in Franchisor's reasonable business judgment based upon the performance of the Initial Trainees, determines that the Initial Management Training Program cannot be satisfactorily completed by Franchisee and Franchisee's Principal(s), Franchisor may terminate this Agreement.
- 7.3 Opening Assistance. During the opening of the Franchised Business, Franchisor shall provide Franchisee with opening assistance by a trained representative of Franchisor. The trainer will provide on-site opening training, supervision, and assistance to Franchisee for up to two (2) days at no charge to Franchisee.
- 7.4 Additional Training. Franchisor may offer mandatory and/or optional additional training programs from time to time. If required by Franchisor, Franchisee, or Franchisee's principals shall participate in the following additional training:
 - (i) on-going training at a location designated by Franchisor.
 - (ii) a national business meeting or annual convention at a location designated by Franchisor.

The total amount of required ongoing training and/or annual meetings will be five (5) days or less per year. Franchisor reserves the right to impose a reasonable fee for all additional training programs. Franchisee shall be responsible for any and all incidental expenses incurred by Franchisee or Franchisee's personnel in connection with additional training or attendance at Franchisor's national business meeting or annual convention, including, without limitation, costs of travel, lodging, meals and wages. Franchisee's failure to attend and/or complete mandatory additional training or failure to attend Franchisor's national business meeting or annual convention is a default of this Agreement. Franchisee or Franchisee's principal(s) shall be required to obtain any missed mandatory additional training at a location Franchisor designates. Franchisee shall pay all costs and expenses for such additional training, including but not limited to, tuition at the then-current rate and any and all transportation, meals and lodging of Franchisee, Franchisee's principal and Franchisor's training personnel. Franchisee shall pay to Franchisor any incurred expenses by Franchisor's training personnel within ten (10) days of Franchisor's billing thereof to Franchisee.

- 7.5 **On-Site Remedial Training.** Upon Franchisee's reasonable request or as Franchisor shall deem appropriate, Franchisor shall, during the term hereof, subject to the availability of personnel, provide Franchisee with additional trained representatives who shall provide on-site remedial training and assistance to Franchisee's personnel at the Franchised Business location. For any additional on-site training and assistance, Franchisee shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their costs of travel, lodging, and meals.
- 7.6 **Counseling and Assistance.** In addition to visits by Franchisor's field representatives, as Franchisor deems appropriate, Franchisor shall, within reasonable limits and subject to the availability of Franchisor's personnel, upon Franchisee's request and at no charge, unless such assistance is provided at the Franchised Business pursuant to Section 7.5, furnish consultation and assistance to Franchisee, either in person or by telephone, video conference, electronic mail or postal service, as determined by Franchisor, in Franchisor's sole discretion, with respect to the operation of the Franchised Business, including consultation and advice regarding employee training, marketing, operation issues, purchasing and inventory control, bookkeeping and System improvements.

8. FRANCHISED BUSINESS SITE REQUIREMENTS.

8.1 Site Selection.

- 8.1.1 Franchisee assumes all cost, liability, expense and responsibility for obtaining, financing, and developing a site for the Franchised Business within the Territory and for constructing, financing, and equipping the Franchised Business at such site. Franchisee shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Franchised Business unless the site location is approved by Franchisor. While Franchisor may render assistance to Franchisee in the selection of a site, as set forth in Section 8.1.2 below, Franchisee bears sole responsibility for procuring and developing a site for the Franchised

Business and Franchisee may and is encouraged to consult with professionals of Franchisee's choosing in discharging such responsibility. Franchisee acknowledges that Franchisor's approval of a prospective site location is permission only, does not constitute a representation, promise, warranty or guarantee, express or implied, by Franchisor that the Franchised Business operated at that site will be profitable or otherwise successful, and cannot, and does not, create a liability for Franchisor. Franchisee releases Franchisor from any claims over the site location selection and evaluation by Franchisor, and Franchisee shall hold Franchisor harmless with respect to Franchisee's selection of the site for the Franchisee's Franchised Business.

- 8.1.2 Franchisee shall locate a site that satisfies the site selection guidelines provided to Franchisee by Franchisor and shall submit to Franchisor, in writing, a description of the site, together with written certification the site complies with Franchisor's site selection guidelines, and such other information and materials as Franchisor may reasonably require. Recognizing that time is of the essence, Franchisee shall submit such information and materials for a proposed site to Franchisor for its consent no later than four (4) months after the execution of this Agreement. Franchisor shall have thirty (30) business days after receipt of this information and materials to consent, in its sole and absolute discretion, to the proposed site as the location for the Franchised Business. If Franchisor fails to respond to Franchisee's submission within thirty (30) business days, such proposed site shall be deemed "disapproved". No site may be used for the location of the Franchised Business unless it is consented to in writing by Franchisor.
- 8.1.3 Within thirty (30) days after Franchisor has consented to the site for the Franchised Business (or such longer period as Franchisor consents to in writing), Franchisee shall execute a lease therefor and obtain physical possession of the premises. Any lease must include Franchisor's Collateral Assignment of Lease Agreement, a copy of which is attached hereto as Attachment 5. Failure by Franchisee to acquire the site for the Franchised Business within the time and in the manner required herein shall constitute a material event of default under this Agreement.
- 8.1.4 Upon consent by Franchisor to the location for the Franchised Business, Franchisor shall set forth the location and Territory on Attachment 2 of this Agreement and shall provide a copy thereof to Franchisee. Attachment 2, as completed by Franchisor, shall be incorporated herein and made a part hereof. Franchisee shall notify Franchisor within fifteen (15) days of any error or rejection of Attachment 2; otherwise, Attachment 2 provided to Franchisee shall be deemed final.

8.2 Construction.

- 8.2.1 Franchisee shall be responsible for obtaining clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Franchised Business premises; including but not necessarily limited to restrictions on noise, required cross-ventilation,

storage use, and disposal of food products. Prior to beginning the construction of the Franchised Business, Franchisee shall (a) obtain all permits, licenses, insurance and certifications required for the lawful construction or remodeling and operation of the Franchised Business, including, but not limited to, permits for the installation of signage, and (b) certify in writing to Franchisor that all required approvals, clearances, permits, insurance and certifications have been obtained.

8.2.2 During the time of construction or remodeling, Franchisee shall provide Franchisor, or its designated representative, with such periodic reports regarding the progress in obtaining all licenses and permits; and of the construction or remodeling as may be reasonably requested by Franchisor or its representative. In addition, Franchisor or its representative may make such on-site inspections as it may deem reasonably necessary to evaluate such progress. At least thirty (30) days prior to completion of the construction or remodeling, Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling. Within a reasonable time after the date of completion of construction or remodeling, Franchisor or its representative may, at its option, conduct an inspection of the completed Franchised Business.

8.2.3 Franchisee acknowledges and agrees that it will not open the Franchised Business for business without the written authorization of Franchisor and that authorization to open shall be conditioned upon Franchisee's strict compliance with this Agreement.

8.3 **Time to Open.** Franchisee acknowledges that time is of the essence in this Agreement. Upon Franchisee's compliance with the conditions stated below, Franchisee shall open the Franchised Business and commence business within twelve (12) months after Franchisee the Effective Date of this Agreement, unless Franchisee obtains a written extension of such time period from Franchisor. The date the Franchised Business opens for business to the public shall be defined herein as the "Opening Date". Prior to the Opening Date, Franchisee shall (i) complete all exterior and interior preparations for the Franchised Business, including installation and cleaning of equipment, fixtures, furnishings and signs, in accordance with System requirements and the plans and specifications consented to by Franchisor, (ii) satisfactorily complete Franchisor's Initial Management Training Program, as further set forth in Article 7, (iii) hire and train staff, if required, and (iv) obtain all required licenses to operate the Franchised Business. If Franchisee fails to comply with any of such obligations, Franchisor shall have the right to prohibit Franchisee from opening for business. Franchisee's failure to open the Franchised Business and commence business (i) in accordance with the foregoing and (ii) within nine (9) months following the date of this Agreement, unless otherwise extended by Franchisor, shall be deemed a material event of default under this Agreement.

8.4. **No Relocation.** Franchisee's rights to operate the Franchised Business shall be limited to the location set forth in Attachment 2, and no other. Franchisee shall not relocate the Franchised Business at any time without Franchisor's written approval, which approval

shall be granted only in the sole and complete discretion of Franchisor, and if permitted, shall be at Franchisee's sole expense, and subject to the following:

- 8.4.1. Franchisee shall pay to Franchisor a relocation fee equal to thirty percent (30%) of the then current Initial Fee.
- 8.4.2. Franchisee shall construct and develop the new premises to conform to Franchisor's then-current specifications for design, appearance and leasehold improvements for new Franchised Businesses;
- 8.4.3. Franchisee shall remove any signs or other property from the original Franchised Business location which identified the original Franchise Business location as part of the System;
- 8.4.4. Franchisee agrees that, during the build-out, decorating and furnishing of the new location, and at Franchisor's sole and absolute discretion: (i) the term of this Agreement shall not be abated, and (ii) Franchisee shall remain liable to pay a minimum Royalty Fee and Brand Fund Contribution that is equal to the average amount paid by Franchisee during the four (4) calendar quarters immediately preceding the date that operations cease or the shorter period that Franchisee had been in business at the original Franchised Business location; and
- 8.4.5. Franchisor shall issue a revised Attachment 2, in accordance with Section 8.1.4, to reflect the address of the new Franchised Business location.

9. SYSTEM MAINTENANCE AND IMPROVEMENT

- 9.1 **Maintenance of Franchised Business Site and Equipment.** Franchisee shall equip and maintain the Franchised Business site, equipment, and all required computer hardware and software and related accessories to the standards of décor, sanitation, repair and condition required by Franchisor, which standards are specified in the Manual and other written directives, standards and specifications. Franchisee, at Franchisee's expense, shall make such additions, alterations, repairs, refurbishing and replacements as may be required to comply with Franchisor's standards, including, without limitation, periodic repainting and repairs or replacement of worn or impaired décor, materials, furniture, fixtures, equipment, and signage as Franchisor may direct.
- 9.2 **Inspections.** Franchisee shall operate and maintain the Franchised Business and Franchised Business location in conformance with best practices for food and beverage storage, handling, preparation, service and disposal and in a manner that will insure the highest possible rating for businesses of like kind from the governmental authorities that may inspect such businesses in the Territory. Franchisee shall submit to Franchisor a copy of any inspection reports. It shall be a default of this Agreement if, upon inspection, Franchisee does not obtain such rating or if Franchisee fails to operate in accordance with the general standards of quality, maintenance, repairs and sanitation required by the System and this Section 9.2, and Franchisor may, at its option, terminate this Agreement.

9.3 Equipment and Technology Updates. Franchisee shall make any and all upgrades to equipment, including but not limited to, design, display and storage equipment, POS Systems, and computer hardware and software, and any technology used in conjunction therewith, as Franchisor requires in its sole and absolute discretion.

9.4 Trade Dress Modifications.

9.4.1 Franchisee is aware that to maintain and improve the image and reputation of the System, Franchisor, in its sole and absolute discretion, may change and modify identifying elements of the System, including but not limited to, the adoption and use of new or modified exterior building designs, interior decors, color schemes, marks, and/or furnishings (collectively, “Trade Dress Modifications”).

9.4.2 Franchisee shall refurbish the Franchised Business location or modify identifying elements of the Franchised Business, at Franchisee’s sole expense, as required by Franchisor, but not more frequently than every five (5) years, to conform to Trade Dress Modifications. This includes, without limitation, structural changes, remodeling, redecoration, and modifications to existing improvements. Notwithstanding the foregoing restriction on the frequency of Trade Dress Modifications, Franchisee, upon notice by Franchisor and in accordance with Section 14.6 hereof, shall immediately discontinue the use of any Mark that is no longer desirable or available to Franchisor and substitute a different Mark or Marks as Franchisor directs.

9.4.3 Franchisee will accept, use, and display any such Trade Dress Modifications as if they were a part of this Franchise Agreement at the time of execution hereof.

9.5 No Liability/Waiver of Claims. Franchisor shall not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any of the modifications, including Trade Dress Modifications, required by this Article 9. Franchisee hereby covenants not to commence or join in any litigation or other proceeding against Franchisor or any third party, complaining of any such or seeking expenses, losses or damages caused thereby. Further, Franchisee expressly waives any claims, demands or damages arising from or related to the modifications contemplated by this Article 9, including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

9.6 Franchisee Advisory Council. Franchisor reserves the right to create (and if created, the right to change or dissolve) a franchisee advisory council as a formal means for System franchisees to communicate ideas. In the event a franchisee advisory council is created, Franchisor may invite Franchisee to participate in council-related activities and meetings, which invitation may be based on a franchisee’s level of success, superior performance and profitability.

10. FRANCHISOR'S OBLIGATIONS.

Franchisor and/or its designated representative will provide the services described below:

- 10.1 Site Selection Guidelines. Site selection criteria, as Franchisor may deem advisable. Franchisor shall also approve the site in accordance with Section 8.1.2.
- 10.2 Construction. Provide to Franchisee criteria and specifications for a Boba Nation. Such criteria and specifications include, but are not necessarily limited to, criteria with respect to required food storage and preparation and ventilation systems. Franchisee shall independently, and at Franchisee's expense, have such criteria and specifications incorporated into the construction of the Franchised Business in accordance with Article 8.
- 10.3 Manual. Provide Franchisee access to the Confidential Operations Manual and such other manuals and written materials as Franchisor may hereafter develop for use by franchisees, as the same may be revised by Franchisor from time to time. Such documents may be provided electronically or via the Internet, at Franchisor's sole and absolute discretion.
- 10.4 Inspection. Inspection of the Franchised Business and evaluations of the products sold and services rendered therein whenever reasonably determined by Franchisor.
- 10.5 Pre-Opening Requirements. Provide Franchisee with a written list of equipment, fixtures, furnishings, signage, supplies and products that will be required and/or recommended to open the Franchised Business for business.
- 10.6 Advertising Materials. Provide samples or camera-ready artwork of certain advertising and promotional materials and information developed by Franchisor from time to time for use by Franchisee in marketing and conducting local advertising for the Franchised Business.
- 10.7 List of Suppliers. Make available from time to time, and amend as deemed appropriate by Franchisor, a list of approved and/or recommended suppliers of products and services for System franchisees and a list of approved and/or recommended suppliers of such items. Franchisee acknowledges that Franchisor or Franchisor's affiliate(s) may be the sole approved supplier(s) of certain products and services that Franchisee is required to purchase to operate the Franchised Business.
- 10.8 Training. The training programs specified in Article 7 herein.
- 10.9 On-Site Assistance. On-site post-opening assistance at the Franchised Business location in accordance with the provisions of Article 7.
- 10.10 Brand Fund. Administer a Brand Fund in accordance with Section 13.3.

11. FRANCHISEE'S REPRESENTATIONS, WARRANTIES AND COVENANTS.

- 11.1 Best Efforts. Franchisee, including each Principal, covenants and agrees that he or she shall make all commercially reasonable efforts to operate the Franchised Business so as to achieve optimum sales.
- 11.2 Corporate Representations. If Franchisee is a corporation, partnership, limited liability company, or other legal entity, Franchisee and each Principal represent, warrant and covenant that:
 - 11.2.1 The Franchisee entity is duly organized and validly existing under the state law of its formation;
 - 11.2.2 Attachment 6 of this Agreement accurately reflects all individuals with an ownership interest, whether direct or beneficial, in the
 - 11.2.3 The Franchisee entity is duly qualified and is authorized to do business in the jurisdiction of the Franchised Business location and the Territory;
 - 11.2.4 The Franchisee entity's organizational documents shall at all times provide that the activities of Franchisee are confined exclusively to the operation of the Franchise granted herein, unless otherwise consented to in writing by Franchisor, which consent may be withheld by Franchisor in Franchisor's sole discretion;
 - 11.2.5 The execution of this Agreement and the consummation of the transactions contemplated hereby are within Franchisee's power and have been duly authorized by Franchisee;
 - 11.2.6 Any financial statements and tax returns provided to Franchisor shall be certified as true, complete, and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of the statements or returns, whether accrued, unliquidated, absolute, contingent or otherwise, that are not reflected as liabilities; and
- 11.3 Spouse Guaranty. If any Principal is a married individual and the Franchisee's or Principal's spouse has not executed this Agreement, such Franchisee or Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 7 hereof.
- 11.4 Appointment of Manager.
 - 11.4.1 Franchisee shall designate and retain at all times a general manager ("General Manager") to direct the operation of the Franchised Business location. Franchisee

shall designate its General Manager prior to attending the Initial Management Training Program. The General Manager shall be responsible for the daily operation of the Franchised Business location.

11.4.2 The General Manager shall, during the entire period he or she serves as General Manager, meet the following qualifications:

11.4.2.1 Meet all Franchisor's standards and criteria for such individual(s), as set forth in the Manual or otherwise in writing by Franchisor, and shall be an individual otherwise acceptable to Franchisor, in its sole discretion.

11.4.2.2 Devote his or her full time and best efforts to the supervision and management of the Franchised Business and may not engage in any other business activity without the Franchisor's consent, which may be withheld, in Franchisor's sole discretion.

11.4.2.3 Satisfy the training requirements set forth in Article 7.

11.4.3 If the General Manager is not able to continue to serve in such capacity, or no longer qualifies to act as such in accordance with this Agreement, Franchisee shall promptly notify Franchisor and designate a replacement within thirty (30) days after the General Manager ceases to serve, such replacement being subject to the same qualifications required by this Agreement. Franchisee's replacement General Manager shall attend and satisfactorily complete the Initial Management Training Program, at Franchisee's sole cost and expense, including the payment of the then-current tuition. Until such replacement is designated and trained, Franchisee shall provide for interim management of the Franchised Business, who shall act in accordance with the terms of this Agreement. Any failure to comply with the requirements of this Section shall be deemed a material event of default under this Agreement. Franchisor, in Franchisor's sole discretion, may provide interim management support and charge Franchisee ten percent (10%) of Gross Revenue generated during the period of interim management until such General manager is properly trained or certified in accordance with Franchisor's requirements, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, and shall be withdrawn from Franchisee's designated bank account in accordance with Section 6.1.4.

11.5 Legal Compliance. Franchisee shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business. Such laws, rules and regulations shall include, without limitation, licenses to do business, health and sanitation inspections if required, fictitious name registrations, sales and other tax permits, fire and police department clearances, Americans With Disability Act compliance, health permits, certificates of occupancy, any permits, certificates or licenses required by any environmental federal, state or local law, rule or regulation and any other requirement, rule, law or regulation of any federal, state or local jurisdiction. Franchisee

shall further comply with all industry best practices with respect to the handling, storage and disposal of paints and stains, and studio ventilation systems.

- 11.6 **Claims and Potential Claims.** Franchisee shall notify Franchisor in writing within three (3) days of any incident or injury that could lead to, or the actual commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which in any way relating to or affecting the operation or financial condition of the Franchised Business. Any and all media inquiries concerning the Franchised Business or Franchised Business premises, including, but not limited to, the business operation and incidents and occurrences related to a customer or employee, shall be referred to Franchisor. Neither Franchisee, Franchisee's employees nor anyone on Franchisee's behalf may comment to any broadcast medium, except as directed by Franchisor.
- 11.7 **Assignment of Numbers and Listings.** At Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary to appoint Franchisor its true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to Franchisor, Franchisee's telephone numbers and listings; and provide Franchisor with passwords and administrator rights for all email, software, social media or other such accounts used or created by Franchisee in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, Franchisor may exercise its authority, pursuant to such documents, to obtain any and all of Franchisee's rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all Internet listings, domain names, Internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business.
- 11.8 **Access to Tax Filings.** Upon execution of this Agreement, and at any time thereafter upon Franchisor's request, Franchisee shall execute such forms and documents as Franchisor deems necessary, to appoint Franchisor its true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by Franchisee with any state or federal taxing authority.
- 11.9 **Continuing Obligation.** Franchisee and each Principal acknowledge and agree that the representations, warranties and covenants set forth in this Article 11 are continuing obligations of Franchisee and each Principal, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. Franchisee and each Principal shall cooperate with Franchisor in any efforts made by Franchisor to verify compliance with such representations, warranties and covenants.

12. FRANCHISEE'S OPERATIONS.

- 12.1 **Operation of Franchised Business Location.** To maintain the highest degree of quality and service on a uniform System-wide basis, Franchisee shall operate the Franchised Business in conformity with the methods, standards and specifications prescribed by Franchisor.

Franchisee agrees to comply with the Manual, as it is modified from time to time, and all directives, rules and procedures specified by Franchisor, and will, among other things:

- 12.1.1 Use only those furnishings, fixtures, décor, equipment, supplies, and signage that conform with Franchisor's specifications and/or which shall be purchased from only those vendors designated and approved by Franchisor. Franchisee acknowledges and agrees that: (i) Franchisor and/or Franchisor's affiliate may be a designated supplier or sole approved supplier of any product or service that Franchisee is required to lease or purchase, (ii) Franchisor and/or Franchisor's affiliate may receive payment from supplier(s) related to Franchisee's required purchases or leases, and (iii) any payments so received are for Franchisor's benefit only and may be used or applied in any manner determined by Franchisor in Franchisor's sole and absolute discretion;
- 12.1.2 Maintain and operate the Franchised Business location in attractive condition and good repair, using Franchisee's best efforts to maintain a clean, enjoyable and inviting atmosphere therein in accordance with System standards, the Manual and all other directives and requirements of Franchisor, and do such redecoration, repairing, refurbishing and restoration as from time to time may be reasonably required to meet System standards and Franchisor's requirements as they may be modified from time to time;
- 12.1.3 Procure the necessary licenses or permits to allow the operation of the Franchised Business and otherwise comply with all applicable governmental laws, ordinances, rules, and regulations including those related to health and sanitation;
- 12.1.4 Maintain sufficient inventories of ingredients and supplies, as prescribed by Franchisor;
- 12.1.5 Conduct sales in accordance with Franchisor's standards and specifications. Franchisee acknowledges and accepts that Franchisee may only engage in providing food and beverage service to end-users. Franchisee is expressly prohibited from selling products outside of the Franchised Business location, on the internet, to dealers and/or to distributors for subsequent resale, and engaging in such sales shall be a material default of this Agreement;
- 12.1.6 Employ only qualified individuals who are trained in accordance with Franchisor's standards, including but not limited to the protection of Franchisor's confidential and proprietary information, and who will at all times enhance Franchisor's brand and conduct themselves in a competent and courteous manner in accordance with this Agreement and the image and reputation of the System. Franchisee shall use its best efforts to ensure that Franchisee's employees maintain a neat and clean appearance and render competent and courteous service to patrons of the Franchised Business. Franchisee acknowledges and agrees that poorly trained employees, sloppy or unclean appearances and incompetent or discourteous service

are extremely damaging to the goodwill of the System and the Marks and are a material default of this Agreement;

- 12.1.7 Permit Franchisor or its agents, to inspect the Franchised Business location and any services, products, or equipment, to determine whether they meet Franchisor's then-current standards, specifications, and requirements. In addition to any other remedies Franchisor may have, Franchisee shall reimburse Franchisor for Franchisor's inspection costs of any item that does not conform to the System standards and specifications;
- 12.1.8 Prominently display signs in and upon the Franchised Business location using the Marks and/or other advertising and/or signs of such nature, form, color, number, location, and size, and containing such material, as Franchisor may from time to time reasonably direct or approve in writing; and to refrain from using any sign, advertising media, or identifying element of any kind to which Franchisor reasonably objects, including signs and advertising media which have been outdated. Upon giving Franchisee notice of its objection to same or upon termination hereof, Franchisor may at any time enter upon the Franchised Business location or elsewhere and remove any objectionable or non-approved sign, advertising media or identifying element and keep or destroy same without paying therefor or without being deemed guilty of trespass or any other tort; and
- 12.1.9 Conduct all advertising programs in a manner consistent with Franchisor's standards and specifications, in a manner satisfactory to Franchisor and that will not detract from the reputation of the System or the Marks.

12.2 Bookkeeping and Reports.

- 12.2.1 Franchisee agrees to keep and maintain complete and accurate books and records of its transactions and business operations using the accounting procedures and chart of accounts specified by Franchisor. Franchisee agrees to purchase the Computer Systems specified in Section 12.3 to maintain the records and accounts of the Franchisee to the standards of the Franchisor. Franchisee acknowledges and agrees that the financial data of Franchisee's Franchised Business (i) is owned by Franchisor, (ii) is Franchisor's Proprietary Information, (iii) may be published in franchise disclosure document(s) issued by Franchisor following the Effective Date hereof, and (iv) may be shared with other franchisees in the System.
- 12.2.2 Within thirty (30) days after the close of each calendar quarter and within ninety (90) days after the close of each fiscal year, Franchisee will furnish Franchisor a full and complete written statement of income and expense and a profit and loss statement for the operation of the Franchised Business during said period, together with a balance sheet for the Franchised Business, all of which shall be prepared in accordance with generally accepted accounting principles and practice. Franchisee's annual statements and balance sheets shall be prepared by an independent certified public accountant and certified to be correct.

- 12.2.3 The financial statements required hereunder shall be in such form and contain such information as Franchisor may from time to time reasonably designate.
- 12.2.4 Franchisor reserves the right to require Franchisee to engage the services of a third-party accounting services firm, designated and approved by Franchisor, in the event that (i) Franchisee fails to keep books and records in accordance with Franchisor's standards or (ii) Franchisor, in its sole discretion, determines that use of a third-party accounting services firm by all System franchisees is beneficial to the System.
- 12.2.5 Franchisor shall have the right at all reasonable times to examine, at its expense, Franchisee's books, records, and tax returns. If Franchisor's examination finds that any Gross Revenue Report was understated by two percent (2%) or more, Franchisee shall reimburse Franchisor for the cost of such examination and pay the Franchisor the amounts due together with interest thereon at the rate provided herein. Such understatement may be considered a material default hereunder. Two (2) such understatements during the term of this Agreement may, at the option of Franchisor, be considered an incurable default and thereby subject to termination as provided herein.

12.3 Computer Systems.

- 12.3.1 Franchisee, at Franchisee's sole expense, shall install and maintain the POS System and computer hardware and software Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.
- 12.3.2 Franchisor may require Franchisee, at Franchisee's sole expense, to install and maintain systems and web-based payment processing accounts that permit Franchisor to independently and electronically access and retrieve any information stored in Franchisee's POS System, security system, other computer systems and web-based payment processing accounts, including, without limitation, information concerning Gross Revenue. Upon Franchisor's request, Franchisee shall execute such documents as Franchisor deems necessary to permit Franchisor to independently and electronically access and retrieve all information stored on Franchisee's POS System, other computer systems and web-based payment processing accounts.
- 12.3.3 Any and all customer data collected or provided by Franchisee, retrieved from Franchisee's POS System, or otherwise collected from Franchisee by Franchisor or provided to Franchisor, is and will be owned exclusively by Franchisor and will be considered to be Franchisor's proprietary and Confidential Information. Franchisor has the right to use such data in any manner without compensation to Franchisee. Franchisor licenses to Franchisee the use of such data solely for the purpose of operating the Franchised Business; provided that, this license shall automatically and

irrevocably terminate, without any additional action or notice required by Franchisor, upon the expiration or earlier termination of this Agreement.

- 12.3.4 Franchisor may require Franchisee, at Franchisee's sole expense, to enter into software license agreements in the form that Franchisor requires for software Franchisor develops or acquires for use in the System.
- 12.3.5 Franchisee shall have and maintain adequate hardware and software in order to access the Internet at the speed required by Franchisor from time to time. Franchisee shall utilize the electronic mail account provided by Franchisor. Franchisee shall promptly read and respond to all electronic mail related to the Franchised Business no less often than on a daily basis and shall accept and acknowledge receipt of all electronic mail sent by Franchisor. Franchisee shall not establish any website or other listing on the Internet except as provided and specifically permitted herein.
- 12.3.6 Franchisor has established a website that provides information about the System and the products and services offered by the Boba Nation System (the "Website"). Franchisor has sole discretion and control over the Website. Franchisor shall include a listing on its Website linking Franchisee's Franchised Business location and calendar. Franchisee has no ownership or other proprietary rights to Franchisor's website and Franchisee will lose all rights to such link to Franchisee's location upon expiration or termination of this Agreement for any reason.
- 12.3.7 In addition to the requirements of Section 6.4, Franchisee shall pay all fees, whether to Franchisor or to third party vendor(s), and expenses for technology required by this Agreement for operation of the Franchised Business, including but not limited to, the costs of computer hardware and software and applications, installation costs and regularly recurring fees for software and digital menu displays, Internet access, license fees, help desk fees, and licensing or user-based fees.
- 12.3.8 Franchisee, at Franchisee's sole expense, shall install and maintain the video security system that Franchisor requires for the operation of the Franchised Business and shall follow the procedures related thereto that Franchisor specifies in the Manual or otherwise in writing.

- 12.4 **Safety and Security of Premises.** Franchisee is solely responsible for the safety and security of the Franchised Business location for Franchisee, Franchisee's personnel, customers, agents and the general public. Any suggestions by Franchisor on such matters are for guidance only and not binding on Franchisee. All matters of safety and security are within Franchisee's discretion and control, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims made against Franchisor regarding safety or security.
- 12.5 **Prices.** Subject to applicable law, Franchisor may recommend or set maximum prices for services and products offered by Franchisee, which may vary depending on geographic

and other market conditions. Franchisee acknowledges that Franchisor has made no guarantee or warranty that offering services or products at any particular price will enhance Franchisee's sales or profits.

12.6 Unapproved Item/Suppliers. If Franchisee desires to purchase, lease or use any unapproved equipment, product, or service or to purchase, lease or use any equipment, product or service from an unapproved supplier, Franchisee shall submit to Franchisor a written request for such approval prior to utilizing such product, service or supplier. Franchisee shall not purchase or lease any item or use any supplier until and unless such item or supplier has been approved in writing by Franchisor. Franchisor shall have the right to require that its representatives be permitted to inspect the supplier's facilities and to test or otherwise evaluate samples from the supplier. Franchisor reserves the right to charge Franchisee a fee equal to the actual cost and expense to Franchisor for inspection and testing. Franchisor shall notify Franchisee whether Franchisor approves or disapproves of the proposed item or supplier within thirty (30) days after Franchisor receives all required information to evaluate the product, service or supplier. Franchisor reserves the right, at its option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke its approval upon the supplier's failure to continue to meet any of Franchisor's then-current criteria. Nothing in the foregoing shall be construed to require Franchisor to approve any particular item or supplier.

12.7 External Quality Assurance Services. Franchisor reserves the right to establish quality assurance programs conducted by third-party providers, including, but not limited to, mystery shop programs and periodic quality assurance audits ("Quality Review Services"). Upon Franchisor's request and at Franchisee's sole cost and expense, Franchisee shall subscribe, to any such third-party provider for Quality Review Services to monitor the operations of the Franchised Business as directed by Franchisor. In the event Franchisee does not pass, in Franchisor's sole discretion, any quality assurance audit, whether conducted through a third party or by Franchisor pursuant to Section 10.4 above, on two (2) occasions in any consecutive twelve- (12) month period, Franchisor reserves the right, in addition to any other rights and remedies Franchisor may have under this Agreement, to require Franchisee to pay to Franchisor a repeated non-compliance fee equal to Three Hundred Dollars (\$300.00) per incident per day, beginning with a third such failed quality assurance audit in a consecutive twelve- (12) month period and for each subsequent failed quality assurance audit in a consecutive twelve- (12) month period.

12.8 Variations in Standards. Notwithstanding anything to the contrary contained in this Agreement and this Section 12 in particular, Franchisee acknowledges and agrees that because complete and detailed uniformity under many varying conditions may not be possible or practical, Franchisor specifically reserves the right and privilege, at its sole discretion and as it may deem in the best interests of all concerned in any specific instance, to vary performance standards for some franchisees based upon the peculiarities and characteristics of the particular site or circumstance, business potential, existing business practices or any other condition which Franchisor deems to be of importance to the successful operation of such particular franchise business. Franchisor has full rights

to vary standard specifications and practices for any other franchisee at any time without giving Franchisee comparable rights. Franchisee shall not be entitled to require Franchisor to disclose or grant to Franchisee a like or similar variation.

12.9 **Employee Background Check.** Franchisee shall conduct a background review of every prospective employee's criminal history and any other histories (such as motor vehicle and/or credit histories) that are required by state and local laws, regulations, and ordinances and/or that Franchisee determines to be necessary and appropriate, prior to hiring. Franchisee shall not hire any prospective employee for any position involving entrance on or into private property if such prospective employee's background review indicates, in Franchisee's sole discretion, a propensity for violence, dishonesty, negligent, reckless, or careless behavior, or a conviction for any crime reasonably related to the prospective employee's employment. Notwithstanding the foregoing, all matters Franchisee's discretion and control. Franchisor shall not be liable to franchisee, any employee or prospective employee of Franchisee, or any third party for any act or omission of Franchisee or any employee or agent of Franchisee, and Franchisee's indemnification obligations set forth in Section 15.6 hereof shall apply to any claims, demands or actions against Franchisor arising from any act or omission of Franchisee or any employee or agent of Franchisee (including, without limitation, refusal to hire or discrimination claims or claims asserted by third parties for torts allegedly committed by any employee or agent of Franchisee).

13. ADVERTISING, PROMOTIONS AND RELATED FEES.

13.1 **Advertising Programs.** Franchisor may from time to time develop and administer advertising and sales promotion programs designed to promote and enhance the collective success of all Franchised Businesses operating under the System. Franchisee shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by Franchisor from time to time for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by Franchisor, as modified from time to time, shall be final and binding upon Franchisee.

13.2 Local Advertising.

13.2.1 In addition to the ongoing advertising contributions set forth herein, and following the expenditures set forth in Section 13.2.3 below, Franchisee shall spend monthly, throughout the term of this Agreement, not less than one percent (1%) of the average System-wide Gross Revenue per territory per month for outlets open at least one year as published by Franchisor from time to time ("Local Advertising"). Franchisor reserves the right to increase this minimum expenditure in its sole discretion. Franchisor may require Franchisee to allocate to an advertising cooperative, as described in Section 13.4, some or all of Franchisee's required Local Advertising expenditures. Such allocation will be in partial or full satisfaction

of Franchisee's obligations pursuant to this Section 13.2.1. Franchisor reserves the right to collect some or all of Franchisee's Local Advertising expenditure and implement Local Advertising on Franchisee's behalf

- 13.2.2 Within ten (10) business days of Franchisor's request, Franchisee shall provide a quarterly expenditure report accurately reflecting Franchisee's Local Advertising expenditures for the preceding quarterly period. The following costs and expenditures incurred by Franchisee shall *not* be included in Franchisee's expenditures on Local Advertising for purposes of this Section, unless approved in advance by Franchisor in writing: (i) incentive programs for employees or agents of Franchisee; (ii) research expenditures; (iii) salaries and expenses of any of Franchisee's personnel to attend advertising meetings, workshops or other marketing activities; (iv) charitable, political or other contributions or donations.
- 13.2.3 In addition to the requirements of Section 13.2.1, during the opening of the Franchised Business, Franchisee shall conduct a grand opening marketing campaign in the Territory in which Franchisee must spend at least Six Thousand Dollars (\$6,000.00) on marketing, promotion, and awareness-generating activities. Franchisor shall advise Franchisee on a grand-opening campaign, and Franchisee acknowledges that additional funds may be required for approved grand-opening activities in the Territory. Franchisor reserves the right to collect some or all of Franchisee's grand opening funds and implement grand opening campaign activities on Franchisee's behalf.

13.3 Brand Fund.

- 13.3.1 Franchisor has established a national Brand Fund (the "Brand Fund") on behalf of the System for national advertising, marketing, and brand development. Franchisee is required to contribute to the Brand Fund one percent (1%) of the Gross Revenue generated weekly by the Franchised Business ("Brand Fund Contribution"). Franchisor reserves the right to increase the Brand Fund Contribution to two percent (2%) of Gross Revenue. Payments will be made in the same manner and time as the Royalty Fees. If Franchisee fails to timely report Gross Revenue, then, in addition to a late fee and interest pursuant to Sections 6.2 and 6.3 hereof, Franchisor shall collect one hundred twenty percent (120%) of the last Brand Fund Contribution payable. Franchisor shall reconcile amounts when Gross Revenues are reported.
- 13.3.2 Franchisee agrees and acknowledges that the Brand Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Franchised Businesses operating under the System.
- 13.3.3 Franchisor may, but has no obligation to, contribute to the Brand Fund on the same basis as Franchisee with respect to Boba Nation outlets operated by Franchisor or Franchisor's affiliates.
- 13.3.4 Franchisor may use the Brand Fund to satisfy any and all costs of developing, preparing, producing, directing, administering, conducting, maintaining and

disseminating advertising, marketing, promotional and public relations materials, programs, campaigns, sales and marketing seminars and training programs of every kind and nature, through media now existing or hereafter developed (including, without limitation, the cost of television, radio, magazine, social media, newspaper and electronic advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; conducting marketing research, employing advertising agencies to assist therein; developing, enhancing and maintaining the Website; and personnel and other departmental costs for advertising that Franchisor internally administers or prepares).

- 13.3.5 The Brand Fund will not be used to defray any of Franchisor's general operating expenses, except for reasonable administrative costs and overhead that Franchisor may incur in activities related to the administration and direction of the Brand Fund and such costs and expenses pursuant Section 13.3.4. The Brand Fund and its earnings shall not otherwise inure to Franchisor's benefit except that any resulting technology and intellectual property shall be deemed the property of Franchisor.
- 13.3.6 Franchisor will prepare an unaudited annual statement of the Brand Fund's operations and will make it available to Franchisee upon request. In administering the Brand Fund, Franchisor undertakes no obligation to make expenditures for Franchisee that are equivalent or proportionate to Franchisee's contribution or to ensure that any particular franchisee benefits directly or pro rata from the production or placement of advertising.
- 13.3.7 Although the Brand Fund is intended to be of perpetual duration, Franchisor may terminate it at any time and for any reason or no reason. Franchisor will not terminate the Brand Fund, however, until all monies in the Brand Fund have been spent for advertising or promotional purposes or returned to contributors, without interest, on the basis of their respective contributions.

- 13.4 Regional Advertising. Franchisor reserves the right to establish, in Franchisor's sole discretion, a regional advertising cooperative. If a regional cooperative is established during the term of this Agreement, Franchisee agrees to sign all documents Franchisor requests to become a member of the cooperative according to the terms of the documents. If Franchisor establishes a regional cooperative, Franchisee agrees to contribute amounts Franchisor requires, in addition to required Brand Fund Contributions.
- 13.5 Directory Listings. At Franchisee's sole cost and expense, Franchisee must list the Franchised Business in local business directories, including, but not limited to, listings on Internet search engines. If feasible, and with Franchisor's prior written approval, Franchisee may do cooperative listings with other System franchisees. Notwithstanding the foregoing, Franchisee may not maintain any business profile on Facebook, Twitter, X, LinkedIn, TikTok, Instagram, YouTube or any other social media and/or networking site without Franchisor's prior written approval and in strict accordance with Franchisor's requirements.

13.6 Approval of Advertising. All advertising and promotion by Franchisee, in any medium, shall be conducted in a professional manner and shall conform to the standards and requirements of Franchisor as set forth in the Manual or otherwise. Franchisee shall submit to Franchisor for its approval samples of all advertising, press releases, promotional plans and materials and public relations programs that Franchisee desires to use, including, without limitation, any materials in digital, electronic or computerized form, or in any form of media now or hereafter developed that have not been either provided or previously approved by Franchisor. Franchisor shall approve or disapprove such plans and materials within fourteen (14) business days of Franchisor's receipt thereof. If Franchisor fails to respond to Franchisee's submission within fourteen (14) business days, such plans and materials shall be deemed "disapproved". Franchisee shall not use such unapproved plans or materials until they have been approved by Franchisor in writing, and shall promptly discontinue use of any advertising or promotional plans or materials, whether or not previously approved, upon notice from Franchisor. Any advertising, marketing or sales concepts, programs or materials proposed or developed by Franchisee for the Boba Nation brand and approved by Franchisor may be used by other System franchisees without any compensation to Franchisee.

14. INTELLECTUAL PROPERTY.

14.1 Ownership.

14.1.1 Franchisee expressly understands and acknowledges that Boba Nation IP, LLC or its successor ("Licensor") is the record owner of the Marks. Franchisor holds the exclusive right to license the Marks to franchisees of the System for use pursuant to the System. Franchisee further expressly understands and acknowledges that Franchisor and/or Licensor claims copyrights on certain material used in the System, including but not limited to its website, documents, project designs, advertisements, promotional materials, photographs, social media content, and the Manual, whether or not Franchisor has filed for copyrights thereto with the U.S. Copyright Office. The Marks and copyrights, along with Franchisor's trade secrets, service marks, trade dress and proprietary systems are hereafter collectively referred to as the "Intellectual Property".

14.1.2 As between Franchisor and Franchisee, Licensor and Franchisor are the owner of all right, title and interest in and to the Intellectual Property and the goodwill associated with and symbolized by them.

14.2 No Interference. Neither Franchisee nor any Principal shall take any action that would prejudice or interfere with the validity of Franchisor's or Licensor's rights with respect to the Intellectual Property. Nothing in this Agreement shall give the Franchisee any right, title, or interest in or to any of the Intellectual Property or any of Franchisor's or Licensor's service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Intellectual Property and the System in accordance with the terms and conditions of this Agreement for the operation of a

Franchised Business and only at or from the Franchised Business location or in approved advertising related to the Franchised Business.

- 14.3 **Goodwill.** Franchisee understands and agrees that any and all goodwill arising from Franchisee's use of the Intellectual Property and the System shall inure solely and exclusively to the benefit of Franchisor and Licensor, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with Franchisee's use of the Intellectual Property.
- 14.4 **Validity.** Franchisee shall not contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property or assist others to contest the validity of, or Franchisor's or Licensor's interest in, the Intellectual Property.
- 14.5 **Infringement.** Franchisee acknowledges that any unauthorized use of the Intellectual Property shall constitute an infringement of Franchisor's or Licensor's rights in the Intellectual Property and a material event of default hereunder. Franchisee shall provide Franchisor or Licensor with all assignments, affidavits, documents, information and assistance Franchisor or Licensor reasonably requests to fully vest in Franchisor or Licensor all such rights, title and interest in and to the Intellectual Property, including all such items as are reasonably requested by Franchisor or Licensor to register, maintain and enforce such rights in the Intellectual Property.
- 14.6 **Substitution.** Franchisor reserves the right to substitute different Marks for use in identifying the System and the Franchised Business, if it in its sole discretion, determines that substitution of different Marks will be beneficial to the System. Franchisor will not be liable to Franchisee for any expenses, losses or damages sustained by Franchisee as a result of any additions, modifications, substitutions or discontinuation of the Marks. Franchisee covenants not to commence or join in any litigation or other proceeding against Franchisor for any of these expenses, losses or damages.
- 14.7 **Franchisee's Use of the Intellectual Property.** With respect to Franchisee's use of the Intellectual Property pursuant to this Agreement, Franchisee further agrees that:
 - 14.7.1 Unless otherwise authorized or required by Franchisor, Franchisee shall advertise the Franchised Business only under the Marks "Boba Nation" and design. Franchisee shall not use the Marks, or any portions, variations, or derivatives thereof, as part of its corporate or other legal name. All fictitious names used by Franchisee shall bear the designation "a franchisee of Boba Nation Franchise LLC."
 - 14.7.2 Franchisee shall identify itself as the owner of the Franchised Business and as an independent Boba Nation franchisee in conjunction with any use of the Intellectual Property, including, but not limited to, uses on invoices, order forms, receipts, and contracts, as well as the display of a notice in such content and form and at such

conspicuous locations on the premises of the Franchised Business as Franchisor may designate in writing.

14.7.3 Franchisee shall not use the Intellectual Property to incur any obligation or indebtedness on behalf of Franchisor.

14.7.4 Any item offered by Franchisee that contains the Marks, must be approved by Franchisor in writing prior to being distributed or sold by Franchisee and such approval may be granted or denied in Franchisor's sole and absolute discretion.

14.8 **Claims.** Franchisee shall notify Franchisor immediately via both email and telephone, of any apparent infringement of or challenge to Franchisee's use of any Intellectual Property and of any claim by any person of any rights in any Intellectual Property. Franchisee shall not communicate with any person other than Franchisor or any designated affiliate thereof, their counsel and Franchisee's counsel in connection with any such infringement, challenge or claim. Franchisor shall have complete discretion to take such action as it deems appropriate in connection with the foregoing, and the right to control exclusively, or to delegate control to any of its affiliates of, any settlement, litigation or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Intellectual Property. Franchisee agrees to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in the opinion of Franchisor, reasonably be necessary or advisable to protect and maintain the interests of Franchisor or any other person or entity in any litigation or other proceeding or to otherwise protect and maintain the interests of Franchisor or any other interested party in the Intellectual Property. Franchisor will indemnify and defend Franchisee against and reimburse Franchisee for actual damages (including settlement amounts) for which Franchisee is held liable in any proceeding arising out of Franchisee's use of any of the Intellectual Property that infringes on the rights of any other party, provided that the conduct of Franchisee with respect to such proceeding and use of the Intellectual Property is in full compliance with the terms of this Agreement.

14.9 Franchisor may use and grant franchises and licenses to others to use the Intellectual Property and the System and to establish, develop and franchise other systems, different from the System licensed to Franchisee herein, without offering or providing Franchisee any rights in, to or under such other systems and Franchisor may modify or change, in whole or in part, any aspect of the Intellectual Property or the System, so long as Franchisee's rights thereto are in no way materially harmed thereby.

14.10 Franchisee shall not register or attempt to register the Intellectual Property in Franchisee's name or that of any other person, firm, entity, or corporation.

15. INSURANCE AND INDEMNIFICATION.

15.1 **Procurement.** Franchisee shall procure, prior to the commencement of any operations under this Agreement, and thereafter maintain in full force and effect during the term of this Agreement at Franchisee's sole cost and expense and to Franchisor's sole

satisfaction, insurance policies protecting Franchisee and Franchisor, and naming Franchisor, its officers, directors, partners, owners, employees and affiliates as additional insureds as their interests may appear, in the following minimum limits (except as additional coverage and higher policy limits may reasonably be specified from time to time in the Manual or otherwise in writing):

- 15.1.1 Liability. Commercial general liability insurance, including contractual liability, public liability, liquor liability (when applicable), personal injury, products liability, and advertising injury coverage in the amount of at least One Million Dollars (\$1,000,000) per occurrence and Two Million Dollars (\$2,000,000) aggregate;
- 15.1.2 Employment. Worker's compensation coverage in the limits required by the state in which the Franchised Business is located and operated, as well as such other insurance as may be required by statute or rule of the state in which the Franchised Business is located and operated;
- 15.1.3 Business Interruption. Business interruption insurance to cover payments to Franchisor of Royalties and Brand Fund Contributions during the business interruption; and
- 15.1.4 Property. Fire, vandalism and extended coverage insurance for property damage with primary and excess limits to cover the full replacement value of the leasehold improvements, computer systems, and other personal property of the Franchised Business; and

- 15.2 Evidence of Insurance. Franchisee shall deliver to, and maintain at all times with Franchisor, current Certificates of Insurance evidencing the existence and continuation of the required coverages. In addition, if requested by Franchisor, Franchisee shall deliver to Franchisor a copy of the insurance policy or policies required hereunder.
- 15.3 Failure to Procure. If, for any reason, Franchisee should fail to procure or maintain the insurance required by this Agreement as revised from time to time for all franchisees by the Manual or otherwise in writing, Franchisor shall have the right and authority (without, however, any obligation) to immediately procure such insurance and to charge Franchisee for the cost thereof together with a reasonable fee for Franchisor's expenses in so acting, including all attorneys' fees. Franchisee shall pay Franchisor immediately upon notice by Franchisor to Franchisee that Franchisor has undertaken such action and the cost thereof.
- 15.4 Increase in Coverage. The levels and types of insurance stated herein are minimum requirements. Franchisor reserves the right to raise the required minimum requirements for any type of insurance or add additional types of insurance requirements as Franchisor deems reasonably prudent to require. Within thirty (30) days of any such required new limits or types of coverage, Franchisee must submit proof to Franchisor of Franchisee's coverage pursuant to Franchisor's requirements.

15.5 Additional Insured. All required insurance policies shall name Franchisor and their affiliates and their members, officers, agents and employees as additional insureds as their interests may appear. All public liability policies shall contain a provision that the additional insureds, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss caused by Franchisee or Franchisee's servants, agents or employees.

15.6 Indemnification. TO THE FULLEST EXTENT PERMITTED BY LAW, FRANCHISEE AGREES TO EXONERATE AND INDEMNIFY AND HOLD HARMLESS BOBA NATION FRANCHISE LLC, BOBA NATION HOLDINGS, LLC, LICENSOR, AND ANY OF THESE COMPANIES' PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES AS WELL AS THEIR DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES (COLLECTIVELY REFERRED TO AS THE "BOBA NATION INDEMNITEES"), FROM ALL CLAIMS BASED UPON, ARISING OUT OF, OR IN ANY WAY RELATED TO THE OPERATION, CONDITION, OR ANY PART OF FRANCHISEE'S BOBA NATION FRANCHISE, THE FRANCHISED BUSINESS, THE PRODUCTS, THE PREMISES, OR ANY ASPECT OF THE REAL ESTATE CONNECTED TO FRANCHISEE'S FRANCHISED BUSINESS, WHETHER CAUSED BY FRANCHISEE, FRANCHISEE'S AGENTS OR EMPLOYEES, OR ARISING FROM FRANCHISEE'S ADVERTISING OR BUSINESS PRACTICES. FRANCHISEE AGREES TO PAY FOR ALL THE BOBA NATION INDEMNITEES' LOSSES, EXPENSES (INCLUDING, BUT NOT LIMITED TO ATTORNEYS' FEES) OR CONCURRENT OR CONTRIBUTING LIABILITY INCURRED IN CONNECTION WITH ANY ACTION, SUIT, PROCEEDING, INQUIRY (REGARDLESS OF WHETHER THE SAME IS REDUCED TO JUDGMENT OR DETERMINATION), OR ANY SETTLEMENT THEREOF FOR THE INDEMNIFICATION GRANTED BY FRANCHISEE HEREUNDER. THE BOBA NATION INDEMNITEES SHALL HAVE THE RIGHT TO SELECT AND APPOINT INDEPENDENT COUNSEL TO REPRESENT ANY OF THE BOBA NATION INDEMNITEES IN ANY ACTION OR PROCEEDING COVERED BY THIS INDEMNITY. FRANCHISEE AGREES THAT TO HOLD THE BOBA NATION INDEMNITEES HARMLESS, FRANCHISEE WILL REIMBURSE THE BOBA NATION INDEMNITEES AS THE COSTS AND EXPENSES ARE INCURRED BY THE BOBA NATION INDEMNITEES.

Initial

16. TRANSFERS.

16.1 Transfers by Franchisor.

16.1.1 Franchisor shall have the right to assign this Agreement, and all of Franchisor's rights and privileges hereunder, to any person, firm, corporation or other entity, without Franchisee's permission or prior knowledge, provided that, with respect to any assignment resulting in the subsequent performance by the assignee of

Franchisor's obligations, the assignee shall expressly assume and agree to perform Franchisor's obligations hereunder. Specifically, and without limitation to the foregoing, Franchisee expressly affirms and agrees that Franchisor may: (i) sell Franchisor's assets and Franchisor's rights to the Marks and the System outright to a third party; (ii) engage in a public or private placement of some or all of Franchisor's securities; (iii) merge, acquire other corporations, or be acquired by another corporation, including competitors; (iv) undertake a refinancing, recapitalization, leveraged buy-out or other economic or financial restructuring; and (v) with regard to any or all of the above sales, assignments and dispositions, Franchisee expressly and specifically waives any claims, demands or damages arising from or relating to the loss of association with or identification of Franchisor. Nothing contained in this Agreement shall require Franchisor to remain in the business franchised herein or to offer the same products and services, whether or not bearing the Marks, in the event that Franchisor exercises its prerogative hereunder to assign Franchisor's rights in this Agreement.

- 16.1.2 Franchisee agrees that Franchisor has the right, now or in the future, to purchase, merge, acquire or affiliate with an existing competitive or non-competitive franchise network, chain or any other business regardless of the location of that chain's or business' facilities, and to operate, franchise or license those businesses and/or facilities operating under the Marks or any other marks following Franchisor's purchase, merger, acquisition or affiliation, regardless of the location of the facilities (which Franchisee acknowledges may be within the Territory, proximate thereto, or proximate to any of Franchisee's locations). However, Franchisor represents that it will not convert any such acquired facilities that are operating within the Territory to a Boba Nation franchise during the Term of this Agreement.
- 16.1.3 If Franchisor assigns its rights in this Agreement, nothing herein shall be deemed to require Franchisor to remain in the casual restaurant business or to offer or sell any products or services to Franchisee.
- 16.2 Restrictions on Transfers by Franchisee. Franchisee's rights and duties under this Agreement are personal to Franchisee as it is organized and with the Principal(s) of the business as they exist on the date of execution of this Agreement, and Franchisor has made this Agreement with Franchisee in reliance on Franchisor's perceptions of the individual and collective character, skill, aptitude, attitude, business ability, and financial capacity of Franchisee or Principal(s). Thus, no transfer, as hereafter defined, may be made without Franchisor's prior written approval. Franchisor may void any transfer made without such approval.
- 16.3 Transfers by Franchisee. Franchisee shall not directly or indirectly sell, assign, transfer, give, devise, convey or encumber this Agreement or any right or interest herein or hereunder (a "Transfer"), the Franchise, the Franchised Business or any assets thereof (except in the ordinary course of business) or suffer or permit any such assignment, transfer, or encumbrance to occur by operation of law unless it first obtains the written

consent of Franchisor. A transfer of any stock in the Franchisee if it is a corporation or a transfer of any ownership rights in Franchisee if it is a partnership, a limited liability company or limited partnership shall be considered a Transfer restricted hereunder. If Franchisee has complied fully with this Agreement and subject to Franchisor's Right of First Refusal set forth in Section 16.6, Franchisor will not unreasonably withhold its consent of a Transfer that meets the following requirements:

- 16.3.1 The proposed transferee and all its principals must have the demeanor, and be individuals of good character, and otherwise meet Franchisor's then-applicable standards for franchisees;
- 16.3.2 The transferee must have sufficient business experience, aptitude and financial resources to operate the Franchised Business and to comply with this Agreement;
- 16.3.3 The transferee has agreed to complete Franchisor's Initial Training Program to Franchisor's satisfaction;
- 16.3.4 Franchisee has paid all amounts owed to Franchisor and third-party creditors;
- 16.3.5 The transferee has executed Franchisor's then-standard form of Franchise Agreement, which may have terms and conditions different from this Agreement, except that the transferee shall not be required to pay the Initial Franchise Fee;
- 16.3.6 Franchisee and the transferee and each of Franchisee's and the transferee's Principals shall have executed a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and Franchisor's officers, directors, shareholders, members and employees in their corporate and individual capacities, including, without limitation, claims arising under federal, state, and local laws, rules and ordinances. Franchisee will agree to subordinate any claims Franchisee may have against the transferee to Franchisor, and indemnify Franchisor against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by Franchisor in the Franchise Disclosure Document given to the transferee;
- 16.3.7 Franchisor has granted written approval of the material terms and conditions of the Transfer, including, without limitation, that the price and terms of payment will not adversely affect the Franchised Business's operation. However, Franchisor's approval of a Transfer is not in any way a representation or warranty of the transferee's success or the soundness of transferee's decision to purchase the Franchise on such terms and conditions. Franchisee shall provide Franchisor all proposed transfer documents for Franchisor's review at least thirty (30) days prior to a closing of the proposed Transfer;
- 16.3.8 If Franchisee or any Principal finances any part of the sale price of the Transfer, Franchisee or its Principal have agreed that all obligations of the transferee under

any notes, agreements or security interests to Franchisee or its Principal will be subordinate to the transferee's obligations to Franchisor; and

16.3.9 If consent is required, the lessor of the Franchised Business's premises consents to the assignment or further sublet of the premises to the transferee.

16.4 Transfer Fee. As a condition to any Transfer, Franchisee shall pay Franchisor a transfer fee equal to seventy-five percent (75%) of the then-current initial franchise fee; provided however, for transfers to (i) another franchisee of Franchisor in good standing, the transfer fee shall be equal to fifty percent (50%) of the then-current initial franchise fee, and (ii) add a business entity or new shareholder or member of the Franchisee entity and such transfer does not change management control of the franchise, the transfer fee is equal to One Thousand Five Hundred Dollars (\$1,500.00).

16.5 Entity Formation Documents. The By-Laws of a corporation or Operating Agreement of a limited liability company of a Franchisee that is an entity must state that (i) the issuance and assignment of any interest in Franchisee are restricted by this Article 16; (ii) Franchisee may conduct no business except the operation of a Franchised Business pursuant to the terms of this Agreement; (iii) transfers of interests in Franchisee are subject to the terms of this Agreement governing transfers; and (iv) stock or member certificates will contain a legend so indicating.

16.6 Franchisor's Right of First Refusal.

16.6.1 If Franchisee wishes to transfer all or part of its interest in the Franchised Business or this Agreement or if a Principal wishes to transfer any ownership interest in Franchisee, pursuant to any bona fide offer to purchase such interest, then Franchisee or such Principal shall promptly notify Franchisor in writing of each such offer, and shall provide such information and documentation relating to the offer, as Franchisor may require.

16.6.2 Franchisor has the right, exercisable by written notice to Franchisee within thirty (30) days after receipt of written notification and copies of all documentation required by Franchisor describing such offer, to buy the interest in this Agreement and the Franchised Business or the Principal's interest in Franchisee for the price and on the terms and conditions contained in the offer, subject to Section 16.6.3.

16.6.3 Franchisee further agrees, in the event Franchisor exercises its right of first refusal, notwithstanding anything to the contrary contained in the offer, that (i) Franchisor may substitute cash for any other form of consideration contained in the offer; (ii) at Franchisor's option, Franchisor may pay the entire purchase price at closing; (iii) Franchisor's credit will be deemed equal to the credit of any proposed transferee; (iv) Franchisor will have at least sixty (60) days to close the purchase; and (v) Franchisor will be entitled to receive from the Franchisee all customary representations and warranties given by a seller of the assets of a business or equity interest in an entity, as applicable.

16.6.4 If Franchisor does not exercise its right to buy within thirty (30) days, Franchisee may thereafter transfer the interest to the transferee on terms no more favorable than those disclosed to Franchisor, provided that such transfer is subject to Franchisor's prior written approval pursuant to Section 16.3 hereof. However, if (i) the sale to the transferee is not completed within one hundred twenty (120) days after the offer is given to Franchisor or (ii) there is any material change in the terms of the offer, the offer will again be subject to Franchisor's right of first refusal.

16.7 **Death or Permanent Disability.** The grant of rights under this Agreement is personal to Franchisee, and on the death or permanent disability of Franchisee or any of Franchisee's Principals, the executor, administrator, conservator or other personal representative of Franchisee or Principal, as the case may be, shall be required to transfer Franchisee's or Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by Franchisor. Failure to transfer in accordance with the forgoing will constitute a material default and the Franchise granted by this Agreement will terminate. Accordingly, the executor, administrator, conservator or other personal representative of Franchisee or Franchisee's Principal, as the case may be, shall be required to transfer Franchisee's or Franchisee's Principal's interest in this Agreement within six (6) months from the date of death or permanent disability, to a third party approved by Franchisor. A transfer under this Section 16.7, including without limitation, transfer by devise or inheritance, is subject to the conditions for Transfers in this Article 16 and unless transferred by gift, devise or inheritance, subject to the terms of Section 16.6 above. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of Franchisee's Franchised Business during the six (6)-month period from its onset.

Immediately after the death or permanent disability of such person, or while the Franchise is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to Franchisor, or Franchisor, in its sole discretion, may provide interim management at no less than Franchisor's actual cost, pending transfer of the Franchise to the deceased or disabled individual's lawful heirs or successors.

16.8 **Effect of Consent to Transfer.** Franchisor's consent to a Transfer will not waive any claims Franchisor may have against the Franchisee or any Franchisee's Principals nor waive its right to demand that the transferee comply strictly with this Agreement.

16.9 **Security Interests to Lender.** If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all

provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee obtains financing whereby funding is provided with the assistance of the United States Small Business Administration (“SBA Financing”), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Uniform Commercial Code collateral Franchisee uses to secure the SBA Financing, and Franchisor agrees to (i) subordinate its interest in any lien on Franchisee’s Uniform Commercial Code collateral to that of the lender of the SBA Financing and (ii) waive the requirement of the written acknowledgement referenced in this Section.

17. DEFAULTS.

17.1 Default and Automatic Termination. Franchisee shall be deemed to be in material default under this Agreement, and all rights granted herein shall automatically terminate without notice to Franchisee, if Franchisee shall become insolvent or makes a general assignment for the benefit of creditors; or if Franchisee files a voluntary petition under any section or chapter of federal bankruptcy law or under any similar law or statute of the United States or any state thereof, or admits in writing its inability to pay its debts when due; or if Franchisee is adjudicated a bankrupt or insolvent in proceedings filed against Franchisee under any section or chapter of federal bankruptcy laws or under any similar law or statute of the United States or any state; or if a bill in equity or other proceeding for the appointment of a receiver of Franchisee or other custodian for Franchisee’s business or assets is filed and consented to by Franchisee; or if a receiver or other custodian (permanent or temporary) of Franchisee’s assets or property, or any part thereof, is appointed by any court of competent jurisdiction; or if proceedings for a composition with creditors under any state or federal law should be instituted by or against Franchisee; or if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless supersedeas bond is filed); or if Franchisee is dissolved; or if execution is levied against Franchisee’s business or property; or if suit to foreclose any lien or mortgage against the Franchised Business premises or equipment is instituted against Franchisee and not dismissed within thirty (30) days.

17.2 Defaults with No Opportunity to Cure. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, without affording Franchisee any opportunity to cure the default, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.2.1 has misrepresented or omitted material facts in applying for the Franchise;

17.2.2 fails to acquire a site for the Franchised Business, complete construction of the Franchised Business, obtain all licenses and permits including but not limited to a license to have alcoholic beverages in the Franchised Business location before opening, or open the Franchised Business within the time and in the manner specified in Article 8.

17.2.3 falsifies any report required to be furnished Franchisor hereunder;

17.2.4 ceases to operate the Franchised Business for a period of five (5) days or more; provided, however, that this provision shall not apply if through no fault of Franchisee, the premises are damaged or destroyed by a casualty and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such reconstruction or relocation.

17.2.5 loses for any cause whatsoever the right of possession of the real property on which the Franchised Business is located; provided, however, that this provision shall not apply if through no fault of Franchisee, Franchisee loses right of possession and Franchisee applies within thirty (30) days after such event, for Franchisor's approval to relocate the Franchised Business (which approval shall not be unreasonably withheld) and Franchisee diligently pursues such relocation in accordance with Section 8.5.

17.2.6 fails to restore the Franchised Business location to full operation within a reasonable period time but not more than one hundred twenty (120) days from the date the Franchised Business location is rendered inoperable by any casualty;

17.2.7 fails to comply with any federal, state, or local law, rule or regulation, applicable to the operation of the Franchised Business, including, but not limited to, the failure to pay taxes;

17.2.8 defaults under any lease or sublease of the real property on which the Franchised Business is located;

17.2.9 understates Gross Revenue on two (2) occasions or more, whether or not cured on any or all of those occasions;

17.2.10 fails to comply with the covenants in Article 15;

17.2.11 permits a Transfer in violation of the provisions of Article 16 of this Agreement;

17.2.12 fails, or Franchisee's legal representative fails, to transfer the interests in this Franchise Agreement and the Franchised Business upon death or permanent disability of Franchisee or any Principal of Franchisee as required by Section 16.7.

17.2.13 is convicted of, or pleads no contest to, a felony or to a crime that could damage the goodwill associated with the Marks or does anything to harm the reputation of the System or the goodwill associated with the Marks;

17.2.14 receives an adverse judgment or a consent decree in any case or proceeding involving allegations of fraud, racketeering, unfair or improper trade practices or similar claim which is likely to have an adverse effect on the System, or the Marks,

the goodwill associated therewith or Franchisor's interest therein, in Franchisor's sole opinion;

17.2.15 conceals revenues, knowingly maintains false books or records, or knowingly submits any false reports;

17.2.16 creates a threat or danger to public health or safety from the construction, maintenance, or operation of the Franchised Business;

17.2.17. refuses to permit Franchisor to inspect or audit Franchisee's books or records;

17.2.18. makes any unauthorized use of the Marks or copyrighted material or any unauthorized use or disclosure of Confidential Information (as defined in Section 19.2);

17.2.19 fails to comply with the non-competition covenants in Section 19.5;

17.2.20 defaults in the performance of Franchisee's obligations under this Agreement three (3) or more times during the term of this Agreement or has been given at least two (2) notices of default in any consecutive twelve (12)-month period, whether or not the defaults have been corrected;

17.2.21 has insufficient funds to honor a check or electronic funds transfer two (2) or more times within any consecutive twelve (12)-month period;

17.2.22 defaults, or an affiliate of Franchisee defaults, under any other agreement, including any other franchise agreement, with Franchisor or any of its affiliates, suppliers or landlord and does not cure such default within the time period provided in such other agreement; or

17.2.23 terminates this Agreement without cause.

17.3 Curable Defaults. Franchisee shall be deemed to be in material default and Franchisor may, at its option, terminate this Agreement and all rights granted hereunder, if Franchisee fails to cure the default within the time period set forth in this Section 17.3, effective immediately upon notice to Franchisee, if Franchisee, or any Principal, as the case may be:

17.3.1 fails to pay when due any amounts due to Franchisor under this Agreement or any related agreement and does not correct the failure within five (5) days after written notice; provided, however, Franchisor has no obligation to give written notice of a late payment more than two (2) times in any twelve (12)-month period, and the third such late payment in any twelve (12)-month period shall be a non-curable default under Sections 17.2.20 and/or 17.2.21;

17.3.2 fails to perform any non-monetary obligation imposed by this Agreement (excepting those defaults of obligations set forth in Sections 17.1 and 17.2 for which there is no opportunity to cure) and such default shall continue for five (5) days after Franchisor has given written notice of such default, or if the default cannot be reasonably corrected within said five (5)-day period, then if it is not corrected within such additional time as may be reasonably required assuming Franchisee proceeds diligently to cure; provided, however, Franchisor has no obligation to give written notice of a non-monetary default more than two (2) times in any twelve (12)-month period, and the third such default, whether monetary or non-monetary, in any twelve (12) – month period shall be a non-curable default under Section 17.2.20.

17.4 Franchisor's Cure of Franchisee's Defaults. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor may, but has no obligation to:

17.4.1 effect a cure on Franchisee's behalf and at Franchisee's expense, and Franchisee shall immediately pay Franchisor the costs incurred by Franchisor upon demand; or

17.4.2 enter upon the Franchised Business location and exercise complete authority with respect to the operation of the Franchised Business until such time as Franchisor determines that the default of Franchisee has been cured and that Franchisee is complying with the requirements of this Agreement. Franchisee specifically agrees that a designated representative of Franchisor may take over, control and operate the Franchised Business. In addition to all other fees paid under this Agreement, Franchisee shall pay Franchisor ten percent (10%) of the Gross Revenue realized during the period of interim management, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by Franchisor, until the default has been cured and Franchisee is complying with the terms of this Agreement.

17.5 Notice to Suppliers. In the event of a default by Franchisee, in addition to Franchisor's right to terminate the Franchise Agreement, and not in lieu thereof, Franchisor reserves the right with five (5) days' prior written notice to Franchisee to direct suppliers to stop furnishing any and all products and supplies until such time as Franchisee's default is cured. In no event shall Franchisee have recourse against Franchisor for loss of revenue, customer goodwill, profits or other business arising from Franchisor's actions and the actions of suppliers.

17.6 **Reimbursement of Costs.** Franchisee shall reimburse Franchisor all costs and expenses, including but not limited to attorney's fees, incurred by Franchisor as a result of Franchisee's default, including costs in connection with collection of any amounts owed to Franchisor and/or enforcement of Franchisor's rights under this Agreement.

18. POST-TERMINATION.

18.1 **Franchisee's Obligations.** Upon termination or expiration of this Agreement, all rights and licenses granted hereunder to Franchisee shall immediately terminate and Franchisee and each Principal, if any, shall:

18.1.1 immediately cease to operate the Franchised Business, and shall not thereafter, directly or indirectly identify himself, herself or itself as a current Boba Nation owner, franchisee or licensee;

18.1.2 immediately and permanently cease to use the Marks, any imitation of any Mark, Franchisor's designs, copyrighted material, or other intellectual property, confidential or proprietary material or indicia of the Franchised Business, or use any trade name, trade or service mark or other commercial symbol that suggests an association with Franchisor, Licenser, or the System. In particular, Franchisee shall cease to use, without limitation, all signs, billboards, advertising materials, displays, stationery, forms, and any other articles, which display the Marks;

18.1.3 take such action as may be necessary to cancel any assumed name or equivalent registration that contains the Mark or any other service mark or trademark of Franchisor, and Franchisee shall furnish Franchisor with evidence of compliance with this obligation, which is satisfactory to Franchisor, within five (5) days after termination or expiration of this Agreement;

18.1.4 promptly pay all sums owing to Franchisor and its affiliates. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of any default by Franchisee. The payment obligation herein shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by Franchisee and located at the Franchised Business location at the time of default;

18.1.5 pay to Franchisor all damages for any breach or early termination of this Agreement, plus, costs, and expenses, including reasonable attorneys' fees, incurred by Franchisor in connection with obtaining any remedy available to Franchisor and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Agreement that survive its termination;

18.1.6 immediately deliver at Franchisee's sole cost and expense, to Franchisor the Manual and all records, files, instructions, correspondence, invoices, agreements, designs, completed project signs, all confidential, proprietary and copyrighted material and all other materials related to operation of the Franchised Business, including but not limited to customer lists and records, (all of which are acknowledged to be Franchisor's property), delete all electronic copies and retain no copy or record of

any of the foregoing, except Franchisee's copy of this Agreement and of any correspondence between the parties and any other documents that Franchisee reasonably needs for compliance with any provision of law; and

18.1.7 comply with the non-disclosure and non-competition covenants contained in Article 19.

18.1.8 in the event this Agreement is terminated due to Franchisee's default, pay Franchisor a lump sum payment (as liquidated damages and not as a penalty) in an amount equal to: (a) the average weekly Royalty Fee and Brand Fund Contribution payable by Franchisee over the twelve (12) month period immediately prior to the date of termination (or such shorter time period if the Franchised Business has been open less than twelve (12) months); (b) multiplied by the lesser of (i) twenty-four (24) months or (ii) the number of months then remaining in the then-current term of this Agreement. Franchisee acknowledges that a precise calculation of the full extent of the damages Franchisor will incur in the event of termination of this Agreement as a result of Franchisee's default is difficult to determine and that this lump sum payment is reasonable in light thereof. The liquidated damages payable by Franchisee pursuant to this Section 18.1.8 shall be in addition to all other amounts payable under this Agreement and shall not affect Franchisor's right to obtain appropriate injunctive relief and remedies pursuant to any other provision of this Agreement.

18.2 Right to Purchase.

18.2.1 Franchisor shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from Franchisee any or all of the furnishings, equipment (including any point-of-sale system and computer systems), signs, fixtures, advertising materials, supplies, and inventory of Franchisee related to the operation of the Franchised Business, at Franchisee's cost or fair market value, whichever is less. Franchisor shall purchase Franchisee's assets free and clear of any liens, charges, encumbrances or security interests and Franchisor shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of Franchisor's exercise of its option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and shall split the appraisal fees equally. If Franchisor elects to exercise its option to purchase herein provided, it shall have the right to set off (i) all fees for any such independent appraiser due from Franchisee, (ii) all amounts due from Franchisee to Franchisor or any of its affiliates and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash. Closing of the purchase shall take place no later than thirty (30) days after determination of the fair market value.

18.2.2 With respect to the options described in Sections 18.2.1, Franchisee shall deliver to Franchisor in a form satisfactory to Franchisor, such warranties, releases of lien, bills of sale, assignments and such other documents and instruments that Franchisor

deems necessary in order to perfect Franchisor's title and possession in and to the assets being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, Franchisee has not obtained all of these certificates and other documents, Franchisor may, in its sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.2.3 Franchisor shall be entitled to assign any and all of its option in Section 18.2.1 to any other party, without the consent of Franchisee.

18.3 Assignment of Communications. Franchisee, at the option of Franchisor, shall assign to Franchisor all rights to the telephone numbers of the Franchised Business and any related public directory listing or other business listings and execute all forms and documents required by Franchisor and any telephone company at any time, to transfer such service and numbers to Franchisor. Further, Franchisee shall assign to Franchisor any and all social media accounts and internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses or any other similar listing or usage related to the Franchised Business. Notwithstanding any forms and documents that may have been executed by Franchisee under Section 11.6, Franchisee shall provide Franchisor with all passwords and administrative rights, and hereby appoints Franchisor its true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. Franchisee shall thereafter use different telephone numbers, social media accounts, electronic mail addresses or other listings or usages at or in connection with any subsequent business conducted by Franchisee.

18.4 Survival. The rights and obligations of the parties contained in this Article 18 shall survive the expiration or sooner termination of this Agreement.

19. NON-DISCLOSURE AND NON-COMPETITION COVENANTS.

19.1 Operations Manual.

19.1.1 Franchisor has provided to Franchisee, on loan, a current copy of the Manual. The Manual may be in hard copy or made available to Franchisee in digital, electronic or computerized form or in some other form now existing or hereafter developed that would allow Franchisee to view the contents thereof. If the Manual (or any changes thereto) are provided in a form other than physical copy, Franchisee shall pay any and all costs to retrieve, review, use or access the Manual. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation under Franchisor's Marks, Franchisee shall operate all aspects of the Franchised Business in accordance with the Manual, as they may from time to time be modified by Franchisor, other written directives that Franchisor may issue to Franchisee from time to time, whether or not such directives are included in the Manual, and any other manual and materials created or approved for use in the operation of the Franchised Business.

19.1.2 Franchisee and Principal(s) shall at all times treat the Manual, written directives, and other materials and any other confidential communications or materials, and the information contained therein, as confidential and shall maintain such information as trade secret and confidential in accordance with this Article and this Agreement. Franchisee and Principal(s) shall not divulge and make such materials available to anyone other than those of Franchisee's employees who require the information contained therein to operate the Franchised Business. Franchisee shall, prior to disclosure, fully train and inform its employees on all the restrictions, terms and conditions under which it is permitted to use Franchisor's intellectual, proprietary and confidential information; and shall ensure its employees' compliance with such restrictions, terms and conditions. Franchisee, Principal(s), and any person working with Franchisee shall agree not, at any time to use, copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent.

19.1.3 The Manual, written directives, and other materials and any other confidential communications provided or approved by Franchisor shall at all times remain the sole property of Franchisor. Franchisee shall maintain the Manual and all Franchisor's confidential and proprietary materials at all times in a safe and secure location, shall take all reasonable measures to prevent unauthorized access thereto, whether any attempted unauthorized access takes the form of physical access or access via computer or telecommunications networks or otherwise, and shall report the theft or loss of the Manual, or any portion thereof, immediately to Franchisor. At a minimum, Franchisee shall, in the case of computer and telecommunications networks, use the latest available firewall, encryption and similar technology to prevent unauthorized access. Franchisee shall delete all electronic copies, and return and cease using any physical copy of the Manual and other confidential and proprietary materials to Franchisor immediately upon request or upon transfer, termination or expiration of this Agreement.

19.1.4 Franchisor may from time to time revise the contents of the Manual and other materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or changed policy, standard or directive. In the event of any dispute as to the contents of the Manual, the terms of the master copy of the Manual maintained by Franchisor shall control.

19.2 Confidential Information. Franchisee and Principal(s) acknowledge and accept that during the term of this Agreement Franchisee and any Principal(s) will have access to Franchisor's trade secrets, including, but not limited to, formulas, recipes, designs, methods, processes, customer lists, vendor partnerships and/or relationships, sales and technical information, financial information, costs, product prices and names, software tools and applications, website and/or email design, products, services, equipment, technologies and procedures relating to the operation of the Franchised Business; the Manual; methods of advertising and promotion; instructional materials; any other information which Franchisor may or may not specifically designate as "confidential" or

"proprietary"; and the components of the System, whether or not such information is protected or protectable by patent, copyright, trade secret or other proprietary rights (collectively referred to herein as the "Confidential Information"). Neither Franchisee nor any Principal shall, during the term of this Agreement and thereafter, communicate or divulge to, or use for the benefit of, any other person or entity, and, following the expiration or termination of this Agreement, shall not use for their own benefit, any Confidential Information that may be communicated to Franchisee or any Principal or of which Franchisee or any Principal may be apprised in connection with the operation of the Franchised Business under the terms of this Agreement. Franchisee and any Principal shall not divulge and make any Confidential Information available to anyone other than those of Franchisee's employees who require the Confidential Information to operate the Franchised Business and who have themselves entered into confidentiality and non-compete agreements containing the same provisions as contained in this Agreement, in accordance with Section 19.10 hereof. Franchisee and any Principal shall not at any time copy, duplicate, record or otherwise reproduce any Confidential Information, in whole or in part, or otherwise make the same available to any person other than those authorized above, without Franchisor's prior written consent. The covenant in this Section 19.2 shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon Franchisee and each Principal.

- 19.3 **Protection of Information.** Franchisee shall take all steps necessary, at Franchisee's own expense, to protect the Confidential Information and shall immediately notify Franchisor if Franchisee finds that any Confidential Information has been divulged in violation of this Agreement.
- 19.4 **New Concepts.** If Franchisee or any Principal develops any new concept, process, product, design, or improvement in the operation or promotion of the Franchised Business ("Improvements"), Franchisee is required to promptly notify Franchisor and provide Franchisor with all related information, processes, products, design or other improvements, and sign any and all forms, documents and/or papers necessary for Franchisor to obtain full proprietary rights to such Improvements, without compensation and without any claim of ownership or proprietary rights to such Improvements. Franchisee and any Principal acknowledge that any such Improvements will become the property of Franchisor, and Franchisor may use or disclose such information to other franchisees as it determines to be appropriate.
- 19.5 **Noncompetition Covenants.** Franchisee and Principal(s) specifically acknowledge that, pursuant to this Agreement, Franchisee and Principal(s) will receive valuable training, trade secrets and Confidential Information of the System that are beyond the present knowledge, training and experience of Franchisee and Principal(s). Franchisee and Principal(s) acknowledge that such specialized training, trade secrets and Confidential Information provide a competitive advantage and will be valuable to them in the development and operation of the Franchised Business, and that gaining access to such specialized training, trade secrets and Confidential Information is, therefore, a primary reason why Franchisee and Principal(s) are entering into this Agreement. In consideration for such specialized training, trade secrets, Confidential Information and rights,

Franchisee and Principal(s) covenant that, except as otherwise approved in writing by Franchisor:

19.5.1 During the term of this Agreement, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of, or in conjunction with, any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant or eatery business similar to the System; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System; or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Boba Nation franchisees or Franchisor-affiliated outlets.

19.5.2 Upon the expiration or earlier termination of this Agreement or upon a Transfer and continuing for twenty-four (24) months thereafter, Franchisee and Principal(s) shall not, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person or entity (i) divert, or attempt to divert, any business or customer of the Franchised Business or of other franchisees in the System to any competitor, by direct or indirect inducement or otherwise; or (ii) participate as an owner, partner, director, officer, employee, consultant or agent or serve in any other capacity in any restaurant or eatery business within ten (10) miles of the Territory or any Boba Nation franchised or corporate location; or (iii) do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System or (iv) in any manner interfere with, disturb, disrupt, decrease or otherwise jeopardize the business of the Franchisor or any Boba Nation franchisees.

19.6 Reasonableness of Restrictions. Franchisee and Principal(s) acknowledge and agree that the covenants not to compete set forth in this Agreement are fair and reasonable and will not impose any undue hardship on Franchisee or Principal(s) since Franchisee or Principal(s), as the case may be, have other considerable skills, experience and education which afford Franchisee or Principal(s), as the case may be, the opportunity to derive income from other endeavors.

19.7 Reduction of Time or Scope. If the period of time or the geographic scope specified above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Paragraph 19 or any portion thereof, without Franchisee's consent, effective immediately upon receipt by Franchisee of written notice thereof, and Franchisee agrees to forthwith comply with any covenant as so modified.

19.8 Injunctive Relief. Franchisee and Principal(s) acknowledge that a violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available. Accordingly, Franchisee and Principal(s) hereby consent to the entry of an injunction prohibiting any conduct by Franchisee or any Principal in violation of the terms of the covenants not to compete set forth in this Agreement.

19.9 No Defense. Franchisee and Principal(s) expressly agree that the existence of any claims they may have against Franchisor, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Franchisor of the covenants in this Section.

19.10 Covenants of Employees, Agents and Third Persons. Franchisee shall require and obtain execution of covenants similar to those set forth in this Section (including covenants applicable upon the termination of a person's employment with Franchisee) from all employees, contractors or third persons who will have access to Franchisor's confidential and proprietary information, and Franchisee shall provide Franchisor with executed versions thereof. Such covenants shall be substantially in the form set forth in Attachment 8 as revised and updated from time to time and contained in the Manual. Franchisee shall indemnify and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of Franchisee's failure to obtain executed restricted covenants by employees, agents and third persons as required by this Section.

20. DISPUTE RESOLUTION.

20.1 Internal Dispute Resolution. Franchisee shall first bring any claim, controversy or dispute arising out of or relating to this Agreement, the Exhibits and/or Attachments hereto or the relationship created by this Agreement to Franchisor's president and/or chief executive officer for resolution. After providing notice as set forth in Section 21.7 below. Franchisee must exhaust this internal dispute resolution procedure before Franchisee may bring Franchisee's dispute before a third party. This agreement to first attempt resolution of disputes internally shall survive termination or expiration of this Agreement.

20.2 Mediation. At Franchisor's option, any claim, controversy or dispute that is not resolved pursuant to Section 20.1 hereof shall be submitted to non-binding mediation. Franchisee shall provide Franchisor with written notice of Franchisee's intent to pursue any unresolved claim, controversy or dispute, specifying in sufficient detail the nature thereof, prior to commencing any legal action. Franchisor shall have thirty (30) days following receipt of Franchisee's notice to exercise Franchisor's option to submit such claim, controversy or dispute to mediation. Mediation shall be conducted through a mediator or mediators in accordance with the American Arbitration Association Commercial Mediation Rules. Such mediation shall take place in the then-current location of Franchisor's corporate headquarters. The costs and expenses of mediation, including compensation and expenses of the mediator (and except for the attorneys' fees incurred by either party), shall be borne by the parties equally. Franchisor may specifically enforce Franchisor's rights to mediation, as set forth herein.

20.3 **Governing Law and Venue.** This Agreement is made in, and shall be substantially performed in, the state of California. Any claims, controversies, disputes or actions arising out of this Agreement shall be governed, enforced and interpreted pursuant to the laws of the state of California. Franchisee and Principal(s), except where specifically prohibited by law, hereby irrevocably submit themselves to the sole and exclusive jurisdiction of the state and federal courts in California. Franchisee and Principal(s), hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision.

20.4 **Mutual Benefit.** Franchisee, Principal(s), and Franchisor acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 20.3 provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising hereunder. Each of Franchisee, Principal(s), and Franchisor further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

20.5 **Waiver of Certain Damages.** Franchisee and Principal(s) hereby waive, to the fullest extent permitted by law, any right to or claim for any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against Franchisor, its affiliates, and their respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever. Each of Franchisee and Principal(s) agree that in the event of a dispute, Franchisee and each Principal shall be limited to the recovery of any actual damages sustained.

20.6 **Limitations of Claims.** Any and all claims by Franchisee and Principal(s) arising out of or relating to this Agreement or the relationship among the parties will be barred unless a proceeding for relief is commenced within one (1) year from the date on which Franchisee or Principal(s) knew or should have known of the facts giving rise to such claims.

20.7 **Survival.** The provisions of this Article 20 shall continue in full force and effect notwithstanding the expiration or termination of this Agreement or a transfer by Franchisee or any Principal of their respective interests in this Agreement.

20.8 **Waiver of Jury Trial.** TO THE MAXIMUM EXTENT PERMITTED BY LAW, FRANCHISEE (ON BEHALF OF ITSELF AND ITS RESPECTIVE SUCCESSORS, ASSIGNS) AND FRANCHISOR EACH, AFTER CONSULTATION WITH COUNSEL, KNOWINGLY WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY LITIGATION OR TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE ARISING OUT OF OR WITH RESPECT TO THIS AGREEMENT OR ANY OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR

DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO.

21. GENERAL.

21.1 Relationship of the Parties.

21.1.1 Independent Licensee. Franchisee is and shall be an independent licensee under this Agreement, and no partnership shall exist between Franchisee and Franchisor. This Agreement does not constitute Franchisee as an agent, legal representative, or employee of Franchisor for any purpose whatsoever, and Franchisee is not granted any right or authority to assume or create any obligation for or on behalf of, or in the name of, or in any way to bind Franchisor. Franchisee agrees not to incur or contract any debt or obligation on behalf of Franchisor or commit any act, make any representation, or advertise in any manner which may adversely affect any right of Franchisor or be detrimental to Franchisor or other franchisees of Franchisor. Franchisor does not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by Franchisee or Principal(s) which are not expressly authorized under this Agreement. Franchisor will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to Franchisee's operation of the Franchised Business. Pursuant to the above, Franchisee agrees to indemnify Franchisor and hold Franchisor harmless from any and all liability, loss, attorneys' fees, or damage Franchisor may suffer as a result of claims, demands, taxes, costs, or judgments against Franchisor arising out of any allegation of an agent, partner, or employment relationship.

21.1.2 No Relationship. Franchisee acknowledges and agrees that Franchisee alone exercises day-to-day control over all operations, activities, and elements of the Franchised Business, and that under no circumstance shall Franchisor do so or be deemed to do so. Franchisee further acknowledges and agrees, and will never claim otherwise, that the various restrictions, prohibitions, specifications, and procedures of the System which Franchisee is required to comply with under this Agreement, whether set forth in the Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that Franchisor controls any aspect or element of the day-to-day operations of the Franchised Business, which Franchisee alone controls, but only constitute standards to which Franchisee must adhere when exercising control of the day-to-day operations of the Franchised Business.

21.1.3 Franchisee's Employees. Franchisor has no authority to control, either directly or indirectly, the essential terms and conditions of employment of Franchisee's employees. Franchisee acknowledges and agrees that Franchisee, in Franchisee's sole and absolute discretion, shall determine all such essential terms and conditions of employment, which are defined in the Manual. Franchisee specifically agrees that any training Franchisor provides for Franchisee's employees is geared to impart to those employees, with Franchisee's ultimate authority, the various procedures, protocols, systems, and operations of a Boba Nation outlet and in no fashion reflects any employment relationship between Franchisor and such employees. If ever it is asserted that Franchisor

is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, appearing at any venue requested by Franchisor to testify on Franchisor's behalf participate in depositions, other appearances or preparing affidavits rejecting any assertion that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees.

21.2 **Successors.** This Agreement shall bind and inure to the benefit of the successors and assigns of Franchisor and shall be personally binding on and inure to the benefit of Franchisee (including the individuals executing this Agreement on behalf of the Franchisee entity) and its or their respective heirs, executors, administrators and successors or assigns; provided, however, the foregoing provision shall not be construed to allow a transfer of any interest of Franchisee or Principal(s) in this Agreement or the Franchised Business, except in accordance with Article 16 hereof.

21.3 **Invalidity of Part of Agreement.** Should any provisions in this Agreement, for any reason, be declared invalid, then such provision shall be invalid only to the extent of the prohibition without in any way invalidating or altering any other provision of this Agreement.

21.4 **Entire Agreement.** This Agreement, including all attachments, is the entire agreement of the parties, superseding all prior written or oral agreements of the parties concerning the same subject matter, and superseding all prior written or oral representations made to Franchisee, except that nothing in this Agreement or in any related agreement is intended to disclaim the representations made to Franchisee in Franchisor's Franchise Disclosure Document. No agreement of any kind relating to the matters covered by this Agreement and no amendment of the provisions hereof shall be binding upon either party unless and until the same has been made in writing and executed by all interested parties.

21.5 **Construction.** All terms and words used in this Agreement, regardless of the number and gender in which they are used, shall be deemed and construed to include any other number, singular or plural, and any other gender, masculine, feminine or neuter, as the context or sense of this Agreement or any provision herein may require, as if such words had been fully and properly written in the appropriate number and gender. All covenants, agreements and obligations assumed herein by Franchisee and Principal(s) shall be deemed to be joint and several covenants, agreements and obligations of each of the persons named as Franchisee, if more than one person is so named.

21.6 **Captions.** Captions and section headings are used herein for convenience only. They are not part of this Agreement and shall not be used in construing it.

21.7 **Notices.** Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph

of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

21.8 Effect of Waivers. No waiver, delay, omission or forbearance on the part of Franchisor to exercise any right, option, duty or power arising from any default or breach by Franchisee shall affect or impair the rights of Franchisor with respect to any subsequent default of the same or of a different kind. Any use by Franchisee of the System or any part thereof at any place other than at the Franchised Business location shall not give Franchisee any rights not specifically granted hereunder. Failure to take action to stop such use shall not in any event be considered a waiver of the rights of Franchisor at any time to require Franchisee to restrict said use to the Franchised Business location.

21.9 Remedies Cumulative. All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies that are provided for herein or that may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between Franchisee or any of its affiliates and Franchisor or any of its affiliates. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of Franchisor's rights pursuant to Article 17 shall not discharge or release Franchisee or any Principal from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

21.10. Consent to Do Business Electronically. The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of California, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their electronic signature to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

21.11 Counterparts. This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

21.12 Survival. Any obligation of Franchisee or any Principal that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of Franchisee or any Principal therein shall be deemed to survive such termination, expiration or transfer.

Signature page immediately follows

The parties hereto have executed this Franchise Agreement the day and year first above written.

FRANCHISOR:
BOBA NATION FRANCHISE LLC.

By: _____

(Print Name, Title)

FRANCHISEE (Entity):

By: _____

(Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

FRANCHISEE (Principal):

(Print Name)

ATTACHMENT 1

Service Marks –

BOBA NATION

ATTACHMENT 2

TERRITORY DESCRIPTION AND FRANCHISED BUSINESS LOCATION

Territory (insert map and/or define by zip codes): **TERRITORY AND ADDRESS TO BE DETERMINED AND INSERTED AFTER A BOBA NATION'S PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR, IN ACCORDANCE WITH SECTION 8.1 OF THE FRANCHISE AGREEMENT, IN THE SITE SEACH AREA OF _____.

Franchised Business Address:

ATTACHMENT 3

GENERAL RELEASE

(“Franchisee”) and its principal(s):

(a) Franchisee and Franchisee’s Principal(s) do, for themselves and their successors and assigns, hereby release and forever discharge generally Franchisor and any affiliate, wholly owned or controlled limited liability company, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, agent, executor, administrator, estate, trustee or heir of any of them (the “Released Franchisor Party”), from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Franchisee or Franchisee’s Principal(s) may now have, or may hereafter claim to have or to have acquired of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations, in any way arising out of or connected with the Franchise Agreement or this General Release, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against any Released Franchisor Party, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this General Release. In the event Franchisee or Franchisee’s Principal(s) breaches any of the promises, covenants, or undertakings made herein by any act or omission, Franchisee and Franchisee’s Principal(s) shall pay, by way of indemnification, all costs and expenses of any Released Franchisor Party caused by the act or omission, including reasonable attorneys’ fees and costs.

(b) Franchisee and Franchisee’s Principal(s) represent and warrant that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Franchisee or Franchisee’s Principal(s) to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any Released Franchisor Party because of any such purported assignment, transfer or subrogation, Franchisee and Franchisee’s Principal(s) agree to indemnify and hold such Released Franchisor Party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

(c) THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.

(d) Franchisee and Franchisee’s Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release, and that this General Release is executed without reliance on any statements or any representations not contained herein. Franchisee and Franchisee’s Principal(s) knowingly waive (1) any claim that this General Release was induced by any misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.

FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE

PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASEORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Franchisee and Franchisee's Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify, and hold harmless each of Franchisor Releasees against same.

Executed as of _____, 20____.

FRANCHISEE:

By: _____

(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 4

AUTHORIZATION AGREEMENT AUTOMATIC DEPOSITS (ACH WITHDRAWALS)

Franchisor Name: **Boba Nation Franchise LLC**

I (We) hereby authorize Boba Nation Franchise LLC, hereinafter called Franchisor, to initiate debit entries to my (our) Checking Account/Savings Account (Select One) indicated below at the depository financial institution named below, 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.

Financial Institution Name: _____ Branch: _____

City: _____ State: _____ Zip: _____ Phone: _____

ACH/Routing Number: _____ Account Number: _____
(Nine Digits)

This authorization is to remain in full force and effect until Franchisor 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 6 and 18 of the Franchise Agreement.

Print Franchisee / Account Holder Name

Print Franchisee/Co-Account Holder Name

Franchisee/ Account Holder Signature-Date

Franchisee/Co-Account Holder Signature-Date

Daytime Phone Number

Email Address

PLEASE ATTACH A VOIDED CHECK TO THIS FORM

Please Return Form to:
Boba Nation Franchise LLC
2626 Yerba Vista Court
San Jose, California 95121

ATTACHMENT 5

CONDITIONAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned _____ ("Assignor") hereby assigns and transfers to Boba Nation Franchise LLC a California limited liability company with a notice address of 2626 Yerba Vista Court, San Jose, California 95121 ("Assignee"), all of Assignor's right, title, and interest as tenant in, to and under that certain lease, a copy of which shall be attached hereto (the "Lease") respecting premises commonly known as _____. This Assignment is for collateral purposes only and except as specified herein, Assignee shall have no liability or obligation of any kind whatsoever arising from or in connection with this Assignment or the Lease unless Assignee takes possession of the premises demised by the Lease pursuant to the terms hereof and assumes the obligations of Assignor thereunder.

Assignor represents and warrants to Assignee that Assignor has full power and authority to so assign the Lease and Assignor's interest therein and that Assignor has not previously assigned or transferred, and is not obligated to assign or transfer, any of Assignor's interest in the Lease or the premises demised thereby.

Upon a default by Assignor under the Lease or under the franchise agreement for a Boba Nation outlet between Assignee and Assignor (the "Franchise Agreement"), or in the event of a default by Assignor under any document or instrument securing the Franchise Agreement, Assignee shall have the right and is hereby empowered to take possession of the Premises demised by the Lease, expel Assignor therefrom, and, in such event, Assignor shall have no further right, title or interest in the Lease.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without the prior written consent of Assignee. Throughout the term of the Franchise Agreement and any renewals thereto, Assignor agrees that it shall elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days prior to the last day that the option must be exercised, unless Assignee otherwise agrees in writing. If Assignee does not otherwise agree in writing, and upon failure of Assignor to so elect to extend or renew the Lease as aforesaid, Assignor hereby appoints Assignee as its true and lawful attorney-in-fact to exercise such extension or renewal options in the name, place and stead of Assignor for the purpose of effecting such extension or renewal.

ASSIGNOR:

DATED: _____ By: _____

_____,
(Print Name, Title)

DATED: _____

DATED: _____

CONSENT AND AGREEMENT OF LANDLORD

to that Conditional Assignment of Lease from _____ (Assignor) to
Boba Nation Franchise LLC (Assignee) dated _____ for the property known as _____.

The undersigned Landlord under the aforescribed Lease further hereby:

- (a) Agrees to notify Assignee in writing of and upon the failure of Assignor to cure any default by Assignor under the Lease;
- (b) Agrees that Assignee shall have the right, but shall not be obligated, to cure any default by Assignor under the Lease within 30 days after delivery by Landlord of notice thereof in accordance with paragraph (a) above;
- (c) Consents to the foregoing Conditional Assignment and agrees that if Assignee takes possession of the Premises demised by the Lease and confirms to Landlord the assumption of the Lease by Assignee as tenant thereunder, Landlord shall recognize Assignee as tenant under the Lease, provided that Assignee cures within the 30-day period the non-monetary defaults, if any, of Assignor under the Lease;
- (d) Agrees that Assignee may further assign the Lease to a person, firm or corporation who shall agree to assume the tenant's obligations under the Lease and who is reasonably acceptable to Landlord and upon such assignment Assignee shall have no further liability or obligation under the Lease as assignee, tenant or otherwise.
- (e) Permits Assignee to enter upon the Premises without being guilty of trespass or any other crime or tort to de-identify the Premises as a Boba Nation outlet if Tenant fails to do so following termination of the Franchise Agreement or Lease, provided that Assignee shall repair any damage caused thereby.

DATED: _____

LANDLORD:

ATTACHMENT 6
STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE

| <u>Name</u> | <u>Percentage of Ownership</u> |
|-------------|--------------------------------|
|-------------|--------------------------------|

ATTACHMENT 7

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on _____ to Boba Nation Franchise LLC, a California limited liability company ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchisee Agreement") with _____, a(n) _____, _____, _____ and _____ (collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

Address: _____

ATTACHMENT 8
CONFIDENTIALITY AND NON-COMPETE AGREEMENT

This Confidentiality and Non-Compete Agreement (the “Agreement”) is made and entered into this _____ day of _____, by _____, a(n) _____ (“Franchisee”), a franchisee of Boba Nation Franchise LLC, a California (“Franchisor”), and _____, an individual (“Covenantor”) in connection with a Franchise Agreement dated.

WHEREAS, Franchisee and Franchisor are parties to a franchise agreement dated _____ (the “Franchise Agreement”), whereby Franchisor has granted Franchisee the right to use certain of Franchisor’s trademarks and copyrights, including but not limited to, “Boba Nation” trademarks, logo, website, documents, advertisements, photographs, social media content, promotional materials and operations manual (collectively referred to as the “Intellectual Property”) for the establishment and operation of franchised business;

WHEREAS, in connection with his or her duties, it will be necessary for Covenantor to have access to some or all of the confidential information, knowledge, know-how, techniques, training and other materials used in or related to the Boba Nation brand and/or concerning the methods of operation of Boba Nation franchised business (collectively referred to as “Confidential Information”);

WHEREAS, the Intellectual Property and Confidential Information provide economic advantages to Franchisor and licensed users of Franchisor, including Franchisee;

WHEREAS, Franchisee has acknowledged the importance of restricting the use, access and dissemination of the Intellectual Property and Confidential Information, and Franchisee therefore has agreed to obtain from Covenantor a written agreement protecting the Intellectual Property and Confidential Information and further protecting the Boba Nation brand against unfair competition; and

WHEREAS, Covenantor acknowledges that receipt of and the right to use the Intellectual Property and Confidential Information constitutes independent valuable consideration for the representations, promises and covenants made by Covenantor herein.

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

1. Confidentiality Agreement.

a. Covenantor shall, at all times, maintain the confidentiality of the Confidential Information and shall use the Intellectual Property and such Confidential Information only in the course of his or her employment by or association with Franchisee in connection with the operation of a Boba Nation franchised business under the Franchise Agreement and in accordance with the requirements thereof.

b. Covenantor shall not at any time make copies of any documents or compilations containing some or all of the Intellectual Property or Confidential Information, and shall not reproduce, in whole or in part, and of the Intellectual Property or Confidential Information, without Franchisor’s express written permission.

c. Covenantor shall not at any time disclose or permit the disclosure of the Confidential Information except, and only then to the limited extent necessary, to those employees of Franchisee for training and assisting such employees in the operation of Boba Nation franchised business.

d. Covenantor shall surrender any material containing some or all of the Intellectual Property or Confidential Information to Franchisee or Franchisor, upon request, or upon termination of employment or association with Franchisee.

e. Covenantor shall not at any time, directly or indirectly, do any act or omit to do any act that would or would likely be injurious or prejudicial to the goodwill associated with the Boba Nation brand.

f. Covenantor agrees that no Confidential Information may be reproduced, in whole or in part, without written consent.

2. Covenants Not to Compete.

a. In order to protect the goodwill and unique qualities of the Boba Nation brand, and in consideration for the disclosure to Covenantor of the Confidential Information, Covenantor further agrees and covenants that during Covenantor's employment or association with Franchisee, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of Franchisee's Boba Nation franchised business or of other franchisees in the Boba Nation system to any competitor, by direct or indirect inducement or otherwise, and/or

(ii) participate as an owner, partner, director, officer, employee, consultant, or agent or serve in any other capacity in any restaurant or eatery business substantially similar to the Franchisee's Boba Nation franchised business ("Competitive Business").

b. In further consideration for the disclosure to Covenantor of the Confidential Information and to protect the goodwill and unique qualities of the Boba Nation system, Covenantor further agrees and covenants that, upon the termination of Covenantor's employment or association with Franchisee and continuing for twenty-four (24) months thereafter, Covenantor shall not, for Covenantor or through, on behalf of or in conjunction with any person or entity:

(i) divert, or attempt to divert, any business or customer of the Franchisee's Boba Nation franchised business or of other franchisees in the Boba Nation system to any competitor, by direct or indirect inducement or otherwise, and/or

(ii) participate as an owner, partner, director, officer, employee, or consultant agent serve in any other managerial, operational, or supervisory capacity in any Competitive Business within the within ten (10) miles of Franchisee's Territory or any Boba Nation affiliate-owned or franchised business.

c. The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the goodwill or other business interests of Franchisor.

d. If the period of time or the geographic scope specified Section 2.b. above, should be adjudged unreasonable in any proceeding, then the period of time will be reduced by such number of months or the geographic scope will be reduced by the elimination of such portion thereof, or both, so that such restrictions may be enforced for such time and scope as are adjudged to be reasonable. In addition, Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement or any portion thereof, without Covenantor's or Franchisee's consent,

effective immediately upon receipt by Covenantor of written notice thereof, and Covenantor agrees to forthwith comply with any covenant as so modified.

3. General.

- a.** Franchisee shall take full responsibility for ensuring that Covenantor acts as required by this Agreement.
- b.** Covenantor agrees that in the event of a breach of this Agreement, Franchisor would be irreparably injured and be without an adequate remedy at law. Therefore, in the event of such a breach, or threatened or attempted breach of any of the provisions hereof, Franchisee is obligated to enforce the provisions of this Agreement and shall be entitled, in addition to any other remedies that are made available to it at law or in equity, to a temporary and/or permanent injunction and a decree for the specific performance of the terms of this Agreement, without the necessity of showing actual or threatened harm and without being required to furnish a bond or other security.
- c.** Covenantor agrees to pay all expenses (including court costs and reasonable attorneys' fees) incurred by Franchisor and Franchisee in enforcing this Agreement.
- d.** Any failure Franchisee to object to or take action with respect to any breach of any provision of this Agreement by Covenantor shall not operate or be construed as a waiver of or consent to that breach or any subsequent breach by Covenantor.
- e.** THIS AGREEMENT SHALL BE INTERPRETED BY AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE WHERE THE FRANCHISED BUSINESS IS LOCATED. COVENANTOR HEREBY IRREVOCABLY SUBMITS HIMSELF OR HERSELF TO THE JURISDICTION OF THE STATE AND FEDERAL COURTS OF THE SUCH STATE. COVENANTOR HEREBY WAIVES ALL QUESTIONS OF PERSONAL JURISDICTION OR VENUE FOR THE PURPOSE OF CARRYING OUT THIS PROVISION. COVENANTOR HEREBY AGREES THAT SERVICE OF PROCESS MAY BE MADE UPON COVENANTOR IN ANY PROCEEDING RELATING TO OR ARISING UNDER THIS AGREEMENT OR THE RELATIONSHIP CREATED BY THIS AGREEMENT BY ANY MEANS ALLOWED BY SUCH STATE OR FEDERAL LAW. COVENANTOR FURTHER AGREES THAT VENUE FOR ANY PROCEEDING RELATING TO OR ARISING OUT OF THIS AGREEMENT SHALL BE IN THE STATE WHERE THERE FRANCHISED BUSINESS IS LOCATED; PROVIDED, HOWEVER, WITH RESPECT TO ANY ACTION THAT INCLUDES INJUNCTIVE RELIEF OR OTHER EXTRAORDINARY RELIEF, FRANCHISOR OR FRANCHISEE MAY BRING SUCH ACTION IN ANY COURT IN ANY STATE THAT HAS JURISDICTION.
- f.** The parties agree that each of the foregoing covenants contained herein shall be construed as independent of any other covenant or provision of this Agreement.
- g.** Covenantor acknowledges and agrees that each of the covenants contained herein will not impose any undue hardship on Covenantor since Covenantor has other considerable skills, experience and education which affords Covenantor the opportunity to derive income from other endeavors.

h. This Agreement contains the entire agreement of the parties regarding the subject matter hereof. This Agreement may be modified only by a duly authorized writing executed by all parties.

i. All notices and demands required to be given hereunder shall be in writing, and shall be delivered personally or by certified or registered mail, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or the date delivery is refused. All such notices shall be addressed to the party to be notified at the following addresses:

If directed to Franchisee:

If directed to Covenantor:

Any change in the foregoing addresses shall be effected by giving written notice of such change to the other parties.

j. Franchisor is an intended third-party beneficiary of this Agreement, and Franchisor may take whatever action it deems necessary to enforce Covenantor's obligations hereunder. The rights and remedies of Franchisor under this Agreement are fully assignable and transferable and shall inure to the benefit of its respective affiliates, successors and assigns.

k. The respective obligations of Franchisee and Covenantor hereunder may not be assigned by Franchisee or Covenantor, without the prior written consent of Franchisor.

The undersigned have entered into this Confidentiality and Non-Compete Agreement as witnessed by their signatures below.

FRANCHISEE:

By: _____

Name: _____

Title: _____

COVENANTOR:

Name: _____

ATTACHMENT 9

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”), by and between Boba Nation Franchise LLC, a California limited liability company with its principal place of business at 2626 Yerba Vista Court, San Jose, California 95121 (the “Franchisor”), and _____, a(n) _____, with its principal place of business located at _____ and _____ ‘s principal(s), _____, an individual, residing at _____, and _____, an individual, residing at _____ (“Principal(s)”). _____ and Principal(s) shall be collectively referred to in this Agreement as the “Franchisee”.

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an Boba Nation business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Boba Nation brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Listings

2.1 Interest in Web Sites, Social Media Accounts, Other Electronic Listings and Software. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, the right to hyperlink to certain web sites and listings on various internet search engines, and the right to use certain software (collectively, “Electronic Advertising and Software”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the “Internet and Software Companies”) with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee’s interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee’s interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s Interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's Interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such Interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's Interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of California without regard to the application of California conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:
BOBA NATION FRANCHISE LLC.

By: _____

(Print Name, Title)

FRANCHISEE (Entity):

By: _____

(Print Name, Title)

FRANCHISEE (Principal):

(Print Name)

FRANCHISEE (Principal):

(Print Name)

EXHIBIT C
FINANCIAL STATEMENTS

BOBA NATION FRANCHISE LLC

TABLE OF CONTENTS

| | Page |
|---|------|
| Independent Auditor's Report | 1-2 |
| Balance Sheet | 3 |
| Statement of Operations | 4 |
| Statement of Changes in Member's Equity | 5 |
| Statement of Cash Flow | 6 |
| Notes to Financial Statements | 7-9 |

Smart Professionals, Inc
DBA: Smart Professionals Tax, Consulting & Book-keeping Services
2023 Mandelay Pl, San Jose, CA 95138

Ph# 408-238-8230

Fax# 408-270-6067

email: pervizm@hotmail.com

Independent Auditor's Report

March 15, 2024

To,
The Board of Directors and Shareholders
Boba Nation Franchise LLC
2626 Yerba Vista Ct
San Jose, CA 95121

We have audited the accompanying financial statements of Boba Nation Holdings LLC, which comprise the balance sheet as of December 31, 2023, the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements from January 01, 2023 thru December 31, 2023.

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.

Accountant's Responsibility

Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material errors and misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgement, including the assessment of risk of material

misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the situation. But not for expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we do not express any 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.

Accountant's Conclusion:

Based on our audit, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. The financial statements referred to above present fairly, in all material respects, the financial position of Boba Nation Holdings LLC as of December 31, 2023, and the results of their operations and their cash flows for the period from January 01, 2023 through December 31, 2023 in accordance with accounting principles generally accepted in the United States of America.

Sincerely,



Perviz M Guard, CPA
Lic#118197

BOBA NATION FRANCHISE LLC

BALANCE SHEET

As Of December 31, 2023

December 31, 2023

ASSETS

Current Assets

| | |
|------------------------|------------|
| Checking/Savings | |
| Bank Checking | 404,284.00 |
| Restricted Cash | 0.00 |
| Petty Cash | 0.00 |
| | <hr/> |
| Total Checking/Savings | 404,284.00 |

Accounts Receivable

| | |
|---------------------------|------|
| Accounts Receivable | 0.00 |
| Total Accounts Receivable | 0.00 |

Other Current Assets

| | |
|---------------------------------|------------|
| Investments | 109,505.00 |
| Inventory Asset | |
| Inventory | 0.00 |
| | <hr/> |
| Total 1202-00 · Inventory Asset | 0.00 |
| | <hr/> |
| Total Other Current Assets | 109,505.00 |
| | <hr/> |

Total Current Assets

513,789.00

Fixed Assets

MACHINARY & EQUIPMENT

| | |
|-------------------------------|------|
| Machinery & Equipment | 0.00 |
| Total · MACHINARY & EQUIPMENT | 0.00 |

Total Fixed Assets

0.00

TOTAL ASSETS

513,789.00

LIABILITIES & EQUITY

Liabilities

Current Liabilities

| | |
|---------------------------------|-------|
| Accounts Payable | |
| Accounts Payable | 0.00 |
| Total Accounts Payable | 0.00 |
| | <hr/> |
| Other Current Liabilities | |
| Sales Tax Payable | 0.00 |
| Total Other Current Liabilities | 0.00 |
| | <hr/> |

Total Current Liabilities

0.00

Long Term Liabilities

| | |
|-----------------------------|-----------|
| Shareholder's loan | 15,763.97 |
| Outside Investments | 0.00 |
| Total Long Term Liabilities | 15,763.97 |
| | <hr/> |

Total Liabilities

15,763.97

Equity

| | |
|-------------------|------------|
| Retained Earnings | 0.00 |
| Capital Stock | 1,000.00 |
| Net Income | 497,025.03 |
| | <hr/> |
| Total Equity | 498,025.03 |
| | <hr/> |

TOTAL LIABILITIES & EQUITY

513,789.00

BOBA NATION FRANCHISE LLC
Statement of Operations
January 01,2023 thru December 31, 2023

january 01,2023 - December 31, 2023

Ordinary Income/Expense

Income

| | |
|-------------------------------------|--------------------|
| Brand Funding | 791.17 |
| Business sale | 470,000.00 |
| Franchise Fees | 30,000.00 |
| Royalty | 3,838.86 |
| Other Income | <u>\$ 9,195.00</u> |
| Total · REVENUES | 513,825.03 |
| Other Regular Income | |
| Other Regular Income - Other | 0.00 |
| Total · Other Regular Income | <u>0.00</u> |

Total Income 513,825.03

Cost of Goods Sold

| | |
|-----------------------------------|-------------|
| Cost of Goods Sold | |
| Materials | 0.00 |
| Cost of developing franchise | 0.00 |
| Total · Cost of Goods Sold | <u>0.00</u> |

Total COGS 0.00

Gross Profit 513,825.03

Expense

| | |
|-------------------------------------|-----------------|
| Advertising | 8,000.00 |
| Legal and Professional fees: | |
| Legal Fees | 3,000.00 |
| FDD Renewal lawyer fees | <u>5,000.00</u> |
| Total - Legal and Professional fees | 8,000.00 |
| POS setup costs | 0.00 |
| Postage & Shipments Costs | 0.00 |
| Rent | 0.00 |
| Supplies | 0.00 |
| Franchise Tax - CA | 800.00 |
| Graphic Design Costs | <u>0.00</u> |

Total Expense \$ 16,800.00

Net Ordinary Income \$ 497,025.03

Depreciation Expense \$ -

Net Profit after Depreciation \$ 497,025.03

STATEMENT OF CHANGES IN BOBA NATIONFRANCHISE LLC
MEMBER'S EQUITY
FOR PERIOD FROM January 01, 2023 thru December 31, 2023

| | Member Contribution | Accumulated Earnings | Total Member's Equity |
|--------------------------|------------------------|-------------------------|--------------------------|
| Balance January 01, 2023 | - | - | - |
| Member Contribution | 1,000.00 | | 1,000.00 |
| Net gain (loss) | | 497,025.03 | 497,025.03 |
| Balance March 29, 2023 | 1,000.00 | 497,025.03 | 498,025.03 |

BOBA NATION FRANCHISE LLC
STATEMENT OF CASH FLOW
For the period January 01, 2023 thru December 31, 2023

December 31, 2023

Net cash flow from Operating Activities:

| | |
|--|-------------------|
| Net income | 513,789.00 |
| Depreciation Expense | 0.00 |
| Inventory | <u>0.00</u> |
| Net cash flow from operating activities | 513,789.00 |

Cash Flow from Investing activities:

| | |
|--------------------------------------|---------------------|
| INVESTMENT - BBLY CORPORATION | (109,505.00) |
|--------------------------------------|---------------------|

Cash flow from financing activities:

| | |
|--|-------------|
| Proceeds from common stock - equity | 0.00 |
| Loans from shareholders/officers | <u>0.00</u> |
| Net cash flow from financing activities | 0.00 |

| | |
|---|--------------------------|
| Net increase (decrease) in cash flow | <u>404,284.00</u> |
| Bank balance at the beginning of the year | - |
| Bank balance at the end of the year 12/31/2022 | <u>404,284.00</u> |

BOBA NATION FRANCHISE LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Nature of business and summary of significant accounting policies

Boba Nation Franchise LLC (“Company”) was formed September 20, 2021 (inception) in the State of California as a limited liability company. The company grants franchises for the right to operate a Boba location or locations, and build on the Boba items, along with many appetizers in an urban environment under the BOBA trademark.

This is the parent company which will now grant franchise throughout the State and the nation.

The company’s planned franchising activities have already commenced. They have been able to sell one of the Franchise stores in the city of Pleasanton, CA

The company’s activities are subject to significant risks and uncertainties, based on the liking of the products being sold under the BOBA umbrella. This includes failing to secure additional capital to fund operations until the company achieves breakeven operational status.

Use of Estimates:

Preparation of the company’s financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any 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:

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of December 31, 2023

Accounts Receivable:

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer’s receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of December 31, 2023 and did not charge-off any accounts receivable during the period from January 01, 2023 through December 31, 2023.

Brand Development Fund:

The Company has the right to collect a brand development fund fee of up to 1% of the gross revenues of each franchise location. The Company had no contributions to the fund for the period from January 01, 2023 through December 31, 2023.

Advertising Costs:

The Company expenses advertising costs as incurred. Advertising expense the period from January 01, 2023 through December 31, 2023 was \$0.

Fair Value of financial instruments:

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements:

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2: COMMITMENTS AND CONTINGENCIES

Litigation:

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3: SUBSEQUENT EVENTS

Date of Management's Evaluation Management has evaluated subsequent events through March 11, 2024 the date on which the financial statements were available to be issued.

BOBA NATION FRANCHISE LLC

TABLE OF CONTENTS

| | Page |
|---|------|
| Independent Auditor's Report | 1-2 |
| Balance Sheet | 3 |
| Statement of Operations | 4 |
| Statement of Changes in Member's Equity | 5 |
| Statement of Cash Flow | 6 |
| Notes to Financial Statements | 7-9 |

Smart Professionals, Inc
DBA: Smart Professionals Tax, Consulting & Book-keeping Services

2023 Mandelay Pl, San Jose, CA 95138

Ph# 408-238-8230

Fax# 408-270-6067

email: pervizm@hotmail.com

Independent Auditor's Report

March 29, 2023

To,
The Board of Directors and Shareholders
Boba Nation Franchise LLC
2626 Yerba Vista Ct
San Jose, CA 95121

We have audited the accompanying financial statements of Boba Nation Holdings LLC, which comprise the balance sheet as of March 29, 2023, the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements from inception thru March 29, 2023.

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.

Accountant's Responsibility

Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material errors and misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgement, including the assessment of risk of material

misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the situation. But not for expressing an opinion on the effectiveness of the entity's internal control.

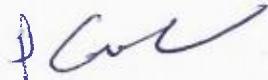
Accordingly, we do not express any such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Accountant's Conclusion:

Based on our audit, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. The financial statements referred to above present fairly, in all material respects, the financial position of Boba Nation Holdings LLC as of March 29, 2023, and the results of their operations and their cash flows for the period from September 20, 2021 through March 29, 2023 in accordance with accounting principles generally accepted in the United States of America.

Sincerely,



Perviz M Guard, CPA
Lic#118197

BOBA NATION FRANCHISE LLC
Balance Sheet
As of March 29, 2023

March 29, 2023

ASSETS

Current Assets

Checking/Savings

| | |
|-------------------------------|-------------------|
| Bank Checking | 200,067.00 |
| Restricted Cash | 0.00 |
| Petty Cash | 0.00 |
| Total Checking/Savings | 200,067.00 |

Other Current Assets

| | |
|--|-------------------|
| Prepaid Insurance | 0.00 |
| Investments | 50,000.00 |
| Inventory Asset | |
| Inventory | 0.00 |
| Total 1202-00 · Inventory Asset | 0.00 |
| Total Other Current Assets | 50,000.00 |
| Total Current Assets | 250,067.00 |

TOTAL ASSETS

250,067.00

LIABILITIES & EQUITY

Liabilities

Long Term Liabilities

| | |
|------------------------------------|-------------------|
| Shareholder's loan | 249,042.00 |
| Outside Investments | 0.00 |
| Total Long Term Liabilities | 249,042.00 |

Total Liabilities

249,042.00

Equity

| | |
|---------------------|-----------------|
| Retained Earnings | 0.00 |
| Capital Stock | 1,000.00 |
| Net Income | 25.00 |
| Total Equity | 1,025.00 |

TOTAL LIABILITIES & EQUITY

250,067.00

BOBA NATION FRANCHISE LLC
Statement of Operations
SEPT 20,2021 thru March 29, 2023

Sept 20,2021 - March 29, 2023

Ordinary Income/Expense

| | |
|--|-----------------|
| Income | |
| Revenue / Receipts | 0.00 |
| Other Income | \$ 25.00 |
| Total · REVENUES | <u>25.00</u> |
| Other Regular Income | |
| Other Regular Income - Other | 0.00 |
| Total · Other Regular Income | <u>0.00</u> |
| Total Income | 25.00 |
| Cost of Goods Sold | |
| Cost of Goods Sold | |
| Materials | 0.00 |
| Labor Cost | 0.00 |
| Total · Cost of Goods Sold | <u>0.00</u> |
| Total COGS | <u>0.00</u> |
| Gross Profit | 25.00 |
| Expense | |
| Education and Training | 0.00 |
| Internet and Fax | 0.00 |
| Legal and Professional fees: | |
| Legal Fees | 0.00 |
| Set up / Incorporation Fees | <u>0.00</u> |
| Total - Legal and Professional fees | 0.00 |
| POS setup costs | 0.00 |
| Postage & Shippings Costs | 0.00 |
| Rent | 0.00 |
| Repairs and Maintenance | 0.00 |
| Supplies | 0.00 |
| Graphic Design Costs | <u>0.00</u> |
| Total Expense | <u>\$ -</u> |
| Net Ordinary Income | \$ 25.00 |
| Depreciation Expense | <u>\$ -</u> |
| Net Profit after Depreciation | \$ 25.00 |

STATEMENT OF CHANGES IN BOBA NATIONFRANCHISE LLC
MEMBER'S EQUITY
FOR PERIOD FROM September 20, 2021 thru March 29, 2023

| | Member Contribution | Accumulated Earnings | Total Member's Equity |
|----------------------------|------------------------|-------------------------|--------------------------|
| Balance September 20, 2021 | 0 | 0 | 0 |
| Member Contribution | 1000 | | 1000 |
| Net gain (loss) | | 25 | 25 |
| Balance March 29, 2023 | 1000 | 25 | 1025 |

BOBA NATION FRANCHISE LLC
STATEMENT OF CASH FLOW
For the period September 20, 2021 thru March 29, 2023

March 29, 2023

Net cash flow from Operating Activities:

| | |
|---|-------------|
| Net income | 25.00 |
| Depreciation Expense | 0.00 |
| Inventory | <u>0.00</u> |
| Net cash flow from operating activities | 25.00 |

Cash Flow from Investing activities:

| | |
|-------------------------------|-------------|
| INVESTMENT - BBLY CORPORATION | (50,000.00) |
|-------------------------------|-------------|

Cash flow from financing activities:

| | |
|---|-------------|
| Proceeds from common stock - equity | 0.00 |
| Loans from shareholders/officers | <u>0.00</u> |
| Net cash flow from financing activities | 0.00 |

| | |
|--|--------------------|
| Net increase (decrease) in cash flow | <u>(49,975.00)</u> |
| Bank balance at the beginning of the year | 250,042.00 |
| Bank balance at the end of the year 12/31/2022 | <u>200,067.00</u> |

BOBA NATION FRANCHISE LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Nature of business and summary of significant accounting policies

Boba Nation Franchise LLC (“Company”) was formed September 20, 2021 (inception) in the State of California as a limited liability company. The company grants franchises for the right to operate a Boba location or locations, and build on the Boba items, along with many appetizers in an urban environment under the BOBA trademark.

This is the parent company which will now grant franchise throughout the State and the nation.

The company's planned franchising activities have not yet commenced.

The company's activities are subject to significant risks and uncertainties, based on the liking of the products being sold under the BOBA umbrella. This includes failing to secure additional capital to fund operations until the company achieves breakeven operational status.

Use of Estimates:

Preparation of the company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any 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:

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of March 29, 2023

Accounts Receivable:

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of March 29, 2023 and did not charge-off any accounts receivable during the period from September 20, 2021 (Inception) through March 29, 2023.

Property, Plant and Equipment:

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at March 29, 2023.

Intangible Assets:

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Income Taxes:

The company will be reporting its own operations as per the provisions of Internal Revenue Service. The franchisees will be independent, and will be reporting their income & expenses on their own. The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Revenue Recognition:

The Company's revenue mainly consists of franchise fees and royalties. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently ten years. The Company has no revenue from initial fees during the period from September 20, 2021 (Inception) through March 29, 2023. When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and are 8% of gross revenue. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed monthly and are recognized as revenue when earned. The Company has no revenue from royalties during the period from September 20, 2021 (Inception) through March 29, 2023

Brand Development Fund:

The Company has the right to collect a brand development fund fee of up to 1% of the gross revenues of each franchise location. The Company had no contributions to the fund for the period from September 20, 2021 (Inception) through March 29, 2023.

Advertising Costs:

The Company expenses advertising costs as incurred. Advertising expense the period from September 20, 2021 (Inception) through March 29, 2023 was \$0.

Fair Value of financial instruments:

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements:

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2: COMMITMENTS AND CONTINGENCIES

Litigation:

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3: SUBSEQUENT EVENTS

Date of Management's Evaluation Management has evaluated subsequent events through March 29, 2023 the date on which the financial statements were available to be issued.

BOBA NATION FRANCHISE LLC

TABLE OF CONTENTS

| | Page |
|---|------|
| Independent Auditor's Report | 1-2 |
| Balance Sheet | 3 |
| Statement of Operations | 4 |
| Statement of Changes in Member's Equity | 5 |
| Statement of Cash Flow | 6 |
| Notes to Financial Statements | 7-9 |

Smart Professionals, Inc
DBA: Smart Professionals Tax, Consulting & Book-keeping Services

2023 Mandelay Pl, San Jose, CA 95138

Ph# 408-238-8230

Fax# 408-270-6067

email: pervizm@hotmail.com

Independent Auditor's Report

March 29, 2023

To,
The Board of Directors and Shareholders
Boba Nation Franchise LLC
2626 Yerba Vista Ct
San Jose, CA 95121

We have audited the accompanying financial statements of Boba Nation Holdings LLC, which comprise the balance sheet as of March 29, 2023, the related statements of income, changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements from inception thru March 29, 2023.

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.

Accountant's Responsibility

Our responsibility is to express our opinion on these financial statements based on our audit. We conducted our audit 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 financial statements are free from material errors and misstatements.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedure selected depends on the auditor's judgement, including the assessment of risk of material

misstatements of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the situation. But not for expressing an opinion on the effectiveness of the entity's internal control.

Accordingly, we do not express any 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.

Accountant's Conclusion:

Based on our audit, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with accounting principles generally accepted in the United States of America. The financial statements referred to above present fairly, in all material respects, the financial position of Boba Nation Holdings LLC as of March 29, 2023, and the results of their operations and their cash flows for the period from September 20, 2021 through March 29, 2023 in accordance with accounting principles generally accepted in the United States of America.

Sincerely,



Perviz M Guard, CPA
Lic#118197

BOBA NATION FRANCHISE LLC
Balance Sheet
As of March 29, 2023

March 29, 2023

ASSETS

Current Assets

Checking/Savings

| | |
|-------------------------------|-------------------|
| Bank Checking | 200,067.00 |
| Restricted Cash | 0.00 |
| Petty Cash | 0.00 |
| Total Checking/Savings | 200,067.00 |

Other Current Assets

| | |
|--|-------------------|
| Prepaid Insurance | 0.00 |
| Investments | 50,000.00 |
| Inventory Asset | |
| Inventory | 0.00 |
| Total 1202-00 · Inventory Asset | 0.00 |
| Total Other Current Assets | 50,000.00 |
| Total Current Assets | 250,067.00 |

TOTAL ASSETS

250,067.00

LIABILITIES & EQUITY

Liabilities

Long Term Liabilities

| | |
|------------------------------------|-------------------|
| Shareholder's loan | 249,042.00 |
| Outside Investments | 0.00 |
| Total Long Term Liabilities | 249,042.00 |

Total Liabilities

249,042.00

Equity

| | |
|---------------------|-----------------|
| Retained Earnings | 0.00 |
| Capital Stock | 1,000.00 |
| Net Income | 25.00 |
| Total Equity | 1,025.00 |

TOTAL LIABILITIES & EQUITY

250,067.00

BOBA NATION FRANCHISE LLC
Statement of Operations
SEPT 20,2021 thru March 29, 2023

Sept 20,2021 - March 29, 2023

Ordinary Income/Expense

| | |
|--|---------------------|
| Income | |
| Revenue / Receipts | 0.00 |
| Other Income | <u>\$ 25.00</u> |
| Total · REVENUES | <u>25.00</u> |
| Other Regular Income | |
| Other Regular Income - Other | <u>0.00</u> |
| Total · Other Regular Income | <u>0.00</u> |
| Total Income | 25.00 |
| Cost of Goods Sold | |
| Cost of Goods Sold | |
| Materials | 0.00 |
| Labor Cost | 0.00 |
| Total · Cost of Goods Sold | <u>0.00</u> |
| Total COGS | <u>0.00</u> |
| Gross Profit | 25.00 |
| Expense | |
| Education and Training | 0.00 |
| Internet and Fax | 0.00 |
| Legal and Professional fees: | |
| Legal Fees | 0.00 |
| Set up / Incorporation Fees | <u>0.00</u> |
| Total - Legal and Professional fees | 0.00 |
| POS setup costs | 0.00 |
| Postage & Shippings Costs | 0.00 |
| Rent | 0.00 |
| Repairs and Maintenance | 0.00 |
| Supplies | 0.00 |
| Graphic Design Costs | <u>0.00</u> |
| Total Expense | <u>\$ -</u> |
| Net Ordinary Income | <u>\$ 25.00</u> |
| Depreciation Expense | <u>\$ -</u> |
| Net Profit after Depreciation | <u>\$ 25.00</u> |

STATEMENT OF CHANGES IN BOBA NATIONFRANCHISE LLC
MEMBER'S EQUITY
FOR PERIOD FROM September 20, 2021 thru March 29, 2023

| | Member Contribution | Accumulated Earnings | Total Member's Equity |
|----------------------------|------------------------|-------------------------|--------------------------|
| Balance September 20, 2021 | 0 | 0 | 0 |
| Member Contribution | 1000 | | 1000 |
| Net gain (loss) | | 25 | 25 |
| Balance March 29, 2023 | 1000 | 25 | 1025 |

BOBA NATION FRANCHISE LLC
STATEMENT OF CASH FLOW
For the period September 20, 2021 thru March 29, 2023

March 29, 2023

Net cash flow from Operating Activities:

| | |
|--|--------------|
| Net income | 25.00 |
| Depreciation Expense | 0.00 |
| Inventory | <u>0.00</u> |
| Net cash flow from operating activities | 25.00 |

Cash Flow from Investing activities:

| | |
|--------------------------------------|--------------------|
| INVESTMENT - BBLY CORPORATION | (50,000.00) |
|--------------------------------------|--------------------|

Cash flow from financing activities:

| | |
|--|-------------|
| Proceeds from common stock - equity | 0.00 |
| Loans from shareholders/officers | <u>0.00</u> |
| Net cash flow from financing activities | 0.00 |

| | |
|---|--------------------------|
| Net increase (decrease) in cash flow | <u>(49,975.00)</u> |
| Bank balance at the beginning of the year | 250,042.00 |
| Bank balance at the end of the year 12/31/2022 | <u>200,067.00</u> |

BOBA NATION FRANCHISE LLC

NOTES TO FINANCIAL STATEMENTS

NOTE 1 – Nature of business and summary of significant accounting policies

Boba Nation Franchise LLC (“Company”) was formed September 20, 2021 (inception) in the State of California as a limited liability company. The company grants franchises for the right to operate a Boba location or locations, and build on the Boba items, along with many appetizers in an urban environment under the BOBA trademark.

This is the parent company which will now grant franchise throughout the State and the nation.

The company's planned franchising activities have not yet commenced.

The company's activities are subject to significant risks and uncertainties, based on the liking of the products being sold under the BOBA umbrella. This includes failing to secure additional capital to fund operations until the company achieves breakeven operational status.

Use of Estimates:

Preparation of the company's financial statements in accordance with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of any 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:

The Company considers all highly liquid investments with a maturity of three months or less at the time of purchase to be cash equivalents. The Company had no cash equivalents as of March 29, 2023

Accounts Receivable:

Timing of revenue recognition may be different from the timing of invoicing to customers. The Company records an accounts receivable when revenue is recognized prior to invoicing, or unearned revenue when revenue is recognized subsequent to invoicing. Management evaluates individual customer's receivables considering their financial condition, credit history and current economic conditions. Accounts receivable are written off if deemed uncollectible and recoveries of accounts receivable previously written off are recorded as income when received. The Company did not have any accounts receivable or allowance for doubtful accounts as of March 29, 2023 and did not charge-off any accounts receivable during the period from September 20, 2021 (Inception) through March 29, 2023.

Property, Plant and Equipment:

The Company has adopted ASC 360 – Property, Plant and Equipment. Property and equipment are stated at historical cost. Depreciation is provided using straight-line method based on the estimated useful lives of the related assets (generally three to seven years). The Company had no property, plant & equipment at March 29, 2023.

Intangible Assets:

The Company has adopted ASC 350, Intangibles – Goodwill and Other that requires that goodwill and intangible assets with indefinite lives no longer be amortized to earnings but be tested for impairment at least annually. Intangible assets with finite lives are amortized over their estimated useful lives. The useful life of an intangible asset is the period over which it is expected to contribute directly or indirectly to future cash flows. Intangible assets with infinite lives are reviewed for impairment if events or changes in circumstances indicate that the carrying value might not be recoverable.

Income Taxes:

The company will be reporting its own operations as per the provisions of Internal Revenue Service. The franchisees will be independent, and will be reporting their income & expenses on their own. The Company adopted ASC 740-10-25-6 “Accounting for Uncertainty in Income Taxes”, that requires the Company to disclose uncertain tax positions. Under the standard an entity may only recognize or continue to recognize tax positions that meet a “more likely than not” threshold upon examination by taxing authorities.

Revenue Recognition:

The Company's revenue mainly consists of franchise fees and royalties. Each franchise agreement is comprised of several performance obligations. The Company identifies those performance obligations, determines the contract price for each obligation, allocates the transaction price to each performance obligation and recognizes revenue when the Company has satisfied the performance obligation by transferring control of the good or service to the franchisee. The remainder of performance obligations represent a single performance obligation and are recognized over the term of the respective franchise agreement from the date the agreement is executed. Unearned initial fee revenues from franchisee acquisition and acceptance will be recorded as deferred revenue and recognized as revenue over the term of the contract which is currently ten years. The Company has no revenue from initial fees during the period from September 20, 2021 (Inception) through March 29, 2023. When a franchisee purchases a franchise, the Company grants the franchisee the right to use the proprietary methods, techniques, trade dress, trademarks, and logos (“the license”). The license is symbolic intellectual property. Revenues related to the license are continuing royalties and are 8% of gross revenue. These revenues will be used to continue the development of the Company's brand, the franchise system and provide on-going support for the Company's franchisees. The royalties are billed monthly and are recognized as revenue when earned. The Company has no revenue from royalties during the period from September 20, 2021 (Inception) through March 29, 2023

Brand Development Fund:

The Company has the right to collect a brand development fund fee of up to 1% of the gross revenues of each franchise location. The Company had no contributions to the fund for the period from September 20, 2021 (Inception) through March 29, 2023.

Advertising Costs:

The Company expenses advertising costs as incurred. Advertising expense the period from September 20, 2021 (Inception) through March 29, 2023 was \$0.

Fair Value of financial instruments:

For the Company's financial instruments consist of cash and cash equivalents, the carrying amounts approximate fair value due to their short maturities.

Recently Issued Accounting Pronouncements:

The Company has adopted all recently issued Accounting Standards Updates ("ASU"). The adoption of the recently issued ASUs, including those not yet effective, is not anticipated to have a material effect on the financial position or results of operations of the Company.

NOTE 2: COMMITMENTS AND CONTINGENCIES

Litigation:

The Company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the Company.

NOTE 3: SUBSEQUENT EVENTS

Date of Management's Evaluation Management has evaluated subsequent events through March 29, 2023 the date on which the financial statements were available to be issued.

EXHIBIT D

Table of Contents Boba Nation Operations Manual



BOBA NATION

OPERATIONS MANUAL

Revised: January, 2023



TABLE OF CONTENT

| | |
|---------------------------------------|----------|
| TABLE OF CONTENT | 3 |
| CHAPTER 1 – INTRODUCTION | 11 |
| 1.1 Welcome | 11 |
| 1.2 Boba Nation History | 12 |
| 1.3 Changes in Policy | 12 |
| 1.4 Manual Use | 12 |
| CHAPTER 2 – STORE MANAGEMENT | 13 |
| 2.1 Approved Brands and Products | 13 |
| 2.2 Proprietary Products | 14 |
| 2.3 Hours of Operation | 15 |
| 2.4 Business Hours | 16 |
| 2.5 Store Decorations | 16 |
| 2.6 Use of Custom Umbrellas | 16 |
| 2.7 Appearance and Employee Conducts | 16 |
| 2.8 Uniform | 17 |
| 2.9 Conduct | 17 |
| 2.10 Boba | 18 |
| 2.11 Boba Syrup | 19 |
| 2.12 Boba Variations | 19 |
| Egg Pudding Preparation | 19 |
| Grass Jelly Preparation | 20 |
| 2.13 Packaging | 20 |
| Custom Print Straws and Sleeves | 20 |
| Custom Print To-Go Bags & Packaging | 20 |
| 2.14 How to Seal | 21 |
| 2.15 How to Pack To-Go Orders | 21 |
| 2.16 Labeling Equipment & Ingredients | 22 |
| 2.17 Music Control | 25 |
| CHAPTER 3 – CUSTOMER SERVICE | 25 |
| 3.1 Guest Service Procedures | 25 |
| 3.2 What is Boba? | 26 |
| 3.3 Greeting | 26 |
| 3.4 Service | 26 |
| 3.5 Cleanliness | 28 |
| 3.6 Dealing with Customer Complaints | 29 |
| Example Scenarios | 30 |



| | |
|--|----|
| 3.7 Delivery | 31 |
| 3.8 Reusable Cups & Tumblers | 31 |
| CHAPTER 4 – OUR DRINKS & DESSERTS | 32 |
| 4.1 Product Descriptions and Pictures | 32 |
| Smoothies | 32 |
| Slushies | 33 |
| Shakes | 33 |
| Frappes | 33 |
| Coffees | 33 |
| Milk Teas | 33 |
| Juice | 33 |
| Iced Teas and Fruit Teas | 34 |
| Lemonade | 34 |
| Pastries | 34 |
| 4.2 Boba Nation Menu Items | 35 |
| Espresso Shot Guideline | 37 |
| Coffee Additions | 37 |
| Acai Bowl | 37 |
| Hot Beverages | 38 |
| 4.3 Digital Menu | 38 |
| 4.4 Top 10 | 39 |
| 4.5 New Product Ideas and Testing | 40 |
| 4.6 Handling Coffee Brewer and Steamer | 40 |
| 4.7 Handling Fruit Toppings | 41 |
| Toppings | 41 |
| Handling Fruit Toppings | 42 |
| Bananas | 42 |
| Strawberries | 42 |
| Kiwis | 43 |
| Mangos | 43 |
| Blueberries | 43 |
| 4.8 Handling Dry Toppings | 43 |
| Egg Pudding | 43 |
| CHAPTER 5 – SECURITY & SAFETY | 44 |
| 5.1 Security | 44 |
| The Building Exterior | 44 |
| The Building Interior | 44 |
| Your Team Members | 44 |
| Food Products and Merchandise | 45 |
| Cash | 45 |
| Counterfeit Detection | 45 |



| | |
|---|----|
| The Safe Surveillance Cameras | 46 |
| 5.2 Safety | 46 |
| 5.3 Causes of Accidents | 47 |
| Unsafe Conditions include | 47 |
| Unsafe Acts include | 47 |
| 5.4 Corrective Actions & Accident Prevention | 48 |
| Unsafe Conditions | 48 |
| Unsafe Acts | 48 |
| Fire Extinguisher | 48 |
| Blended Beverage Pouring | 49 |
| Blender Blades | 49 |
| Lifting Heavy Objects | 50 |
| 5.5 Emergency Procedures | 50 |
| Team Member with a Possibly Infectious Disease | 50 |
| Multiple Illness Complaints | 51 |
| Legal Actions from Guest Illness or Injury | 52 |
| 5.6 Robbery | 52 |
| 5.7 Explosion or Fire | 53 |
| 5.8 Documentation & Record Keeping | 54 |
| 5.9 Minors in the Workplace | 55 |
| 5.10 OSHA | 55 |
| 5.11 First Aid Kits | 56 |
| 5.12 Example Scenarios | 56 |
| CHAPTER 6 – FOOD SAFETY | 57 |
| 6.1 Food Handlers Cards and Manager Licenses | 57 |
| 6.2 Food Safety | 58 |
| 6.3 The Dangers of Dirty Hands | 58 |
| 6.4 Proper Hand Washing Procedure | 59 |
| 6.5 Causes for Unsafe Food | 59 |
| 6.6 Reasons for Food Contamination | 61 |
| 6.7 Temperatures | 61 |
| 6.8 Cross Contamination | 62 |
| 6.9 Food Allergies | 62 |
| 6.10 Storage | 63 |
| 6.11 Facilities | 63 |
| 6.12 Kitchen Equipment and Utensils | 64 |
| 6.13 Pest Control | 64 |
| 6.14 Training Employees | 65 |
| 6.15 HACCP (Hazard Analysis Critical Control Point) | 66 |
| 6.16 Food Contamination | 66 |



| | |
|--|----|
| 6.17 Health Regulation & the Role of the Manager | 67 |
| Overview | 67 |
| During a Visit | 67 |
| 6.18 Failed Health Inspections | 67 |
| CHAPTER 7 – CLEANING, SANITIZING, & MAINTAINING YOUR STORE | 68 |
| 7.1 Washing and Sanitizing | 68 |
| 7.2 Routine Maintenance | 69 |
| 7.3 Cleaning Tools | 69 |
| 7.4 Sanitizer Check | 70 |
| 7.5 Preventing Sanitizer Injuries | 70 |
| 7.6 Ceiling Tiles | 70 |
| 7.7 Windows | 71 |
| 7.8 Walls | 71 |
| 7.9 Wall Décor and Picture Frames | 72 |
| 7.10 Dining Room Cleaning | 72 |
| 7.11 Table Bases | 73 |
| 7.12 High Chairs | 73 |
| 7.13 Equipment Legs | 73 |
| 7.14 Light Fixtures | 74 |
| 7.15 Floors | 74 |
| 7.16 Mopping Procedures | 74 |
| 7.17 Floor Rubber Mats | 76 |
| 7.18 Storage Bins | 76 |
| 7.19 Shelving | 76 |
| 7.20 Digital Menu Board | 77 |
| 7.21 Point of Sale (POS) System | 77 |
| 7.22 Door Frames | 77 |
| 7.23 Sink Drains | 77 |
| 7.24 Trash Receptacles | 78 |
| 7.25 Dumpster | 78 |
| 7.26 Parking Lot | 78 |
| 7.27 Signage | 79 |
| 7.28 Restrooms | 79 |
| 7.29 Equipment Cleaning | 80 |
| 7.30 Espresso Machines | 80 |
| Espresso Machine Cleaning Supplies | 81 |
| Espresso Machine Group Heads Cleaning | 81 |
| Health Code Compliant Towels | 83 |
| General Espresso Machine Cleaning | 83 |
| Cleaning the Portafilter | 85 |
| Cleaning the Steam Wand | 85 |



| | |
|---|-----|
| Cleaning During the Day | 86 |
| Cleaning Weekly – Grinder | 87 |
| Cleaning the Screen | 88 |
| 7.31 Ice Machines | 89 |
| 7.32 Refrigerators | 90 |
| 7.33 Freezers | 90 |
| 7.34 Walk-In Coolers | 91 |
| 7.35 Ice Bins | 91 |
| 7.36 Ovens | 92 |
| 7.37 Fryers | 92 |
| 7.38 Grease Interceptors | 93 |
| 7.39 Hood and Filters | 93 |
| 7.40 Juice Dispensers | 93 |
| 7.41 Can Openers | 94 |
| 7.42 Cold Prep Table | 94 |
| 7.43 Freser Tea Brewer (FLOW METER ERROR) | 95 |
| 7.44 Daily Cleaning – Smallwares | 96 |
| How to properly clean drink shakers | 97 |
| 7.45 Monthly Cleaning Schedule | 97 |
| CHAPTER 8 – INVENTORIES | 97 |
| 8.1 Inventory of the Stored Items | 98 |
| 8.2 Purchasing Procedures | 98 |
| 8.3 Receiving Deliveries | 98 |
| 8.4 Storing | 98 |
| Safe Storage Guidelines | 98 |
| Dry Storage | 99 |
| Refrigerated Storage | 99 |
| Storage Containers | 99 |
| 8.5 Cleaning Supply and Chemical Storage | 100 |
| 8.6 Circulation of Supplies in the Storage | 100 |
| CHAPTER 9 – QUALITY CONTROL | 100 |
| 9.1 About Quality Control | 101 |
| 9.2 The Importance of Quality Control Inspections | 101 |
| 9.3 Inspection Process | 101 |
| 9.4 Quality Inspection Report | 102 |
| 9.5 Corrective Measures | 105 |
| Step 1: Understand Boba Nation operational standards and requirements | 105 |
| Step 2: Identifying the issue(s) | 106 |
| Step 3: Conduct quality control throughout the day | 106 |
| Step 4: Develop and document | 107 |
| Step 5: Conduct training | 107 |



| | |
|---|-----|
| Step 6: Implementation | 107 |
| CHAPTER 10 – HUMAN RESOURCES | 107 |
| 10.1 Recruitment Process | 107 |
| 10.2 Recruitment Resources | 108 |
| 10.3 Recruiting Existing Boba Nation Employees | 109 |
| 10.4 Application Screening and Interview Criteria | 109 |
| 10.5 Employing Minors | 109 |
| 10.6 Wages and Exempt vs. Non-exempt Statuses | 110 |
| 10.7 New Employee Orientation | 111 |
| 10.8 New Hire Paperwork | 112 |
| 10.9 Store Tour | 113 |
| 10.10 Employee Handbook | 113 |
| 10.11 Creating Personnel Files | 113 |
| 10.12 Training | 114 |
| 10.13 Worker's Injury | 114 |
| 10.14 Termination of Employment | 115 |
| 10.15 Employment – At-Will | 115 |
| 10.16 Voluntary Termination of Employment | 115 |
| 10.17 Involuntary Termination of Employment | 116 |
| 10.18 Setting the Stage | 116 |
| 10.19 Maintaining the “At-Will” Doctrine | 117 |
| 10.20 Managing the Termination | 117 |
| 10.21 Post Termination | 118 |
| 10.22 Payment of Final Wages | 119 |
| 10.23 Unemployment Compensation | 119 |
| 10.24 EEOC and its Laws | 120 |
| Medical Inquiries | 121 |
| 10.25 Harassment and Discrimination | 121 |
| Harassment | 121 |
| Sexual Harassment | 121 |
| Verbal Harassment | 121 |
| 10.26 Fair Labor Standard Acts (FLSA) | 122 |
| 10.27 Sick Day Policy | 123 |
| Example 1: | 123 |
| Example 2: | 123 |
| 10.28 Resources | 124 |
| Government Agencies | 124 |
| California Employment Regulations Agencies | 124 |
| CHAPTER 11 – LABOR | 124 |
| 11.1 Management | 125 |
| 11.2 Employees | 125 |



| | |
|---|-----|
| 11.3 Determining Team Member Availability | 125 |
| 11.4 Work Schedule | 126 |
| 11.5 Management Coverage | 127 |
| CHAPTER 12 – OPENING & CLOSING PROCEDURES | 127 |
| 12.1 Opening Procedure | 127 |
| Opening: Topping Station | 127 |
| Opening: Front Opening Procedure | 128 |
| 12.2 Closing Procedure | 129 |
| Closing the store: | 129 |
| 12.3 Cash Handling Guidelines | 131 |
| Cash Control | 131 |
| 12.4 POS Analysis | 132 |
| 12.5 Monitoring Productivity | 132 |
| 12.6 Credit Cards | 132 |
| CHAPTER 13 – MARKETING | 134 |
| 13.1 Marketing Materials | 134 |
| 13.2 Store Soft Opening | 134 |
| 13.3 Store Grand Opening | 135 |
| 13.4 General Advertising | 135 |
| 13.5 Local Advertising | 135 |
| 13.6 Promotions | 135 |
| 13.7 Local Community Support | 136 |
| 13.8 Nation Pass | 136 |
| How does it work? | 136 |
| Cashier instruction: | 137 |
| 13.9 Gift Cards | 137 |
| Gift Card Sales | 138 |
| Monthly Statements | 138 |
| CHAPTER 14 – HOW TO USE THE POS SYSTEM | 139 |
| CHAPTER 15 – TROUBLESHOOTING | 139 |
| 15.1 Sealing Machine | 139 |
| Seal Adjustment | 139 |
| Blade Cleaning | 140 |
| How to set up your sealer | 143 |
| Sealing Machine Temperature | 144 |
| If the temperature is too hot, it can cause your film to break every time you seal. | 144 |
| How to change the sealing time | 145 |
| Setting Functions | 145 |
| Sensor Error | 146 |
| Installing the Sealer | 147 |
| Label Your Sealing Machine | 150 |



| | |
|--|-----|
| Adjusting the Sealing Machine Level | 151 |
| 15.2 Fructose Dispenser Cleaning/Maintenance | 151 |
| ET-9EN Maintenance/Cleaning Procedures | 153 |
| Do not tilt the dispenser to pour out fructose or water or else it may damage the equipment. | 154 |
| Fructose Dispenser Troubleshooting | 155 |
| 15.3 Espresso Machine Leaks | 156 |
| Replacing group head gaskets | 156 |
| 15.4 Spoiled or Sour Tasting Juice Dispenser Drinks | 158 |
| Troubleshooting Chart | 159 |
| 15.5 Digital Menu | 161 |
| 15.6 Freser Tea Brewer: “FLOW METER ERROR” | 162 |
| 15.7 Water Filter Cartridge Change | 165 |
| Types of water filters | 165 |
| Replacing water filters | 166 |
| 15.8 Ice Machine Cleaning Guide | 169 |
| How to clean the inside the ice machine | 169 |
| 15.9 Multi-Fruit Juicer Fuse Replacement | 170 |
| 15.10 Espresso Grinder Settings | 172 |
| Reference | 172 |
| Adjusting the “grind size” of the Espresso | 172 |
| Adjusting the time setting for the espresso | 173 |
| Double shot | 173 |
| Understanding the espresso grind and time settings | 173 |
| 15.11 Freser Tea Brew Settings & How To Program | 174 |
| Brew Cycle Programming | 176 |
| Multi-Segment Soak Time | 176 |
| Fixed Brew Volume Programming | 177 |
| 15.12 Epson Printer – How to Replace the Ribbon (Ink) | 178 |
| 15.13 Cold Display Case Maintenance | 179 |
| How to clean the air filter in cold display case | 180 |
| 15.14 How to Replace the Vitamix Blender Drive Socket | 182 |
| How to replace the drive socket: | 182 |
| 15.15 Vitamix Calibration | 183 |
| CLEANING INSTRUCTIONS | 185 |
| MAINTENANCE | 185 |
| Troubleshooting | 185 |
| 15.17 UberEats Printer | 187 |
| 15.18 Recipe Tablet | 188 |
| How to Update the Recipe Tablet | 188 |
| Recipe Tablet – How to Fix Missing Recipe | 189 |
| CHAPTER 16 – FORMS | 190 |

EXHIBIT E

OUTLETS AS OF DECEMBER 31, 2023

Corporate Outlets:

| California | |
|---|---|
| Boba Nation 1 Southland Mall #114 Hayward, California 94545 (510) 955-7990 | Boba Nation 2086 Newark Mall #1036 Newark, California 94560 (510) 788 - 1901 |
| Boba Nation 1 Stoneridge Mall Road #2241 Pleasanton, California 94588 (925) 271-6001 | |

Franchised Locations:

| California | |
|--|--|
| Sanjivani Sips Inc. Jayappa Sunil Kottige & Abhilash Annaiayappa Vijayakumara 3466 Maroun Pl San Jose, California 95148 | |

Signed But Not Opened:

None.

EXHIBIT F

GENERAL RELEASE

(“Franchisee”) and its principal(s):

(a) Franchisee and Franchisee’s Principal(s) do, for themselves and their successors and assigns, hereby release and forever discharge generally Franchisor and any affiliate, wholly owned or controlled limited liability company, subsidiary, successor or assign thereof and any shareholder, officer, director, employee, agent, executor, administrator, estate, trustee or heir of any of them (the “Released Franchisor Party”), from any and all claims, demands, damages, injuries, agreements and contracts, indebtedness, accounts of every kind or nature, whether presently known or unknown, suspected or unsuspected, disclosed or undisclosed, actual or potential, which Franchisee or Franchisee’s Principal(s) may now have, or may hereafter claim to have or to have acquired of whatever source or origin, arising out of or related to any and all transactions of any kind or character at any time prior to and including the date hereof, including generally any and all claims at law or in equity, those arising under the common law or state or federal statutes, rules or regulations such as, by way of example only, franchising, securities and antitrust statutes, rules or regulations, in any way arising out of or connected with the Franchise Agreement or this General Release, and further promises never from this day forward, directly or indirectly, to institute, prosecute, commence, join in, or generally attempt to assert or maintain any action thereon against any Released Franchisor Party, in any court or tribunal of the United States of America, any state thereof, or any other jurisdiction for any matter or claim arising before execution of this General Release. In the event Franchisee or Franchisee’s Principal(s) breaches any of the promises, covenants, or undertakings made herein by any act or omission, Franchisee and Franchisee’s Principal(s) shall pay, by way of indemnification, all costs and expenses of any Released Franchisor Party caused by the act or omission, including reasonable attorneys’ fees and costs.

(b) Franchisee and Franchisee’s Principal(s) represent and warrant that no portion of any claim, right, demand, obligation, debt, guarantee, or cause of action released hereby has been assigned or transferred by Franchisee or Franchisee’s Principal(s) to any other party, firm or entity in any manner including, but not limited to, assignment or transfer by subrogation or by operation of law. In the event that any claim, demand, or suit shall be made or institute against any Released Franchisor Party because of any such purported assignment, transfer or subrogation, Franchisee and Franchisee’s Principal(s) agree to indemnify and hold such Released Franchisor Party free and harmless from and against any such claim, demand, or suit, including reasonable costs and attorneys’ fees incurred in connection therewith. It is further agreed that this indemnification and hold harmless agreement shall not require payment to such claimant as a condition precedent to recovery under this paragraph.

(c) THIS RELEASE IS A GENERAL RELEASE AND THE PARTIES INTEND AND AGREE THAT IT SHALL BE INTERPRETED, CONSTRUED AND ENFORCED AS SUCH.

(d) Franchisee and Franchisee’s Principal(s) acknowledge, warrant, and represent that no promises, representations, or inducements, except as set forth in this General Release, have been offered or made by any Franchisor Released Party to secure the execution of this General Release, and that this General Release is executed without reliance on any statements or any representations not contained herein. Franchisee and Franchisee’s Principal(s) knowingly waive (1) any claim that this General Release was induced by any misrepresentation or nondisclosure, and (2) any right to rescind or avoid this General Release based upon presently existing facts, known or unknown.

FRANCHISEE AND FRANCHISEE'S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. Franchisee and Franchisee's Principal(s) also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Released Franchisor Party with respect to any Franchisee Released Claim, and Franchisee and Franchisee's Principal(s) shall defend, indemnify, and hold harmless each of Franchisor Releasees against same.

Executed as of _____, 20____.

FRANCHISEE:

By: _____

PRINCIPAL:

(Print Name)

_____,
(Print Name, Title)

PRINCIPAL:

(Print Name)

EXHIBIT G

STATE ADDENDA

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

The Department of Financial Protection and Innovation for the State of California requires that certain provisions contained in franchise documents be amended to be consistent with California Franchise Investment Law, Cal. Corp. Code Section 31000 et seq., and of the Rules and Regulations promulgated thereunder. To the extent that this Disclosure Document contains provisions that are inconsistent with the following, such provisions are hereby amended.

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 14 DAYS PRIOR TO EXECUTION OF AGREEMENT.

2. Item 3 is amended to add:

Neither Franchisor nor any person described 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. 8.78(a) et seq. suspending or expelling such persons from membership in such association or exchange.

3. Item 17 is amended to state:

- (a) The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. § 101 et seq.).
- (b) The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.
- (c) The franchise agreement contains a liquidated damages clause. Under California Civil Code section 1671, certain liquidated damages clauses are unenforceable.
- (d) The Franchise Agreement requires application of the laws of California. This provision may not be enforceable under California law.

4. OUR WEBSITE www.thebabanation.com HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT www.dfp.ca.gov.

5. No disclaimer, questionnaire, clause, or statement signed by a franchisee in connection with the commencement of the franchise relationship shall be construed or interpreted as waiving any claim of fraud in the inducement, whether common law or statutory, or as disclaiming reliance on or the right to rely upon any statement made or information provided by any franchisor, broker or other person acting on behalf of the franchisor that was a material inducement to a franchisee's investment. Any statements or representations signed by a franchisee purporting to understand any fact or its legal effect shall be deemed made only based upon the franchisee's understanding of the law and facts as of the time of the franchisee's investment decision. This provision supersedes any other or inconsistent term of

any document executed in connection with the franchise.

6. The highest interest rate allowed by law in California is 10% annually.
7. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.
8. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.
9. **The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.**

STATE EFFECTIVE DATES – 2024

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

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

| <u>STATE</u> | <u>EFFECTIVE DATE</u> |
|---------------------|------------------------------|
| California | PENDING |

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 H

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF BOBA NATION FRANCHISE LLC

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

If Boba Nation Franchise 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.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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

The name and principal business address and telephone number of each franchise seller offering the franchise is:

| | | |
|--|--|--|
| Baltej Singh Sra 2626 Yerba Vista Court San Jose, California (408) 834-2124 | | |
|--|--|--|

Issuance Date: April 16, 2024

I received a Disclosure Document dated April 16, 2024 that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments 1-9.
- EXHIBIT C: Financial Statements of Boba Nation Franchise LLC
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Outlets as of the date of this Disclosure Document
- EXHIBIT F: General Release
- EXHIBIT G: State Addenda
- EXHIBIT H: Receipt

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Please return signed receipt to Boba Nation Franchise LLC,
2626 Yerba Vista Court
San Jose, California

EXHIBIT H

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF BOBA NATION FRANCHISE LLC

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

If Boba Nation Franchise 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.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

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

The name and principal business address and telephone number of each franchise seller offering the franchise is:

| | | |
|--|--|--|
| Baltej Singh Sra 2626 Yerba Vista Court San Jose, California (408) 834-2124 | | |
|--|--|--|

Issuance Date: April 16, 2024

I received a Disclosure Document dated April 16, 2024 that included the following Exhibits:

- EXHIBIT A: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT B: Franchise Agreement with Attachments 1-9.
- EXHIBIT C: Financial Statements of Boba Nation Franchise LLC
- EXHIBIT D: Operations Manual Table of Contents
- EXHIBIT E: Outlets as of the date of this Disclosure Document
- EXHIBIT F: General Release
- EXHIBIT G: State Addenda
- EXHIBIT H: Receipt

Date Received: _____
(If other than date signed)

DATE: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS