FRANCHISE DISCLOSURE DOCUMENT

Teaspoon Franchising, Inc.
a California corporation
2290 Ringwood Ave., Unit E
San Jose, CA 95131
(628) 234-4999
http://www.teaspoonlife.com

The franchisee will operate a Teaspoon cafe business. See Item 1 of this Franchise Disclosure Document for further details. As of the date of this Franchise Disclosure Document, the total investment necessary to begin operation of a Teaspoon franchise is $244,500 to $548,000. This includes the $45,000 franchise fee that must be paid to the franchisor. If you agree to develop multiple Teaspoon businesses under a multi-unit development agreement, the total investment necessary to begin operation is $274,500 to $578,000. This includes the $75,000 initial franchise fee that must be paid to the franchisor. Items 5 through 7 of this Franchise Disclosure Document should be consulted for further detail.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Amy Lai at 2290 Ringwood Ave., Unit E, San Jose, CA 95131 and (628) 234-4999, or amy@teaspoonlife.com and karim@teaspoonlife.com.

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

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

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

Issuance Date: March 25, 2024

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Teaspoon cafe 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 Teaspoon cafe franchisee?	Item 20 or Exhibit C 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 D.

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:

<u>Out-of-State Dispute Resolution</u>. 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.

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.

TABLE OF CONTENTS

Page

Exhibits

ITEM 1

THE FRANCHISOR, AND ANY PARENTS, PREDECESSOR & AFFILIATES

To simplify the language in this Franchise Disclosure Document, "We" or "Our" means Teaspoon Franchising, Inc., the franchisor. "You" or "Your" means the person who buys the franchise. "Teaspoon" means the mark you use in operating the franchise.

Organizational History

We are a California corporation. We do business under our corporate name and Teaspoon. Our principal business address is 2290 Ringwood Ave., Unit E, San Jose, CA 95131. We have been in the beverage and restaurant industry since 2015, and have been offering Teaspoon franchises since 2018.

Our agent for service of process and principal business address is listed in **Exhibit D**.

Our Parents, Predecessors and Affiliates

We have one parent company, D&A Food Inc., whose principal business address is 2290 Ringwood Ave., Unit E, San Jose, CA 95131. D&A Food Inc. does not offer franchises in any other line of business.

We have five affiliates, as listed in the next paragraph, each of which owns and operates a Teaspoon café location, all of which are counted as corporate-owned locations and which are listed in Item 20. None of these affiliates are suppliers.

Moonlai, LLC's principal business address is 2290 Ringwood Ave., Unit E, San Jose, CA 95131. Teaspoon Saratoga LLC's principal business address is 2290 Ringwood Ave., Unit E, San Jose, CA 95131. Teaspoon Milpitas LLC's principal business address is 2290 Ringwood Ave., Unit E, San Jose, CA 95131. Teaspoon San Jose LLC's principal business address is 2290 Ringwood Ave Unit E San Jose CA 95131. Teaspoon Sawtelle LLC's principal business address is 2290 Ringwood Ave Unit E San Jose CA 95131.

We have no predecessor.

Our Business

We grant franchises (referred to in this Document as a "Teaspoon franchise") for the right to independently establish and operate a beverage cafe using the Teaspoon mark. Before the effective date of this FDD, we have not granted franchises in any other lines of business. We are engaged in no other business. A franchise for the operation of a Teaspoon café franchise within a defined territory is granted under the terms of our standard form Franchise Agreement attached as Exhibit B-1.

Market & Competitive Factors

The market for beverages generally includes families and individuals who enjoy going out and having beverages as part of a social interaction with others.

The beverage market in many geographic areas is highly developed. You will compete with other beverage providing businesses including franchised and independent coffee and tea cafes, supermarkets, fast food operations and convenience stores. The general market above is year round. However, there can be seasonal variations.

Industry-Specific Regulations

In addition to general laws governing all businesses, you will need to comply with health and safety regulations, food handling, menu labeling, and product packaging laws, including laws prohibiting single-use plastic packaging and plastic straws. You should investigate whether there are regulations and requirements that apply in the geographic area where you intend to locate your franchise. Consult with governmental agencies or your own attorney to make sure this is done.

In California, a fast food worker law commonly referred to as AB 1228 goes into effect in 2024. It requires California limited-service restaurant businesses including boba tea restaurants that are part of a chain of 60 or more units to comply with certain wage minimums for hourly workers and also establishes a Fast Food Council division within the California Department of Industrial Relations that has authority to increase minimum wages and to establish other regulations regarding minimum standards for health, safety and employment. As of the issuance date of this disclosure document, we do not have 60 or more Teaspoon restaurant units operating within the U.S.

Prior Business Experience

Our affiliates have directly operated a total of eight Teaspoon cafes. Neither we nor our affiliates have ever offered franchises before in any other lines of business.

ITEM 2

BUSINESS EXPERIENCE

Chief Executive Officer and Board Member **Amy Lai**

Ms. Lai has been CEO of both Teaspoon Franchising, Inc. and D&A Food, Inc. since 2021. Prior to this, Ms. Lai served as CFO and Secretary of Teaspoon Franchising, Inc. from April of 2016 to 2021. From October of 2014 to November, 2015, she was a Manager of Moonlai, LLC in Los Altos, California.

Board Member **David Nguyen**

Mr. Nguyen has been Board Member of Teaspoon Franchising Inc. since July of 2019 in Hayward, California. For more than ten years prior to joining Teaspoon Franchising Inc., he was a co-founder of Ram Exchange, and he owned and operated numerous restaurant franchises since 2008 including the Original Mels diner, Hurricane Grill & Wings and Denny's restaurants.

Board Member **Jack Nguyen**

Mr. Nguyen has been Board Member of Teaspoon Franchising Inc. since July of 2019 in Hayward, California. For more than ten years prior to joining Teaspoon Franchising Inc., he was a co-founder of Ram Exchange, and he owned and operated numerous restaurant franchises since 2008 including the Original Mels diner, Hurricane Grill & Wings and Denny's restaurants.

Chief Franchise Officer **Karim Abouelkheir**

Mr. Abouelkheir has been working with Teaspoon since September 2020. He is the Chief Franchise Officer supporting franchisees in the Teaspoon system. Prior joining Teaspoon, he was COO of Port of Mokha in Oakland, CA from Sept 2019 to Sept 2020 and founder of Cold Brew Lab from Sept 2017 to Sept 2019.

Head of Operations **Charles Fedrick**

Mr. Fedrick has been working with Teaspoon as the Head of Opertaions since January 2024. From February 2023 to January 2024, he was the Franchise Success Director for Teaspoon. Prior joining Teaspoon, he was District Manager for Buffalo Wild Wings in Medford, OR from August 2022 to February 2023, self-employed with Fedrick Enterprises from December 2021 to August 2022, the District Manager for Chipotle in Capitola, CA from May 2020 to December 2020, and the District Manager/Director of Operations for Burgerim from December 2017 to January 2020 in Los Angeles, CA.

ITEM 3

LITIGATION

Lake Merced International, Inc. and Tony Zhang v. Teaspoon Franchising, Inc., *et al.*, American Arbitration Association Case AAA Case 01-21-0003-9728 (originally filed in Superior Court of the State of California, County of Alameda, Case No. HG21086509 on January 15, 2021 and compelled to arbitration). Plaintiffs are a franchisee and one owner of the franchisee entity. Plaintiffs alleged that Franchisor breached its franchise agreement by siting another Teaspoon café inside the designated territory granted to Plaintiffs. Plaintiffs also alleged a breach of the duty of good faith and fair dealing, false promise, intentional misrepresentation and negligent misrepresentation arising from these alleged facts. Teaspoon filed a counter-claim for breach of the Franchise Agreement arising out of Plaintiffs' failure to utilize approved vendors, sales of unauthorized products, and failure to allow inspection of premises. This matter and the subsequent one were resolved as listed in the third paragraph below.

Tony Zhang v. Amy Lai, Superior Court of the State of California, County of San Mateo, Case No. 21-CIV-05805 (filed October 28, 2021) Plaintiff Zhang alleged that defendants Teaspoon Franchising, Inc and Amy Lai fraudulently induced him to sell 50% of his interest in Lake Merced International, Inc. to two individuals by misrepresenting their construction licenses. This fraud claim was originally filed as a part of *Lake Merced International, Inc. and*

Tony Zhang v. Teaspoon Franchising, Inc., et al, Alameda County Case HG21086509, but was stayed by the court pending arbitration of the parties' franchise agreement disputes. In response, Plaintiff dismissed the fraud claim from the Alameda County matter and refiled it in San Mateo County, this instant matter. Defendant Teaspoon was subsequently voluntarily dismissed by Plaintiff. Ms. Lai disputed these allegations.

Both of the above matters were resolved through a settlement also involving claims against Tony Zhang for fraud and breach of contract for nonpayment alleged by the two individuals who were accused by Plaintiff Zhang of misrepresenting their construction licenses. In a settlement of all claims, Plaintiff Zhang paid $300,000 to Teaspoon Franchising Inc. Teaspoon Franchising Inc. transferred certain business assets related to a Teaspoon café near Plaintiffs' existing Teaspoon café to Tony Zhang. This settlement was concluded in December 2022.

Peter Pham v. Teaspoon Franchising, Inc., American Arbitration Association Case 01-22-0003-8754 (filed September 13, 2022). Plaintiff Pham alleged that defendant Teaspoon failed to provide him with a promised five mile radius territory around his café and subsequently permitted another Teaspoon location to open within four miles of his café location. Plaintiff has asserted claims for reformation of the contract based on mistake, for breach of contract, and for specific performance in the form of forcing the closure of the subsequent Teaspoon location. Defendant Teaspoon denied these allegations. The parties settled this matter in October 2023. Plaintiff Pham accepted a three mile radius territory around his café location and Teaspoon paid him $100,000 and agreed to pay him an amount equal to five percent of his sales until the end of his franchise term.

In the Matter of the Commissioner of Financial Protection and Innovation v. Teaspoon Franchising, Inc. (October 19, 2023). In October 2023, Teaspoon entered into a Consent Order with the California Department of Financial Protection and Innovation ("DFPI"). The DFPI found that Teaspoon had sold one franchise prior to being registered, had failed to retain one disclosure document receipt, and had negotiated three initial franchise fees without including these in subsequent disclosure document filings with the DFPI and without disclosing these negotiated changes in subsequent offers to other prospective franchisees. Teaspoon agreed to pay an administrative penalty of $62,500 and agreed to desist and refrain from any violations of the California Franchise Investment Law.

Other than the foregoing, 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

Franchise Fee

For the first franchise granted by us, the initial franchise fee is $45,000, payable in full when you sign the Franchise Agreement. If you later open a second Teaspoon restaurant, you will pay us a $40,000 initial franchise fee, and any subsequent Teaspoon restaurants you open will have a $35,000 initial franchise fee payable to us.

If you sign a Multi-Unit Development Agreement (attached as Exhibit B-2) which requires you to commit to opening multiple Teaspoon restaurants over a period of time, your initial franchise fees will be $45,000 for the first unit, $35,000 for the second, and $25,000 for all subsequent restaurants to be built under the Multi-Unit Development Agreement. We will collect 100% of the initial franchise fee for the first unit and 50% of the initial franchise fee for each subsequent unit at the time you sign the Multi-Unit Development Agreement. We will collect the unpaid portion of each fee when you sign the franchise agreement for the corresponding restaurants. We only grant Multi-Unit Development Agreements to franchisees who agree to open three or more units at a rate of at least one per year. You must also meet our minimum criteria for being a Multi-Unit franchise owner, including having $1,500,000 in liquid assets, and an acceptable management team with operational experience sufficient to develop, open and run multiple Teaspoon restaurants. You must also own and operate your Teaspoon units..

If you pay a discounted price for an additional unit, either pursuant to a Multi-Unit Development Agreement or by purchasing an additional Teaspoon restaurant separately, if you require our initial training again you will pay us a $5,000 training fee. Training is included in the initial franchise fee for your first Teaspoon restaurant.

The initial franchise fee, including any training fee, is fully earned by us upon receipt and is non-refundable. We agree to train you and up to one other person you appoint. If you (or your designees) are unable to complete each segment of the training program to our satisfaction, as determined by objective and subjective criteria, we have the right, but not the obligation, to terminate the franchise agreement and refund 50% of the franchise fee to you. Failure to attend training will not result in a refund, and we do not issue refunds in any other circumstances.

ITEM 6

OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalty Fees†(1)	5% of Gross Revenues.	Weekly	Payment is made through ACH draws we initiate to your bank account. See Section 3.2 of Franchise Agreement (FA).

Type of Fee	Amount	Due Date	Remarks
Network Marketing Fund†(1)	Up to 3% of Gross Revenues, but currently 2% of Gross Revenues. Collected from all stores starting upon opening.	Weekly	Payment is made through ACH draws we initiate to your bank account. See Section 3.4 of FA.
Digital Storefront Fee†	$350 per month	Monthly	This fee is a passthrough to our approved technology vendors, including Lunchbox. This fee may change if our vendors change the fees they charge us.
Failed Quality Control Audit Fee†	$300	On demand	Only payable if you fail a Teaspoon Quality Control Audit (this audit covers your store's operations, customer service and marketing and branding compliance). This fee covers our costs of reauditing your store.
Late Payment Charge †	Payment due plus the greater of $100 or 10% of the overdue amount.	On receipt of past due invoice	Only payable if a payment you owe us is late. See Section 3.5 of FA and compare the Unreported Revenue Fee.
Unreported Revenue Charge†	Double the payment due. You will pay us a total of double the Royalty and double the Network Marketing Fund on your unreported Gross Revenue.	On demand	Only payable if you fail to report all of your Gross Revenue and only payable on the Gross Revenue you fail to report. See Section 3.5 of the FA. If we assess this fee, you will not owe the Late Payment Charge.
Audit Fee†	Our actual cost of the audit	On demand	You will only pay our audit cost if our audit reveals that you have underreported your revenue to us by 2% or more.

Type of Fee	Amount	Due Date	Remarks
Non-Compliance Fees	$1,000 per day for not operating standard operating hours $250 per day per item for using unauthorized products or services $100 per day for other defaults including your employees not wearing the Teaspoon uniform, not using the approved POS system, and not complying with marketing requirements.	On demand	These fees will only be assessed if you are out of compliance with our clearly articulated standards. Your payment of this fee does not prevent us from terminating you if you fail to cure your default within the required time period.
Repeat Training – New Manager Training Fee†	Then-current training fee which is $100 per hour (plus expenses if travel by us is required) as of the date of this FDD.	Payable before the training starts.	Only payable if you (or your trainees) do not pass all segments of our training program, or you ask us to train a new manager, or a manager is not adequately trained. See FA Sections 3.6, 4.1 and 4.2.
Transfer & Training Fee (Franchise Agreement)†	Then-current transfer and training fee, which will be 50% of the then current franchise fee, subject to state law.	At least 30 days before transfer	Only payable if you sell your franchise to a third party. See Section 6.1 of FA.
Initial Training for owners of multiple units	$5,000	Payable before the training starts.	Only payable if you are opening an additional Teaspoon restaurant beyond your first restaurant and you request initial training in connection with opening that restaurant.
Training Travel Fee	$5,000 or our actual costs to travel to your store to provide onsite training, whichever is greater.	On demand	Only payable if you require our trainer(s) to come to your store to provide training, or if we determine that we must provide onsite training at your store due to your operations.

Type of Fee	Amount	Due Date	Remarks
Transfer of Multi-Unit Development Agreement Fee	$10,000	Prior to transfer	Only payable if you enter into a Multi-Unit Development Agreement with us and request and obtain approval to sell your rights under that agreement to a third party. See Section 7(c)
Consulting Fee†	Then-current hourly amount, which is $100 per hour plus travel expenses as of the date of this FDD.	On receipt of invoice.	Only payable if you request additional support or on site assistance. See Section 4.2 of FA.
Management Fees†	We will charge you our then-current costs of compensating employees for their time, plus their travel and living expenses for the duration of the time we provide this service.	Monthly from ongoing sales.	Only payable if you die or are disabled to the point someone is needed to run the business temporarily. See Section 6.2 of FA.
Renewal Fee†	$10,000	Upon signing the Renewal Franchise Agreement.	Payable before you renew your franchise. See Section 2.2 of FA.
Indemnification†	You will have to indemnify us for any and all losses resulting from third party claims filed against us, related to your obligations under the FA, including your actions or negligence in running the franchised business.	On receipt of invoice.	Only payable if a third party brings a claim against us and you are responsible. See Section 3.12 of FA.
Approved Supplier, etc. Evaluation & Testing Fee†	Cost of our evaluation and testing; currently $200 per hour, plus expenses, as of the date of this FDD. An advance retainer will be required.	As incurred	Only payable if you want us to add a new supplier to our approved supplier list or you want to offer unapproved services or products. See Section 3.6 of FA.
System Improvements†	Impossible to estimate. If we modify the system, you may incur costs to comply with our changes,	On receipt of invoice.	Only payable if a network-wide improvement is adopted and implemented. Could be payable to us or a third party vendor. See

Type of Fee	Amount	Due Date	Remarks
	such as costs of replacing kitchen equipment, buying new inventory, subscribing to new software systems, or changing signage, furniture, fixtures, or décor in order to comply with a new branding strategy.		Section 3.8 of FA.
Liquidated Damages †	36 months of average royalty payments or $100,000, whichever is greater, but prorated if the remaining length of your franchise term is less than 36 months.	On receipt of invoice.	Only payable if there is an early termination caused by you. See Section 5.3 of FA.
Attorneys' Fees †	Our actual attorneys' fees incurred to collect amounts you owe to us, or protect ourselves from harm caused by your actions or negligence, which will include any amount awarded to us by a court or arbitrator.	At conclusion of legal proceeding or collection effort	Only payable if we bring a proceeding or collection effort to enforce our rights under the FA, and if we are the substantially prevailing party in any proceeding or collection effort. See Section 7.11 of FA
Missed Training†	$100/hour of missed training	On demand.	Only payable if you have a scheduled training with us and you fail to appear for your scheduled training time.

† The table above shows fees that are (or under certain circumstances, may be) payable to us or our designated service providers. Unless otherwise noted, all fees are uniformly imposed by and are payable to us per our pricing schedules described in the table and in our Operations Manual. The Unreported Revenue Charge was added as of 2020. None of the fees are refundable. Read the Franchise Agreement for full details.

Note (1) The Royalty Fee is 5%. In the past, we offered a lower royalty percentage for franchisees' third (or more) stores, but we no longer offer this. Therefore, some other franchisees may pay a lower royalty on some of their stores and this fee is not fully uniform. Starting in 2024, we charge the Network Marketing Fee starting the month that you open for business. In the past, we began collecting that 90 days later, so some franchisees will experience different timing from you.

ITEM 7

ESTIMATED INITIAL INVESTMENT

Your Estimated Initial Investment for a Teaspoon Café

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (1)	$45,000	$45,000	Lump sum	Upon signing the Franchise Agreement	Us
Leased Real Estate (2) includes first, last and security deposit	$15,000	$50,000	Varies	On signing lease	Landlord
Costs/expenses associated with attending our training program or having our trainer travel to you	$5,000	$20,000	Varies	As incurred	Hotel, car, food, etc.
Furniture, Fixtures, Equipment	$40,000	$80,000	Varies	Before opening	3rd party suppliers
Office equipment, supplies, computer – POS system	$4,500	$13,000	Varies	Before opening	3rd party suppliers
Build Out, Improvements	$80,000	$230,000	Varies	Before opening	Contractors
Initial Inventory	$5,000	$15,000	As arranged	Prior to opening	3rd party suppliers

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Permits, Licenses, Insurance, Utility deposits, Professional fees	$10,000	$30,000	Varies	As incurred	CPA, attorney, insurance – utility companies, government agencies, etc.
Marketing, grand opening event, social media	$10,000	$15,000	Varies	As incurred	3rd party suppliers
Additional Funds and Working Capital for First Three Months (3)	$30,000	$50,000	As arranged	Varied times	3rd party vendors, landlord, employees, media, etc.
TOTAL	$244,500	$548,000.00			

The notes for this table appear after the next table.

<u>Your Estimated Initial Investment for a Multi-Unit Development Agreement (First Business)</u>

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (4)	$75,000	$75,000	Lump sum	Upon signing the Franchise Agreement	Us

Type of Expenditure	Low Amount	High Amount	Method of Payment	When Due	To Whom Payment is to be Made
All expenses of opening a single Teaspoon business as summarized in the prior table, except Initial Franchise Fee	$199,500	$503,000	As specified in prior table	As specified in prior table	As specified in prior table
TOTAL	$274,500	$578,000			

Notes to Estimated Initial Investment Tables

You must directly pay (or provide independent financing for) all estimated initial investment expenditures listed in this Item 7 table to begin operations of your franchise. We do not offer any financing (see Item 10). Except the circumstance where the franchise fee is refundable (see Item 5 of this Franchise Disclosure Document), none of the other investment expenditures are refundable unless you make independent arrangements with sellers or suppliers about whether, and under what conditions, payments may be refundable. Some costs and expenses will vary due to a disparity of prices, availability, and other factors. The cost of each item can and should be independently checked by you within your local area. Under Column 3, Method of Payment, we accept checks for payment of amounts due us. Check with the other vendors, suppliers, etc. for their acceptable methods of payment. These may include one or more of the following: cash, checks, wire deposits. See Item 5 for determining franchise fee.

1. The Franchise Fee for your first store, if you purchase only one, is $45,000. If you open additional units you may qualify for a further discount as explained in Item 5.

2. This estimate assumes first and last month's rental prepayment, plus a security deposit equal to a month's rent for premises ranging approximately 600 to 1,200 square feet, at a cost of between $3 and $10 per square foot. In today's economy rental rates are very negotiable and can start as low as $3 per square foot.

3. This estimates your operating expenses for three months of operations based on our experience opening a total of four Teaspoons that were used as the prototypes for this franchise program. This is only an estimate, and we cannot guarantee you will not have additional expenses, such as personal and business expenses, that exceed our estimates. Revenues and costs can vary due to many factors. Some of these factors include your ability to operate per our recommended business methods, management and marketing skills, business acumen, aggregate demand, competition, prevailing wages, location,

rental paid and other variables. Your franchise will need time to attain a reasonable sales volume, and to be ultra conservative we have not factored any sales income into the working capital amount. Because of this, working capital requirements will vary. The estimate shown in the table should be considered a minimum figure. It does NOT include any estimate for interest or other financing costs. It also does not include an estimate for royalty payments because these are impossible to estimate as of the date of this Franchise Disclosure Document. The estimate assumes you will hire and pay at least 10 employees (not including yourself) and does not include your salary. You should review all initial investment figures carefully with a competent financial business advisor before making any decision to purchase the franchise.

4. If you sign a Multi-Unit Development Agreement, you will pay us 100% of the initial fee for your first unit, plus 50% of the initial fees for all other units you are agreeing to develop under the Multi-Unit Development Agreement. This estimate is based on you agreeing to open three units.

ITEM 8

RESTRICTIONS ON SOURCES OF PRODUCTS & SERVICES

To ensure uniformity of service, quality and appearance as well as enhance public recognition and acceptance of our marks, you must purchase all furniture, fixtures, equipment, signage, supplies, products, services and materials relating to the construction, establishment and operation of your Teaspoon franchise per our specifications and requirements. We require you to work with our designated architectural firm to produce the footprint and design of your Teaspoon restaurant once your site is selected.

Our specifications and requirements are contained in our confidential Operations Manual, which is provided to you and may be updated occasionally. Future supplements, improvements or changes to our business system may require you to add or eliminate previously authorized services or products.

We offer a Teaspoon brand loyalty program for customers. You have the option to participate in that loyalty program or opt out and not participate at your location, but you do not have the right to alter our loyalty program or design your own rewards program.

You may purchase supplies, products, services and materials meeting our specifications and requirements from any approved supplier, unless noted otherwise. A list of currently approved suppliers is contained in our Operations Manual. This list may be updated in the future. We are an approved supplier of uniforms and customized merchandise bearing our brand. In 2023, we collected $75,631 from sales of these products to franchisees. This was 4.2% of our 2023 revenue of $1,793,757.

We estimate required purchases in accordance with our specifications will represent approximately 12% to 33% of (a) the cost of establishing your Teaspoon franchise and 10% to 20% in operating your Teaspoon franchise.

Our criteria for approving suppliers are specified in our franchise agreement. All suppliers must be approved by us in writing before you use them.

If you want to use a supplier or offer services or products not previously approved by us, you must first submit a written request for approval, which will not be unreasonably withheld. As a condition of approval, we require inspection of the supplier's facilities, or testing of requested services or products. It is your responsibility to deliver to us (or our designated testing facility) samples of requested programs, products or services. To begin the evaluation-testing process, you are required to pay us a lump sum amount (based on our then-current hourly rate, estimated time and estimated expenses). Other lump sum payments may be required to continue and complete this process. We will refund any credit balance due to you at the end of the process. We will advise you of our approval or disapproval within a reasonable time after receiving your request and conducting the evaluation and testing. A final determination is reached typically within approximately 15 business days after completing this process. We may revoke our approval of any supplier, product or service not meeting our standards and specifications.

We require you to purchase insurance in the following amounts:

- Bodily injury and property damage general liability insurance, with a minimum aggregate coverage per Restaurant of $2,000,000 and a minimum per occurrence coverage of $1,000,000 and with a medical payments limit of $5,000.00, together with all risk replacement cost property insurance covering your Restaurant and its contents, awnings, signs and glass and with provision for business income loss, food spoilage endorsement and equipment breakdown coverage.

- Products liability insurance with a minimum aggregate coverage of $2,000,000.

- An umbrella policy providing coverage with limits of not less than $1,000,000.

- Medical payment, crime (inside/outside), and employee dishonesty insurance with minimum per occurrence coverage of $5,000, $5,000 and $15,000, respectively.

- Worker's compensation insurance in amounts provided by applicable law or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation for injured workers satisfactory to us.

Automobile liability coverage including coverage for non-owned and hired vehicles with coverage in amounts not less than $1,000,000 combined single limit. You are also required to obtain any insurance that is required by the state or local jurisdiction in which you will operate your Restaurant, and we have the right to require additional types of insurance or different coverage limits in the future.

Although not required to do so, as the franchise network grows, we may attempt to use volume purchasing arrangements with suppliers to enable you to purchase items at prices lower than you could obtain individually. In the event you decide to participate in any purchasing programs offered by us, we may derive revenue from the sale of these items.

We do not provide material benefits or inducements to you based on your use of a designated or approved source and we do not currently have any purchasing or distribution cooperatives.

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 Franchise Disclosure Document.

Obligation	Section in Franchise Agreement/Multi-Unit Development Agreement ("MUDA")	Disclosure Document Item
a. Site selection and acquisition/lease	2.1, 4.1 MUDA 6(a)	7, 9, 11, 12
b. Pre-opening purchase/leases	3.1,3.2, 3.4 MUDA 6(a)	5, 7, 8, 9
c. Site development and other pre-opening requirements	3.1, 3.2, 3.4, 3.9 MUDA 6(a)	6, 7, 9, 11, 12
d. Initial and ongoing training	3.1, 3.3, 3.6, 3.9, 4.1, 4.2, 6.1	5, 6, 7, 11, 15
e. Opening	3.1, 3.2, 3.4	11
f. Fees	2.2, 3.1, 3.3, 4.2, 5.3, 6.1 MUDA 5(a), 6(a)	5, 6, 7, 11, 17
g. Compliance with standards and policies/ operating manuals	1.1 – 1.3, 2.1, 3.2, 3.8, 3.12, 3.16, 3.17, 6.1, 6.3, 6.5	1, 5, 6, 7, 11, 14, 15, 16, 17
h. Trademarks and proprietary information	1.2, 2.1, 3.5, 3.7, 3.8, 3.10, 4.3, 5.2, 5.3, 6.2, 7.1	1, 6, 8, 11, 13, 14, 17
i. Restrictions on products/services offered	1.2, 2.1, 3.5, 3.7 - 3.10	6, 8, 16
j. Warranty and customer service requirements	3.7	11
k. Territorial development and sales quotas	3.7 MUDA 2(a), 3(a), EXHIBIT A	1, 7, 11, 12, 17
l. Ongoing product/services purchases	3.5, 3.7, 3.9, 3.10	6, 8, 11, 16
m. Maintenance, appearance and remodeling requirements	1.2, 2.1, 3.4, 3.7, 3.9	1, 6, 7, 8, 11, 17

Obligation	Section in Franchise Agreement/Multi-Unit Development Agreement ("MUDA")	Disclosure Document Item
n. Insurance	3.14	7
o. Advertising	3.5, 4.2, 5.3	7, 11
p. Indemnification	3.13 MUDA 12(b)	6, 13
q. Owner's participation/management staffing	3.7, 4.1, 4.2, 6.2	5, 6, 7, 9, 11, 15, 17
r. Records and reports	3.7, 3.16, 3.17, 5.2	8, 9, 17, 19
s. Inspections and audits	3.7, 3.16, 3.17	8, 9, 17, 19
t. Transfer	5.2, 5.3, Article 6, 7.6 MUDA 7(c), 9(a)	6, 17
u. Renewal	2.2 MUDA 4(b)	17
v. Post-termination obligations	4.1, Article 5, 7.4 MUDA 9(c) – (d)	17
w. Non-competition covenants	3.7, 5.2, 5.3 MUDA 8, 9(d)	17
x. Dispute resolution	7.4, 7.6, 7.7, 7.8, 7.9, 7.10	17
y. Other – System improvements	3.9	6, 8, 11, 14

Notes to Table

1. A dash "-" between sections, for example "3.4 - 3.6" means read all sections, including the beginning and ending section (in this example, reading sections 3.4, 3.5 and 3.6).

ITEM 10

FINANCING

We do not offer, direct or indirect financing arrangements. We do not guarantee notes, leases or any other obligations you may incur. We do not receive any payments for placing or referring Franchisees to lending sources for financing.

ITEM 11

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, we are not required to provide you with any assistance. ("§" refers to section(s) of the Franchise Agreement)

Pre-opening Assistance and Services

Before you open your business, we will:

1. Approve Your Location. Designate the general area in which you may look for a site, and review and approve the site you select and assign a territory. We do not generally own the premises or take a master lease and lease the premises to you. It is your responsibility to choose a site and propose it to us. We will review your proposal for suitability when compared to our general guidelines regarding size, type of location, visibility, parking, foot traffic, surrounding demographics and related considerations. We have the right to require you to provide us with more information regarding the location. If your requested site meets our general guidelines, we will approve it, typically within about 10 days. In locations near our headquarters, we may, but are never required to, utilize our own broker at our cost to look for suitable locations and propose them to you. Even if we elect to do that, you are still required to conduct your own search for sites to propose. See Item 12 below for discussion. §2.1

2. Provide a Training Program. Train you and up to one additional trainee for a total of approximately 94 hours, depending on your aptitude and background. §4.1(a) See detailed discussion of our training program below.

3. Lend a Confidential Operating Manual. Loan to you (in either written or electronic format) one complete copy of our confidential Operations Manual containing, among other things, operating techniques, specifications, instructions and requirements about authorized suppliers, products, standards and operating procedures. The Operations Manual contains a list of approved suppliers. See Item 8 above for further details. This always remains our property and we may change the manual occasionally to reflect changes in our business system. You must treat all information in the manual as confidential. You must keep the manual current and follow new or changed provisions. The master copy of our manual as maintained at our principal office is controlling in the event of a dispute about the contents of the manual. §3.7(a), § 4.1(b)

4. Provide Initial Forms. Upon request, provide you with copies of reporting and other recommended operating forms. § 4.1(c)

5. Provide Design Layout Standards. Provide you with minimum standards you need to comply with. We do not provide design services. You agree furnishing these minimum standards does not constitute an express or implied assurance, representation or warranty by us of any kind. §4.1(d).

6. Provide Approval for Renovation and Construction. You are responsible for selecting your own business location. We do not select sites. The franchise is granted for a single, specific location. §2.1 We will approve your location for renovation or construction before renovation or construction begins in accordance with the standards specified in our Operations Manual prior to approving your application. You agree furnishing this approval for renovation and construction does not constitute an express or implied assurance, representation or warranty of any kind. §4.1(e)

Schedule for Opening

We estimate the typical length of time between the signing of the Franchise Agreement and the opening of your franchise to be six to twelve months. Factors affecting this time include finding an appropriate site, lease negotiations, time to comply with various building permit requirements, time for build out, delivery and installation of equipment, furniture and inventory as well as time to schedule, attend and successfully complete our training program, Unless we agree otherwise, you must commence business operations within twelve months of the date you sign the Franchise Agreement. §3.4 Typically, if you have been diligent, we will extend these periods.

Assistance, Support and Services During Operations

During the operation of your franchise, we will:

1. Start Up Assistance. Assist you for approximately 40 hours at your franchise location (either physically or online), depending on your needs and aptitude, to aid in learning operations of your Teaspoon business and to assist in establishing standard operating procedures. §4.2(a)

2. Ongoing Support. Provide continuing support by making available, at our corporate office, personnel for consultation by phone, email or mobile communications during normal business hours, for questions arising in the day-to- day operation of your Teaspoon business. §4.2(b)

3. Franchisee Conventions. We have the option to sponsor (when our franchise network has at least 10 franchise owners) annual seminars on management, sales and marketing, industry trends and other topics of interest. Although there is no separate charge for these seminars, it is your responsibility to attend and pay all travel, living and other expenses incurred by you in attending these seminars, as well as your share (the cost equally divided among all franchisees) of renting any conference room, food, industry speaker fees, etc., used for the convention. Attendance at seminars is mandatory. §4.2(c)

4. Updating. Distribute periodic supplements and amendments to our confidential Operations Manual as well as other information of general interest to members of the Teaspoon franchise network. §4.2(d)

5. New Manager Training; Further Training. Provide training (including virtual training) in accordance with our then-current New Manager Training Fee Schedule) if a new person becomes a manager at your franchise and you ask us to train them, or we determine further adequate training is necessary. §4.2(e), §3.7

6. Advertising We will supervise the development of advertising, promotional, public relations, internet presence, website updates and other programs, including the Network Marketing Fund. §4.2(f) See more detailed discussion below under "Advertising Program for Franchise System."

7. Additional Consulting If you request, we will provide additional support or on- site consulting services in accordance with our then-current consulting fee schedule. §4.2(g)

8. Website. We will include information about your Teaspoon business on a website that is maintained by us or a vendor. §4.2(h)

9. Protection of Marks. Take all steps we deem reasonably necessary to preserve and protect the ownership and validity of our marks, and to permit other franchisees to use these marks only in accordance with our standards and specifications. §4.3

Advertising Program for Franchise System

We will provide or supervise advertising, marketing and promotional programs as more fully described below. The advertising and marketing may be done nationally, regionally or locally and we may use all types of media determined to be appropriate in our discretion, including print, direct mail, television, radio, the Internet, newspapers, magazines and/or collateral materials. We may use a combination of in-house staff and advertising agencies to create and place all materials.

The Network Marketing Fund ("Fund') will be spent as we, in our sole discretion, determine is necessary or appropriate for the development, promotion and operation of the Teaspoon System, including but not limited to the cost of preparing, conducting and maintaining world wide web (internet) presence, internet search engine optimization, an online store, direct mail, direct fax and other types of advertising campaigns; public relations activities; and brand collaborations. We may employ advertising and public relations agencies and personnel to assist therein which may be entities owned by or affiliated with us, if use of in-house agencies is deemed best by us, in which event the value of services rendered by the in-house agency shall be set forth in writing and charged to the Fund.

No sums paid by you to the Fund shall be used to defray any of our general operating expenses, except we may use a portion of the Fund to defray the reasonable administration costs and overhead costs we and/or an affiliate incur in activities reasonably related to the administration and direction of the Fund and promotional programs.

When implemented by us, you are required to contribute up to three percent (3%) per week to the Fund- see Item 6. We do not contribute to the Fund ourselves, nor does our affiliate-owned location contribute to the fund. We are not obligated to administer the Fund to make expenditures for you, which are equivalent or proportionate to your contribution, to spend money on advertising in your local area, or to ensure that any particular franchisee benefits directly or pro rata from expenditures for the marketing and reservation program. Amounts spent from the Fund are used to promote the franchise system and education services sold by the franchisees. As of the date of this Franchise Disclosure Document, the Fund has not been implemented, so details on how funds were used in the most recently concluded fiscal year are not available.

The franchise agreement and operations manual are currently the only governing documents of the Fund and these documents are given to all franchisees. An unaudited accounting of the operation of the Fund will be prepared annually and made available to any requesting franchisee. We have the sole right and discretion to change, dissolve or merge one or more Funds. If surplus money is in a Fund at the end of the reporting period, this surplus will be credited towards future Fund marketing efforts. As described above, no sums paid into the Fund can be used to defray any of our general operating expenses, except for reasonable administrative costs and overhead we may incur in activities reasonably related to the administration or direction of the Fund. We are not required to spend any amount on marketing in your territory. We may establish cooperative advertising, marketing and sales programs, loyalty programs, marketing and sales promotions and other similar programs or activities as we deem appropriate as system improvements. You must participate in such programs and activities as we determine. Such programs and activities may cause you to incur expenses and/or pay fees to us. See Item 6. We reserve the right to required advertising cooperatives to be formed, changed, dissolved or merged.

We can use any media we select in administering the Fund. Currently, there is no advertising council composed of franchisees who advise us on advertising policies. In terms of your general advertising, including internet, any media may be used and we permit you to use your own local advertising as long as it meets our written standards and requirements, and was previously approved by us. §3.5, §4.2 See also Items 6, 8 and 9 above.

Computer System & Point-Of-Sale Credit Card System

Before opening you must purchase (if you do not already own) a computer system that is relatively current and has access to a high bandwidth internet connection and secure access. In addition, you must purchase the Toast Point of Sale system, and an Ipad.

Your computer system should have installed the current versions of Internet Explorer, Firefox or Safari. It should also have the following third-party software that may come bundled with your computer:

Microsoft Office suite: (includes by MS Word, Excel, Outlook) for word processing, spreadsheets and email communications

QuickBooks professional, or QuickBooks on line for accounting

Scheduling and time clock programs

The cost for purchasing the computer system (if you do not already have a sufficient computer system) is approximately $2,000. The cost for an iPad and point-of-sale credit card acceptance equipment is approximately $6,000. See §3.16

You will also pay fees for access to certain software programs we require you to use. The current cost for our required POS system is an approximate monthly fee of $300, depending on the package of services and components you select. These costs will increase if the POS system provider increases them.

We do not have direct access to your computer, but we require your sign-in and password for your point of sale account and system and other platforms such as third party delivery companies. Also, we have the right to inspect any aspect of your business, including information and data on your computer whenever we want.

There is no limit on our right to access this information. We may use this information for our own statistical, audit and marketing purposes, but will not disclose information about your business to any third parties unless required to do so by law. All email accounts, websites, social media, etc. issued by us remain our property. All emails sent and received through our email accounts may be monitored at any time by us without notice to you or your employees. See §3.16, 3.17

We also have the right to inspect your books, records, data and financial statements, which would include accessing the software programs used to compile this information. There is no contractual limit on our right to access this information. §3.17

Updating Requirements for Computer and POS System

As do all computer owners, you must pay all costs incurred to repair broken components or non-functioning software and to upgrade your system with new software or hardware as needed. We may require you to upgrade or update your computer system during the term of the franchise, especially if you are running outdated versions of software, operating systems or browsers. There is not limit on how often we can ask you to do this.

If we feel there are significant updating or upgrading requirements, these will be specified in our Operations Manual and you will be required to follow these. There is no contractual limit on the frequency or cost of this updating process, but it is usually a nominal expense, probably $500 to $2,000 per year. Unless you make independent arrangements directly with hardware and software providers they typically have no ongoing maintenance or repair responsibilities. §3.16

Table of Contents of Operations Manuals

The Table of Contents of our Operations Manual as of the date of this Franchise Disclosure Document, with the approximate number of pages devoted to each subject and total number of pages in our manual is set forth in the table below:

Chapters	Number of Pages*
1. Introduction	1
2. Welcome to Teaspoon	2
3. Support Resources	1
4. Marketing	1
5. Getting Started	6
6. Franchise Training Manual	150
7. Vendors	1
Appendix	3

Chapters	Number of Pages*
Total Pages (approximately)	165

Initial Training Program

Subject	Hours of Online and/or Classroom Training	Hours Of On- The-Job Training	Location
Customer Service	2	5	See Note (1)
Drink Recipe	3	24	See Note (1)
Drink Topping	1	1	See Note (1)
Marketing	1	1	See Note (1)
Inventory	1	2	See Note (1)
Manager's Course	8	10	See Note (1)
Cleaning Duties	1	5	See Note (1)
Opening/Closing Procedure	3	12	See Note (1)
Testing/ Quizzing	2	8	See Note (1)
Questions & Answers	1	3	See Note (1)
Total	23	71	

Other Training Program Information

1. Training programs are for new franchisees and are scheduled throughout the year. Training takes place at one of our Teaspoon location in California (typically the closest to you) or may be done via online training at our discretion. Our trainer(s) can also come to your store location (with our permission), but you will be charged their total costs for traveling to you. The allocation of hours of classroom and on-the-job training is only an approximation and depends on your background and skills as well as proficiency in various subject areas.

2. Instructional materials (either written or electronic) include a course curriculum and excerpts from our confidential Operations Manual. Training is based on the expertise of Amy Lai who has more than 8 years of on-the-job experience operating a Teaspoon café business (see Item 2 of this franchise disclosure document for details). Our trainers are all individuals who are managers and who have completed internal Teaspoon University courses and have management experience.

3. All travel, your employee wages and living expenses while attending the training program are your responsibility.

4. Training is mandatory for all franchisees (or designees) and all segments of training must be satisfactorily completed to our satisfaction before starting business operations. We will train you and one additional person. Determination of whether training is satisfactorily completed rests solely with us. §3.7 The training program is given so you complete it about two weeks before the intended opening of your business. Training must be completed before you start business operations.

5. If you hire a manager and do not adequately train this person, as determined solely by us, additional training is required. §3.7 You are responsible for all travel, wages, living, etc. expenses you or your designee incur attending conventions/seminars. §4.2

ITEM 12

TERRITORY

We will designate a general area in which you may select a site from which to operate your Teaspoon restaurant. Once you identify a site and obtain our approval for that site, you are required to operate from that location. We grant you a 1.5 mile protected territory, within which we will not establish another Teaspoon restaurant. Unless you sign a Multi-Unit Development Agreement, there are no options, rights of first refusal or similar rights to add additional franchises within the contiguous areas near your site.

If you sign a Multi-Unit Development Agreement, we will grant you a specific territory for a limited amount of time. You will be required to develop the agreed-upon number of new Teaspoon restaurants within that territory and within the specified period of time. Once the time period granted under the Multi-Unit Development Agreement ends, or you finish developing the agreed-upon number of Teaspoon restaurants, whichever comes first, your rights in the territory will end. You do not receive an option or right of first refusal to further development in that 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.

Any relocation would require our prior written approval. We will consider relocation requests on a case-by-case basis, depending on the reasons for your request to relocate and the area to which you want to relocate. If your Teaspoon restaurant closes due to no fault of your own, or with our approval, prior to the end of your franchise agreement and you are in good standing with us and your are in compliance with our system standards, we will permit to you relocate within one quarter mile of your prior site, for a period of up to two years, as long as your relocation does not conflict with an existing franchisee's protected territory.

No Franchises Of Similar Businesses Under Different Marks

We have not established, nor do we have any presently formulated plans or policies to establish, other franchises or company-owned outlets or use another channel of distribution selling similar services or products under a different service mark. The Franchise Agreement does not address this topic, one way or the other.

ITEM 13

TRADEMARKS

During the term of the Franchise Agreement, we grant you a license to use the Teaspoon service and trademark as reproduced on the cover page of this Franchise Disclosure Document (referred to in this Item as "Mark"). We filed an application for our trademark with the United States Patent & Trademark Office as follows:

Mark	Reg. Number / Date
TEASPOON	7,160,533 Registered September 12, 2023

All required affidavits for this trademark have been filed. Your continuing ability to use the Mark depends on following all applicable standards, specifications and operating procedures as set forth in our Franchise Agreement and our confidential Operations Manual.

There are no determinations of the U.S. Patent & Trademark Office, the trademark trial and appeal board, administrator of this state or of any court, nor any pending infringement, opposition or cancellation proceeding or any material litigation involving the Mark.

We are not aware of any superior prior rights or infringing uses that could materially affect your use of the Mark in this state.

You must notify us if you discover any unauthorized use of the Mark (or a colorable imitation of them), or if litigation involving the Mark is started or threatened. Although the franchise agreement requires us to take all steps reasonably necessary to preserve and protect the ownership and validity of the Mark, we are not specifically obligated to protect any rights you have to use the Mark or to participate in your defense or protect or indemnify you for expenses or damages against claims of infringement or unfair competition. We have the right to control any litigation or administrative proceeding involving the Mark. You have no specific rights under the Franchise Agreement if we require you to modify or discontinue use of the Mark.

ITEM 14

PATENTS, COPYRIGHTS & PROPRIETARY INFORMATION

Patents

No patents are material to the franchise.

Copyrights

We do not own rights in issued copyrights material to the franchise. We do claim unpublished copyright protection and trade secret protection (discussed below) for our confidential Operations Manual. Since we are claiming unpublished copyright protection, we do not have any copyrights pending or registered with the Copyrights Office (Library of Congress) nor do we intend to file any copyright applications.

Proprietary Trade Secrets

The franchise agreement describes, and our Operations Manual contains, proprietary and trade secret know-how developed by us and licensed to you. This proprietary information is referred to below as our "System." Under the terms of the franchise agreement: (i) you do not acquire any interest in our System, other than the right to use it in the operation of your franchise during the term of your agreement; (ii) you agree not to use our System in any business or capacity other than the development and operation of your franchise; (iii) you agree to treat the Operations Manual, including updates, in confidence as trade secrets; (iv) you agree not to make any unauthorized copies of any part of our Manual, or any other confidential information supplied by us; (v) you agree that we may revise the contents of the Manual, and you will comply with each new or changed provision; and (vi) you agree to take specific steps to maintain the confidentiality of our System during and after the term of your franchise, including having your employees sign a written confidentiality agreement.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

Unless you hire a competent, adequately trained, full-time manager who has passed the training we establish to our satisfaction, you must personally participate (on a full time basis) in the direct operation of the franchise business. This is required under the terms of your franchise agreement, and we definitely recommend it as well. A full-time manager must commit to work a minimum of 40 hours per week in your franchise business. Even if you have a satisfactory full-time manager, you must participate directly in the operation of your franchise business at least 10 hours per week.

Any manager(s) hired by you must be adequately trained by you to our satisfaction (or by us at additional cost). If they are not adequately trained by you, they must successfully complete our manager training program - see Item 6 above under "New Manager Training." Alternatively, you can ask us to train your manager. See Item 11 above under "Optional Manager Training." We also require that any manager (or third party manager) employed by you enter into a written confidentiality agreement. See Item 14 above. Your franchise agreement may be assigned to an entity (corporation or partnership) that you control. We do not require that your manager(s) have an ownership interest in your franchise.

ITEM 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must (1) offer and sell only those products that we have approved for sale in writing; (2) offer and sell all products we specify; (3) refrain from any deviation from our standards and specifications without our prior written consent; and (4) discontinue offering and selling any products which we may, in our discretion, disapprove in writing at any time. This includes beverages, merchandise, any other edible items, and any services whatsoever. There are no contractual limits on our right to make changes or improvements to the programs and products offered as part of our system, and we reserve the right to change all or any of these. All products must meet our then-current standards and specifications, as specified in our Operations Manual or otherwise in writing. See also Items 8 and 9.

We require all Teaspoon restaurants to operate for a minimum of 11 hours per day, and to follow our standard operating hours, which we have discretion to modify.

ITEM 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

Provision	Section in Franchise Agreement/Multi-Unit Development Agreement ("MUDA")	Summary (1)
a. Length of the franchise term	2.2(a) MUDA 4(a)	10 years from the date of signing. If you sign a Multi-Unit Development Agreement ("MUDA"), we will specify the term in our discretion. The term will depend on the number of Teaspoon businesses you agree to open, but will generally be about one year for each business you are opening.

Provision	Section in Franchise Agreement/Multi-Unit Development Agreement (“MUDA”)	Summary (1)
b. Renewal or extension of the term	2.2(b) MUDA 4(b)	If you are in good standing you can exercise successive terms of 10 years each. If you sign a MUDA, there is no right of renewal.
c. Requirements for franchisee to renew or extend	2.2(b)	In good standing, provide notice, pay the renewal fee, sign the then-current form of franchise agreement which may contain materially different terms and conditions from your existing agreement, and, if applicable, you bring your Teaspoon restaurant into compliance with our then-current image and system requirements. See franchise agreement for details.
d. Termination by franchisee	5.1	Only if we default and do not remedy within 30 days of written notice, or for any reason otherwise permitted under applicable law
e. Termination by franchisor without cause	None	Not applicable; we cannot terminate you without cause.
f. Termination by franchisor with cause	5.2 MUDA 9(a)-(b)	Subject to "f" and "g" only if you default and fail to remedy the default. If you sign a MUDA, Teaspoon can terminate for any material breach by you or for termination by you of any other agreement between you and Teaspoon.
g. "Cause" defined – curable defaults	5.2	Subject to "f" below, you have 30 days (only 5 days in the case of late fees) to cure all defaults after notice from us.
h. "Cause" defined – non-curable defaults	5.2	Non-curable defaults: criminal conviction, etc. See 5.02 (a) through (e).

Provision	Section in Franchise Agreement/Multi-Unit Development Agreement (“MUDA”)	Summary (1)
i. Franchisee's obligations on termination/non-renewal	5.3 MUDA 9(c)-(d)	Obligations include payment of amounts due and return of all Confidential Information, trade secrets and records, giving us certain purchase rights, follow non-disclosure and non-compete obligations, etc. If there is an early termination caused by you, you are liable for liquidated damages – see Item 6. If you sign a MUDA, termination of the MUDA will end your right to develop further restaurants, and you will also be prohibited from competing with Teaspoon for a period of 2 years after the termination, subject to state law.
j. Assignment of contract by franchisor	6.6	No restriction on our right to assign.
k. "Transfer" by franchisee – defined	6.1 to 6.5 MUDA 7(c)	Includes transfer of contract or assets or ownership changes (including death and permanent disability). If you sign a MUDA, you may only transfer if the assignee meets all of our criteria and they take over all of your restaurants, you or they pay all transfer fees and other amounts owed to Teaspoon, and you sign a general release.

Provision	Section in Franchise Agreement/Multi-Unit Development Agreement (“MUDA”)	Summary (1)
l. Franchisor approval of transfer by franchisee	6.1 MUDA 7(c)(ii)(1)	We have the right to approve all transfers which will not be unreasonably withheld as long as certain conditions are satisfied. See "m" below. If you sign a MUDA, if Teaspoon declines its right of first refusal, you may only transfer if the assignee meets all of our criteria and they take over all of your restaurants, you or they pay all transfer fees and other amounts owed to Teaspoon, and you sign a general release.
m. Conditions for franchisor approval of transfer	6.1 and 6.3 MUDA 7(c)(ii)	New franchisee qualifies, transfer fee paid, purchase agreement approved, new person signs franchise contract and successfully completes training, you sign a release, etc. If you sign a MUDA, you must have prior written approval from Teaspoon to transfer and you must enter into a written agreement to transfer, pay all fees due to Teaspoon including a $5,000 transfer fee, execute a general release, not be in default, and assignee must guarantee the obligations of the franchise.
n. Franchisor's right of first refusal to acquire franchisee's business	6.3 MUDA 7(d)	We have 30 days to match any offer for your business; for transfers of more than 50% interest, we have a right to buy 100% interest. If you sign a MUDA, Teaspoon has a right to purchase your business on the same terms proposed for an assignment of a full or partial interest.

Provision	Section in Franchise Agreement/Multi-Unit Development Agreement ("MUDA")	Summary (1)
o. Franchisor's option to purchase franchisee's business	5.3	We may, but are not required to, purchase your assets, assume your real estate lease, etc. if your franchise is terminated for cause or you do not renew.
p. Death or disability of franchisee	6.2	Your interest must be transferred to an approved party within a reasonable time, not to exceed 180 days. We have the right to manage during interim period if business is not run properly.
q. Non-competition covenants during the term of the franchise	3.6 MUDA 8(a) – (b)	No involvement in any competing business within your Territory. If you sign a MUDA, you may not engage in any restaurant, café, kiosk or similar establishment that competes with Teaspoon.
r. Non-competition covenants after the franchise is terminated or expires	5.3 MUDA 9(d)	No involvement in any competitive business for two years within 10 miles of your Territory (same restrictions apply after a transfer). If you sign a MUDA, you agree not to engage in any other any competitive business offering any similar products or services to Teaspoon for a period of two years after the termination of the MUDA. This provision may not be enforceable in all jurisdictions.
s. Modification of the agreement	3.6, 7.1	Any modification of Franchise Agreement must be in writing and signed by both parties. Changes to our Operations Manual can be made by us and do not change your status or rights under the Franchise Agreement.

Provision	Section in Franchise Agreement/Multi-Unit Development Agreement ("MUDA")	Summary (1)
t. Integration/merger clause	7.1 MUDA 12(i)	Contract contains the entire understanding of the parties. Other promises, etc. are not enforceable unless in writing and signed by both parties. Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable. If you sign a MUDA, the terms of the MUDA contain all of the agreement and no other discussions or information are part of the agreement. Nothing in the MUDA is intended to disclaim the representations we made in the FDD we furnished to you.
u. Dispute resolution by arbitration or mediation	7.4	Except for certain claims, all disputes are settled by mediation and/or binding arbitration in our home state and city. Claims must be made within 1 year from occurrence or **90 days** from discovery of facts. Claims arising under a termination by us must be made within 1 month of the termination date. Both we and you waive rights to collect punitive damages. This section is subject to state law.
v. Choice of forum	7.4, 7.6 MUDA 11(a)	Except for certain claims, Mediation and/or arbitration by AAA in our home state and closest to our principal business address which is currently in San Jose, California, except as modified by applicable law. If you sign a MUDA, you agree that

Provision	Section in Franchise Agreement/Multi-Unit Development Agreement (“MUDA”)	Summary (1)
		any claims must be brought in the state of federal courts in the jurisdiction where Teaspoon has its principle place of business, currently Santa Clara, California, except as modified by applicable law.
w. Choice of law	7.6	The law of our home state (currently California) applies, except as provided in a State Specific Addendum, or as required by applicable law. For service mark issues, federal law may apply.

1. FA means Franchise Agreement.

2. This column is a summary only. Read entire section(s) of Franchise Agreement for a complete understanding. Letter references in this column (like see "m." below) mean one of the "a" through "w" provisions in the first column.

ITEM 18

PUBLIC FIGURES

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

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We provide the information below as information about our units’ historical financial performance in the last three years. The two charts below show information regarding the gross revenue for company-owned units, which include the units which our affiliates own, and for franchisee-owned units. We have included only units which were open during the entire calendar year. Gross revenue is total revenue, excluding only collected sales tax. In each disclosed year, we excluded one franchisee-owned unit because that unit in that year was closed for a significant amount of time (unrelated to the global pandemic).

Company-Owned Units

In 2022, we excluded one corporate-owned unit that was sold.

Teaspoon Company-Owned Units				
Year	Number of locations	Average Revenue / # of locations meeting or exceeding average	Median Revenue	High / Low Revenue
2021	4	$922,756 2 units	$934,321	$1,094,346 $728,036
2022	5	$979,695 2 units	$974,294	$1,133,556 $798,338
2023	5	$955,134 2 units	$865,190	$1,164,236 $787,208

2021 Gross Revenue Ranges	
$1,000,000 - $1,500,000	1 unit
$800,000 - $1,000,000	2 units
$600,000 - $800,000	1 unit
$400,000 - $600,000	0 units
2022 Gross Revenue Ranges	
$1,000,000 - $1,500,000	2 unit
$800,000 - $1,000,000	2 units
$600,000 - $800,000	1 unit
$400,000 - $600,000	0 units
2023 Gross Revenue Ranges	
$1,000,000 - $1,500,000	2 units
$800,000 - $1,000,000	2 units
$600,000 - $800,000	1 unit
$400,000 - $600,000	0 units

Franchisee Owned Units

We excluded four units that were only open for limited hours that are materially shorter than our standard hours.

Teaspoon Franchised Units				
Year	Number of locations	Average Revenue / # of locations meeting or exceeding average	Median Revenue	High / Low Revenue
2021	8	$775,005 3 Units	$716,161	$1,199,253 $403,935
2022	13	$871,854 5 Units	$793,917	$1,411,745 $497,036
2023	22	$702,092 9 Units	$603,595	$1,224,129 $429,066

2021 Gross Revenue Ranges	
$1,000,000 - $1,500,000	3 units
$800,000 - $1,000,000	0 unit
$600,000 - $800,000	2 units
$400,000 - $600,000	3 units
2022 Gross Revenue Ranges	
$1,000,000 - $1,500,000	5 units
$800,000 - $1,000,000	1 unit
$600,000 - $800,000	4 units
$400,000 - $600,000	3 units
2023 Gross Revenue Ranges	
$1,000,000 - $1,500,000	5 units
$800,000 - $1,000,000	0 units
$600,000 - $800,000	6 units
$400,000 - $600,000	11 units

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

ITEM 20

OUTLETS & FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	9	14	+5
	2022	14	26	+12
	2023	26	37	+11
Company-Owned	2021	7	6	-1
	2022	6	5	-1
	2023	5	5	0
Total	2021	16	20	+4
	2022	20	31	+11
	2023	31	42	+11

Our company-owned units are owned by our affiliates as listed in Item 1.

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

State	Year	Number of Transfers
California	2021	0
	2022	0
	2023	1
Totals	2021	0
	2022	0
	2023	1

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

State	Year	Outlets at Start of the Year	Outlets Added	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations – Other Reasons	Outlets at End of the Year
	2021	0	0	0	0	0	0	0

Alabama	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
California	2021	9	5	0	0	0	0	14
	2022	14	9	1	0	0	0	22
	2023	22	10	1	0	0	0	31
Georgia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
Nevada	2020	0	0	0	0	0	0	0
	2021	0	0	0	0	0	0	0
	2022	0	3	0	0	0	0	3
Total	2021	9	5	0	0	0	0	14
	2022	14	13	1	0	0	0	26
	2023	26	12	1	0	0	0	37

Table No. 4
Status of Company-Owned Outlets
For years 2021 to 2023

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of the Year
California	2021	7	1	0	0	2	6
	2022	6	0	0	1	0	5
	2023	5	0	0	0	0	5
Total Outlets	2021	7	1	0	0	2	6
	2022	6	0	0	1	0	5
	2023	5	0	0	0	0	5

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

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
AL	1	0	0
CA	15	10	0
FL	3	1	0
GA	1	0	0
NV	1	1	0

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company- Owned Outlets in the Next Fiscal Year
TX	4	2	0
Total	25	14	0

The name of each of our franchisees and the address and telephone number of each of their outlets as of the date of this Franchise Disclosure Document is set forth in **Exhibit C**. Upon your request, we will make available to you information concerning the length of time our franchisees have been in the franchise system and contact information.

The name and last known home address and telephone number of every franchisee who has had a Franchise Agreement terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement since our formation or who has not communicated with us within 10 weeks of the date of this Franchise Disclosure Document is listed on **Exhibit C** to this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

There are no signed confidentiality agreements restricting the ability of our franchisees to speak openly about their franchise ownership experience.

There are no trademark specific franchisee organization associated with this franchise system.

ITEM 21

FINANCIAL STATEMENTS

Attached to this Franchise Disclosure Document as **Exhibit A** are audited financial statements as of December 31, 2021, December 31, 2022, and December 31, 2023.

ITEM 22

CONTRACT

Attached to this Franchise Disclosure Document as **Exhibit B-1** is one copy of the Franchise Agreement. Attached to this Franchise Disclosure Document as **Exhibit B-2** is one copy of the Multi-Unit Development Agreement.

ITEM 23

RECEIPTS

THE LAST TWO PAGES OF THE FRANCHISE DISCLOSURE DOCUMENT (FOLLOWING THE EXHIBITS AND ATTACHMENTS) ARE RECEIPT PAGES ACKNOWLEDGING YOUR RECEIPT OF THE FRANCHISE DISCLOSURE DOCUMENT.

ONE COPY IS FOR YOUR RECORDS, AND ONE COPY MUST BE SIGNED AND DATED BY YOU AND RETURNED TO US.

EXHIBIT A

FINANCIAL STATEMENTS

TEASPOON®

TEASPOON FRANCHISING, INC.

(a California Corporation)

DECEMBER 31, 2023
FINANCIAL STATEMENTS

TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

CPA Auditor, Inc.

TEASPOON FRANCHISING, INC.

TABLE OF CONTENTS

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Teaspoon Franchising, Inc.
2290 Ringwood Ave, Suite E
San Jose, CA 95131

Opinion

We have audited the accompanying financial statements of Teaspoon Franchising, Inc., (a California Corporation) which comprise the balance sheets as of December 31, 2023, and 2022, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Teaspoon Franchising, Inc., as of December 31, 2023, and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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

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

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

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

Cpa Auditor, Inc.

San Francisco, California
March 25, 2024

TEASPOON FRANCHISING, INC.
BALANCE SHEETS
DECEMBER 31, 2023, and 2022

ASSETS

	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 853,365	$ 679,390
Accounts receivables	164,637	83,651
Inventory, supplies	119,035	138,298
Prepaid taxes and expenses	209,940	271,950
	1,346,977	1,173,289
NON-CURRENT ASSETS		
PROPERTY AND EQUIPMENT		
Furniture and equipment	13,977	13,977
Leasehold improvements	8,700	8,700
	22,677	22,677
Less: Accumulated depreciation	(18,260)	(16,222)
Property and Equipments, net	4,417	6,455
OTHER ASSETS		
Note receivable from stockholder, related party	-	285,730
TOTAL ASSETS	**$ 1,351,394**	**$ 1,465,474**

LIABILITIES AND STOCKHOLDERS' EQUITY

	2023	2022
CURRENT LIABILITIES		
Accounts payable and credit cards payable	65,356	220,084
Gift card and app wallet liability	173,726	108,454
Deferred franchising license fee revenue	2,371,229	1,872,714
Accrued payroll	-	12,596
Note payable to stockholder, related party	-	56,101
Total current liabilities	2,610,312	2,269,949
STOCKHOLDERS' EQUITY		
shares;		
Issued and outstanding 1,000,000 shares	10,000	10,000
Accumulated deficits	(1,268,918)	(814,475)
Stockholders' equity	(1,258,918)	(804,475)
LIABILITIES AND STOCKHOLDERS' EQUITY	**$ 1,351,394**	**$ 1,465,474**

See accompanying independent auditors' report and notes to financial statements.

TEASPOON FRANCHISING, INC.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2023, and 2022

	2023	2022
REVENUE		
Royalty and marketing revenue	$ 1,481,585	$ 1,157,773
Franchising license fee revenue	121,956	193,250
Other revenue	190,216	311,893
Total Revenue	1,793,757	1,662,916
EXPENSES		
Salaries, wages and payroll taxes	793,881	588,529
Professional fees	549,134	434,756
Advertising, marketing and promotion	443,262	308,262
Office expense and supplies	99,247	27,043
Office Rent	87,351	78,196
Cost of goods sold, other revenue	72,480	319,480
Tech and Software	48,810	-
Travel and entertainment	42,198	38,066
Employee benefits	41,758	26,597
Commission expense	34,750	110,125
Dues and subscription	17,901	8,844
Insurance expense	10,008	25,780
Bank and merchant fees	2,229	4,001
Depreciation	2,038	2,038
License and permits	1,825	640
Repairs and maintenance	528	563
Total Expenses	2,247,400	1,972,920
Net Loss Before Taxes	(453,643)	(310,004)
Provision for taxes	800	800
Net Loss	**$ (454,443)**	**$ (310,804)**

TEASPOON FRANCHISING, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2023, and 2022

	Common Stock	Accumulated Deficits	Stockholders' Equity
Balance, December 31, 2021	$ 10,000	$ (503,671)	$ (493,671)
Net loss	-	(310,804)	(310,804)
Balance, December 31, 2022	10,000	(814,475)	(804,475)
Net loss	-	(454,443)	(454,443)
Balance, December 31, 2023	**$ 10,000**	**$ (1,268,918)**	**$ (1,258,918)**

TEASPOON FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2023, and 2022

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	$ (454,443)	$ (310,804)
Adjustments to reconcile net income to net cash (used in) operating activities		
Depreciation	2,038	2,038
Changes in Assets and liabilities:		
Accounts Receivables	(80,986)	(58,680)
Inventory, supplies	19,263	(19,246)
Prepaid expense	62,010	(212,083)
Accounts payable and credit cards payable	(154,728)	208,336
Gift card and app wallet liability	65,272	20,791
Accrued payroll	(12,595)	6,667
Deferred franchising license fee revenue	498,515	179,279
Net Cash (Used in) Operating Activities	(55,654)	(183,702)
CASH FLOWS FROM FINANCING ACTIVITIES		
Note received from Stockholder, related party	285,730	(56,277)
Note paid to stockholder, related party	(56,101)	13,101
Net Cash Provided by (Used in) Financing Activities	229,629	(43,175)
Net change in Cash and Cash Equivalents	173,975	(226,878)
Cash and cash equivalents, beginning of the year	679,390	906,268
Cash and cash equivalents, end of the year	**$ 853,365**	**$ 679,390**
SUPPLEMENTAL INFORMATION		
Interest paid	$ -	$ -
Income taxes paid	$ -	$ 235,592

See accompanying independent auditors' report and notes to financial statements.

1. Summary of Significant Accounting Policies

General -- Teaspoon Franchising Inc was incorporated on April 14, 2016, in the State of California. Teaspoon Franchising is a franchise company which owns trade name of “Teaspoon”, method, and system in operating a beverage business system. The principal source of revenues of Teaspoon Franchising is the franchise fee, marketing revenue, ongoing royalty, commission revenue and other revenue.

Under contractual agreement, Teaspoon Franchising is obligated to lend the right to franchisees to use the Teaspoon trade name, method, and system, and provide initial set up and training. Teaspoon Franchising franchisees are required to pay a one-time franchise fee to obtain the right to license the Teaspoon trade name, and the method and system developed by Teaspoon Franchising for ten (10) years with the right to renew. On an ongoing basis, franchisees are required to pay monthly royalty fee based on franchisee’s monthly gross revenue. Franchisees are also required to make monthly contribution to a marketing fund which is managed by Teaspoon Franchising.

Teaspoon Franchising revenue stream is depending on existing and new franchisees, and is subject to the change of economic conditions, and sensitive to economic cycles.

As of December 31, 2023, and 2022, Teaspoon Franchising had 37 (thirty-seven) and 20 (twenty) franchisee’s locations active and in operation. As of December 31, 2023 and 2022, the remaining 33 and 48 franchisees are looking for locations to open the Teaspoon stores.

Basis of Accounting -- Teaspoon Franchising prepares the financial statements using accrual basis of accounting in conformity with the generally accepted accounting principles in the United States of America. The expenses are recorded when the benefits and services are received.

Estimates Included in the Financial Statements -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Teaspoon Franchising are subject to risks and uncertainties that may subject to risks and uncertainties that may cause actual results to differ from estimated amounts, such as changes in the beverage industry, competition, litigation, legislation, and regulations.

Teaspoon Franchising regularly evaluates their estimates and assumptions using historical experience and expectations about the future. Teaspoon Franchising adjusts their estimates and assumptions when facts and circumstances indicate the need for change.

Cash and Cash Equivalents -- Cash consists of interest and non-interest-bearing accounts with one financial institution. Teaspoon Franchising considers all highly liquid investments with original maturity of three months or less from the date of purchased, to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Accounts receivable -- Account receivable is reported at a net realizable value and represents amounts that are invoiced to customer with contractual obligations where a signed and executed contract exists. Amounts are charged to allowance for doubtful accounts as they are deemed uncollectible, based on a periodic review. If Teaspoon Franchising is aware of circumstances that may impair a specific customer's ability to meet its financial obligations, Teaspoon Franchising records a specific allowance against amounts due, and thereby reduces the net recognized receivable to the amount Teaspoon Franchising reasonably believes will be collected. During 2023 and 2022, the allowance for doubtful debts were $0 and $0, respectively. Management believes that substantially all the remaining account receivable will be received after the year end.

Property and Equipment -- Property and equipment is stated at cost. For financial reporting purposes, depreciation is provided on the straight-line method by annual charges to income calculated to allocate the cost over their estimated useful lives. For income tax purposes, the Modified Cost Recovery System (MACRS) is used to calculate deductible depreciation.

Type of property	Life
Furniture and fixtures	3 Years
Leasehold improvements	7 Years

Depreciation expenses were $2,038 and $2,038 for the years ended December 31, 2023, and 2022.

Expenditures for maintenance and repairs which are not for the permanent improvement, betterment or restoring property are charged directly to appropriate operating accounts at the time the expense is incurred. Expenditures determined to represent additions and improvements are capitalized if the amount is greater than $1,000.

Note Receivable from Stockholder, Related Party -- In 2020, Teaspoon Franchising issued long term unsecured note receivable to the sole stockholder which bears no interest rate. The note of $285,730 is received during the year 2023.

Accounts Payable and Credit Cards Payable -- Account's payables and credit cards payable is recorded when goods or benefits are received. The carrying amount of accounts payable and credit cards payable in the balance sheet approximates its fair value.

Note Payable to Stockholder, Related Party -- In 2021, Teaspoon Franchising borrowed short term unsecured note payable to the sole stockholder which bears no interest rate. The note of $56,101 is paid during the year 2023.

Paycheck Protection Program (PPP) Loan -- Teaspoon Franchising received PPP 1st loan of $103,848 and PPP 2nd loan of $113,040, as established by the CARES Act on May 7, 2020, and May 3, 2021, respectively. In May 2021 and July 2021, Management submitted the forgiveness application for the PPP 1st and PPP 2nd loan. In August 2021 and October 2021, Teaspoon Franchising received the full forgiveness of PPP 1st and PPP 2nd loan.

Deferred Franchising License Fee Revenue-- Deferred franchising license fee revenue of $2,371,229 and $1,872,714 as of December 31, 2023, and 2022, respectively, represents the franchise fee received in advance from sixty-nine (63) and sixty-three (63) franchisee locations. Franchising license fee revenue is amortized over a period of 10 years from the start of the franchisee location.

Revenue Recognition -- On January 1, 2019, Teaspoon Franchising adopted ASU 2014-09 Revenue from Contracts with Franchisee and all subsequent amendments to the ASU (collectively, "ASC 606"), and new accounting standard, as amended, regarding revenue from contracts with Franchisee using the modified approach. This standard provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate.

The adoption of this standard did not have a material impact on the Teaspoon Franchising's financial position and results of operations.

Teaspoon Franchising recognized the franchise contract to franchisee as a distinct series of performance obligations and essentially is a license that allows the franchisee to use the Teaspoon Franchising intellectual property. Intellectual property includes pre-opening services, marketing services and use of the Teaspoon Franchising systems.

Teaspoon Franchising generates revenue primarily from franchise license fees, the one-time charge franchisees paid, and on-going royalty and marketing fees based on franchisees' gross revenue.

Revenue is recognized according to ASC 606, Revenue Recognition, when (1) persuasive evidence of an arrangement exists; (2) services or right to use have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured. Teaspoon Franchising revenues consist primarily of the sale of franchise license and on-going charges of royalty and marketing fees. Franchise fee is due at the time when franchise agreement is executed, royalty and marketing fees are billed monthly when franchisees' monthly gross revenue is determined.

Franchise Royalty and Marketing Revenue -- All the franchisees shall pay to Teaspoon Franchising a monthly royalty of 5% and network marketing revenue of 2% of gross revenue. Revenues are recognized when earned.

Franchising License Fee Revenue -- Teaspoon Franchising franchisees are required to pay a one-time franchise fee to obtain the right to license the Teaspoon trade name, and the method and system developed by Teaspoon Franchising for fifteen (10) years with the right to renew. Franchising license fee revenue is amortized over a period of 10 years from the start of the franchisee location.

Other Revenue -- Other Revenue includes revenue from management overhead, sale of customized Teaspoon branded merchandise, gift cards, snacks, uniforms, training and training travel fees charged by Teaspoon Franchising to its franchisees.

Advertising, Marketing and Promotion -- Advertising, marketing and promotion costs are expensed as incurred. Production costs are expensed at the first communication of the advertisements while communication expenses are incurred each time the advertisement is communicated.

Teaspoon Franchising is committed to spending 2% of net revenue after discounts on advertising, marketing, and promotions.

Fair Value of Financial Instruments -- The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accounts payable and credit cards payable, note payable to stockholder, gift card and app wallet liability, income tax payable, and deferred franchising license fee revenue approximate fair value as of December 31, 2023, because of the relatively short maturity of these instruments.

Income Taxes Payables --Teaspoon Franchising has elected to be taxed under the chapter C of the Internal Revenue Code. Income of Teaspoon Franchising is reported in Teaspoon Franchising income tax return.

Teaspoon Franchising files its income tax returns in the U.S. Federal, and California jurisdictions.

None of Teaspoon Franchising tax returns have been examined by the taxing authorities, nor has Teaspoon Franchising been notified of any pending examinations.

Teaspoon Franchising recognizes and measures its unrecognized tax benefits in accordance with ASC 740, Income Taxes. Under that guidance Teaspoon Franchising assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Teaspoon Franchising establishes liabilities or reduces assets for uncertain tax positions, if any, when Teaspoon Franchising believes their tax positions are more likely than not that it will be sustained when challenged.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Teaspoon Franchising has temporary differences which are immaterial.

Teaspoon Franchising recognizes interest and penalties related to income tax matters, if any, in income tax expense.

Concentration of Credit Risk

Cash Concentration -- Financial instruments that potentially subject Teaspoon Franchising to concentrations of credit risk consist principally of deposits greater than $250,000 for interest bearing accounts with each financial institution that is a member of Federal Deposit Insurance Corporation (“FDIC”), and security deposits greater than $500,000 ($250,000 in cash) with each financial institution that is a member of Securities Investor Protection Corporation (“SIPC”).

Teaspoon Franchising cash balances on deposit at December 31, 2023 that exceeded the balance insured by the FDIC in the amount of $102,826. Management of Teaspoon Franchising periodically reviews its cash policies and believes any potential accounting loss is minimal.

Royalty and Marketing Revenue Concentration -- Teaspoon Franchising generally does not require collateral for franchisees for franchise fee and royalty fees; as Teaspoon Franchising franchisees currently primarily consists of individual tea shops, management considers being financially viable. For the years ended December 31, 2023 and 2022, five locations represented $372,701 or 25% and $390,492 or 33%, respectively of royalty and marketing revenue and accounts receivables from these five locations represented $3,070 and $18,501 of accounts receivables.

2. Common Stock

Teaspoon Franchising issued 1,000,000 common shares to shareholders for $10,000. Teaspoon Franchising has following stockholder:

Stockholder Name	Shares	%
D&A Food, Inc	1,000,000	100%
Total Issued and Outstanding Shares	1,000,000	100%

3. Transactions with Related Parties

Transactions that occurred between Teaspoon Franchising and related parties during the years ended December 31, 2023, and 2022, are as follows:

During the years 2023 and 2022, five (5) and six (6) locations was owned by stockholder (D&A Food, Inc). Royalty and marketing revenue includes revenue from stockholder (D&A Food Inc) for the five (5) and six (6) locations of $306,977 and $344,537 and accounts receivables includes $1,314 and $15,746 receivables from these locations.

In 2020, Teaspoon Franchising issued long term unsecured note receivable to the sole stockholder which bears no interest rate, The note of $285,730 is received during the year 2023.

In 2021, Teaspoon Franchising borrowed short term unsecured note payable to the sole stockholder which bears no interest rate. The note of $56,101 is paid during the year 2023.

A rent payment of $87,351 and $78,196 during the years ended December 31, 2023 and 2022, were paid to an entity owned by the majority stockholders of sole stockholder (D&A Food Inc), see below footnote 4.

4. <u>Lease Commitments</u>

On July 1, 2021, Teaspoon Franchising signed a month-to-month lease and conducts its operation from 2290 Ringwood Ave, Suite E, San Jose, California. This lease requires a monthly rent payment of $5,500, effective July 2023, the rent is increased to $6,500 per month. This is a related party transaction; the land and building are owned by the majority stockholders of sole stockholder (D&A Food Inc). Rent on this lease were $87,351 and $78,196 during the years ended December 31, 2023 and 2022.

5. <u>Risks, Uncertainties, and Contingencies</u>

Products are concentrated in an industry which is characterized by significant competition, rapid changes in customer requirements and evolving regulatory requirements and industry standards. The success of Teaspoon Franchising depends on management's ability to anticipate and to respond quickly and adequately to customer requirements in the beverage industry, and changes to industry standards. Any significant delays in the development or introduction of products could have a material adverse effect on Teaspoon Franchising business and operating results.

In the normal course of business, Teaspoon Franchising may periodically be subject to various claims and lawsuits and intends to defend any claims and lawsuits vigorously. Accordingly, these financial statements contain no provision for loss, if any, related to any legal actions.

Teaspoon Franchising are subject to franchising regulations. Any changes in these regulations could materially affect Teaspoon Franchising operations.

6. Subsequent Events

Management has evaluated subsequent events through March 25, 2024, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with the accounting principles generally accepted in the United States of America.

TEASPOON®

TEASPOON FRANCHISING, INC.

(a California Corporation)

DECEMBER 31, 2022, and 2021
FINANCIAL STATEMENTS

TOGETHER WITH
INDEPENDENT AUDITORS' REPORT

CPA Auditor, Inc.

TEASPOON FRANCHISING, INC.

TABLE OF CONTENTS

CPA Auditor, Inc.
SFO - 505 Montgomery Street, 10th floor, San Francisco, CA 94111,
650-290-2941, abhi@cpaauditor.com, www.cpaauditor.com

INDEPENDENT AUDITORS' REPORT

To the Board of Directors and Stockholder
Teaspoon Franchising, Inc.
2290 Ringwood Ave, Suite E
San Jose, CA 95131

Opinion

We have audited the accompanying financial statements of Teaspoon Franchising, Inc., (a California Corporation) which comprise the balance sheets as of December 31, 2022, and 2021, and the related statements of operations, changes in stockholders' equity and cash flows for the years then ended, and the related notes to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position of Teaspoon Franchising, Inc., as of December 31, 2022, and 2021, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users made on the basis of these financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

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

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

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

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

Cpa Auditor, Inc.

San Francisco, California
May 21, 2023

TEASPOON FRANCHISING, INC.
BALANCE SHEETS
DECEMBER 31, 2022, and 2021

ASSETS

		2022		2021
CURRENT ASSETS				
Cash and cash equivalents	$	679,390	$	906,268
Accounts receivables		83,651		24,971
Inventory, supplies		138,298		119,052
Prepaid taxes and expenses		271,950		59,867
Total Current Assets		1,173,289		1,110,158
NON-CURRENT ASSETS				
PROPERTY AND EQUIPMENT				
Furniture and equipment		13,977		13,977
Leasehold improvements		8,700		8,700
		22,677		22,677
Less: Accumulated depreciation		(16,222)		(14,184)
		6,455		8,493
OTHER ASSETS				
Note receivable from stockholder, related party		285,730		229,453
TOTAL ASSETS	**$**	**1,465,474**	**$**	**1,348,104**

LIABILITIES AND STOCKHOLDERS' EQUITY

		2022		2021
CURRENT LIABILITIES				
Accounts payable and credit cards payable		220,084		11,748
Note payable to stockholder, related party		56,101		43,000
Gift card and app wallet liability		108,454		87,663
Deferred franchising license fee revenue		1,872,714		1,693,435
Accrued payroll		12,596		5,929
Total current liabilities		2,269,949		1,841,775
STOCKHOLDERS' EQUITY				
Common stock, no par value, Authorized 1,000,000 shares; Issued and outstanding 1,000,000 shares		10,000		10,000
Accumulated deficits		(814,475)		(503,671)
Stockholders' equity		(804,475)		(493,671)
LIABILITIES AND STOCKHOLDERS' EQUITY	**$**	**1,465,474**	**$**	**1,348,104**

See accompanying independent auditors' report and notes to financial statements.

TEASPOON FRANCHISING, INC.
STATEMENTS OF OPERATIONS
YEARS ENDED DECEMBER 31, 2022, and 2021

	2022	2021
REVENUE		
Royalty and marketing revenue	$ 1,157,773	$ 786,766
Franchising license fee revenue	193,250	34,940
Other revenue	311,893	34,920
Total Revenue	1,662,916	856,626
EXPENSES		
Salaries, wages and payroll taxes	588,529	681,504
Professional fees	434,756	604,413
Advertising, marketing and promotion	308,262	308,054
Cost of goods sold, other revenue	319,480	-
Commission expense	110,125	-
Office Rent	78,196	33,000
Office expense and supplies	27,043	10,342
Travel and entertainment	38,066	20,457
Insurance expense	25,780	2,744
Employee benefits	26,597	43,825
Dues and subscription	8,844	8,228
Bank and merchant fees	4,001	3,117
Depreciation	2,038	207
License and permits	640	23,105
Repairs and maintenance	563	1,430
Property tax	-	13,935
Total Expenses	1,972,920	1,754,361
Loss From Operations	(310,004)	(897,735)
Other Expenses (Income)		
PPP loan forgiven	-	(216,888)
Legal fees	-	60,000
Total Other Income	-	(156,888)
Net Loss Before Taxes	(310,004)	(740,847)
Provision for taxes	800	800
Net Loss	**$ (310,804)**	**$ (741,647)**

See accompanying independent auditors' report and notes to financial statements.

TEASPOON FRANCHISING, INC.
STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED DECEMBER 31, 2022, and 2021

	Common Stock	Accumulated Deficits	Total Stockholders' Equity
Balance, December 31, 2020	$ 10,000	$ 237,976	$ 247,976
Net loss	-	(741,647)	(741,647)
Balance, December 31, 2021	10,000	(503,671)	(493,671)
Net loss	-	(310,804)	(310,804)
Balance, December 31, 2022	**$ 10,000**	**$ (814,475)**	**$ (804,475)**

TEASPOON FRANCHISING, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2022, and 2021

	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Net Loss	$ (310,804)	$ (741,647)
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation	2,038	207
PPP loan forgiven	-	(216,888)
Changes in assets and liabilities:		
Accounts receivables	(58,680)	(341)
Inventory, supplies	(19,246)	(118,551)
Prepaid expense	(212,083)	(56,418)
Accounts payable and credit cards payable	208,336	3,617
Gift card and app wallet liability	20,791	70,464
Accrued payroll	6,667	5,929
State tax payable	-	(1,496)
Deferred franchising license fee revenue	179,279	1,512,560
Net Cash (Used In) Provided by Operating Activities	(183,702)	457,436
CASH FLOWS FROM INVESTING ACTIVITIES		
Leasehold improvements	-	(8,700)
Net Cash (Used in) Investing Activities	-	(8,700)
CASH FLOWS FROM FINANCING ACTIVITIES		
Note receivable from stockholder, related party	(56,277)	263,777
Note payable to stockholder, related party	13,101	43,000
PPP 2nd loan received	-	113,040
Net Cash (Used in) Provided by Financing Activities	(43,175)	419,817
Net Change in Cash and Cash Equivalents	(226,878)	868,553
Cash and cash equivalents, beginning of the year	906,268	37,715
CASH AND CASH EQUIVALENTS, end of the year	**$ 679,390**	**$ 906,268**
SUPPLEMENTAL INFORMATION		
Interest paid	$ -	$ -
Income taxes paid	**$ 235,592**	**$ 50,033**

See accompanying independent auditors' report and notes to financial statements.

1. Summary of Significant Accounting Policies

General -- Teaspoon Franchising Inc was incorporated on April 14, 2016, in the State of California. Teaspoon Franchising is a franchise company which owns trade name of "Teaspoon", method, and system in operating a beverage business system. The principal source of revenues of Teaspoon Franchising is the franchise fee, marketing revenue, ongoing royalty, commission revenue and other revenue.

Under contractual agreement, Teaspoon Franchising is obligated to lend the right to franchisees to use the Teaspoon trade name, method, and system, and provide initial set up and training. Teaspoon Franchising franchisees are required to pay a one-time franchise fee to obtain the right to license the Teaspoon trade name, and the method and system developed by Teaspoon Franchising for ten (10) years with the right to renew. On an ongoing basis, franchisees are required to pay monthly royalty fee based on franchisee's monthly gross revenue. Franchisees are also required to make monthly contribution to a marketing fund which is managed by Teaspoon Franchising.

Teaspoon Franchising revenue stream is depending on existing and new franchisees, and is subject to the change of economic conditions, and sensitive to economic cycles.

As of December 31, 2022, and 2021, Teaspoon Franchising had 29 (twenty-nine) and 20 (twenty) franchisee's locations active and in operation. As of December 31, 2022 and 2021, the remaining 48 and 36 franchisees looking for locations to open the Teaspoon stores.

Basis of Accounting -- Teaspoon Franchising prepares the financial statements using accrual basis of accounting in conformity with the generally accepted accounting principles in the United States of America. The expenses are recorded when the benefits and services are received.

Estimates Included in the Financial Statements -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Teaspoon Franchising are subject to risks and uncertainties that may subject to risks and uncertainties that may cause actual results to differ from estimated amounts, such as changes in the beverage industry, competition, litigation, legislation, and regulations.

Teaspoon Franchising regularly evaluates their estimates and assumptions using historical experience and expectations about the future. Teaspoon Franchising adjusts their estimates and assumptions when facts and circumstances indicate the need for change.

Cash and Cash Equivalents -- Cash consists of interest and non-interest-bearing accounts with one financial institution. Teaspoon Franchising considers all highly liquid investments with original maturity of three months or less from the date of purchased, to be cash equivalents. The carrying value of cash equivalents approximates fair value.

Accounts receivable -- Account receivable is reported at a net realizable value and represents amounts that are invoiced to customer with contractual obligations where a signed and executed contract exists. Amounts are charged to allowance for doubtful accounts as they are deemed uncollectible, based on a periodic review. If Teaspoon Franchising is aware of circumstances that may impair a specific customer's ability to meet its financial obligations, Teaspoon Franchising records a specific allowance against amounts due, and thereby reduces the net recognized receivable to the amount Teaspoon Franchising reasonably believes will be collected. During 2022 and 2021, the allowance for doubtful debts were $0 and $0, respectively. Management believes that substantially all the remaining account receivable will be received after the year end.

Property and Equipment -- Property and equipment is stated at cost. For financial reporting purposes, depreciation is provided on the straight-line method by annual charges to income calculated to allocate the cost over their estimated useful lives. For income tax purposes, the Modified Cost Recovery System (MACRS) is used to calculate deductible depreciation.

Type of property	Life
Furniture and fixtures	3 Years
Leasehold improvements	7 Years

Depreciation expenses were $2,038 and $207 for the years ended December 31, 2022, and 2021.

Expenditures for maintenance and repairs which are not for the permanent improvement, betterment or restoring property are charged directly to appropriate operating accounts at the time the expense is incurred. Expenditures determined to represent additions and improvements are capitalized if the amount is greater than $1,000.

Note Receivable from Stockholder, Related Party -- In 2020, Teaspoon Franchising issued long term unsecured note receivable to the sole stockholder which bears no interest rate. The note is receivable on December 31, 2024. As of December 31, 2022 and 2021, $285,730 and $229,453, respectively are note receivable from stockholder.

Accounts Payable and Credit Cards Payable -- Account's payables and credit cards payable is recorded when goods or benefits are received. The carrying amount of accounts payable and credit cards payable in the balance sheet approximates its fair value.

Note Payable to Stockholder, Related Party -- In 2021, Teaspoon Franchising borrowed short term unsecured note payable to the sole stockholder which bears no interest rate. As of December 31, 2022 and 2021, $56,101 and $43,000, respectively are payable to stockholder, related party.

Paycheck Protection Program (PPP) Loan -- Teaspoon Franchising received PPP 1st loan of $103,848 and PPP 2nd loan of $113,040, as established by the CARES Act on May 7, 2020, and May 3, 2021, respectively. In May 2021 and July 2021, Management submitted the forgiveness application for the PPP 1st and PPP 2nd loan. In August 2021 and October 2021, Teaspoon Franchising received the full forgiveness of PPP 1st and PPP 2nd loan.

Deferred Franchising License Fee Revenue-- Deferred franchising license fee revenue of $1,872,714 and $1,693,435 as of December 31, 2022, and 2021, respectively, represents the franchise fee received in advance from sixty-three (63) and forty-nine (49) franchisee locations. Franchising license fee revenue is amortized over a period of 10 years from the start of the franchisee location.

Revenue Recognition -- On January 1, 2019, Teaspoon Franchising adopted ASU 2014-09 Revenue from Contracts with Franchisee and all subsequent amendments to the ASU (collectively, "ASC 606"), and new accounting standard, as amended, regarding revenue from contracts with Franchisee using the modified approach. This standard provides guidance on recognizing revenue, including a five-step model to determine when revenue recognition is appropriate.

The adoption of this standard did not have a material impact on the Teaspoon Franchising's financial position and results of operations.

Teaspoon Franchising recognized the franchise contract to franchisee as a distinct series of performance obligations and essentially is a license that allows the franchisee to use the Teaspoon Franchising intellectual property. Intellectual property includes pre-opening services, marketing services and use of the Teaspoon Franchising systems.

Teaspoon Franchising generates revenue primarily from franchise license fees, the one-time charge franchisees paid, and on-going royalty and marketing fees based on franchisees' gross revenue.

Revenue is recognized according to ASC 606, Revenue Recognition, when (1) persuasive evidence of an arrangement exists; (2) services or right to use have been rendered; (3) the seller's price to the buyer is fixed or determinable; and (4) collectability is reasonably assured. Teaspoon Franchising revenues consist primarily of the sale of franchise license and on-going charges of royalty and marketing fees. Franchise fee is due at the time when franchise agreement is executed, royalty and marketing fees are billed monthly when franchisees' monthly gross revenue is determined.

Franchise Royalty and Marketing Revenue -- All the franchisees shall pay to Teaspoon Franchising a monthly royalty of 5% and network marketing revenue of 2% of gross revenue. Revenues are recognized when earned.

Franchising License Fee Revenue -- Teaspoon Franchising franchisees are required to pay a one-time franchise fee to obtain the right to license the Teaspoon trade name, and the method and system developed by Teaspoon Franchising for ten (10) years with the right to renew. Franchising license fee revenue is amortized over a period of 10 years from the start of the franchisee location.

Other Revenue -- Other revenue includes revenue from management overhead, sale of bottles, gift cards, invitation flyers, tea guru kit, popcorn, uniforms, training etc. charged by Teaspoon Franchising to its franchises.

Advertising, Marketing and Promotion -- Advertising, marketing and promotion costs are expensed as incurred. Production costs are expensed at the first communication of the advertisements while communication expenses are incurred each time the advertisement is communicated.

Teaspoon Franchising is committed to spending 2% of net revenue after discounts on advertising, marketing, and promotions.

Fair Value of Financial Instruments -- The carrying amounts of financial instruments including cash and cash equivalents, accounts receivable, inventory, prepaid expenses, accounts payable and credit cards payable, note payable to stockholder, gift card and app wallet liability, income tax payable, and deferred franchising license fee revenue approximate fair value as of December 31, 2022, because of the relatively short maturity of these instruments.

Income Taxes Payables --Teaspoon Franchising has elected to be taxed under the chapter C of the Internal Revenue Code. Income of Teaspoon Franchising is reported in Teaspoon Franchising income tax return.

Teaspoon Franchising files its income tax returns in the U.S. Federal, and California jurisdictions.

None of Teaspoon Franchising tax returns have been examined by the taxing authorities, nor has Teaspoon Franchising been notified of any pending examinations.

Teaspoon Franchising recognizes and measures its unrecognized tax benefits in accordance with ASC 740, Income Taxes. Under that guidance Teaspoon Franchising assesses the likelihood, based on their technical merit, that tax positions will be sustained upon examination based on the facts, circumstances, and information available at the end of each period. The measurement of unrecognized tax benefits is adjusted when new information is available, or when an event occurs that requires a change.

Teaspoon Franchising establishes liabilities or reduces assets for uncertain tax positions, if any, when Teaspoon Franchising believes their tax positions are more likely than not that it will be sustained when challenged.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Teaspoon Franchising has temporary differences which are immaterial.

Teaspoon Franchising recognizes interest and penalties related to income tax matters, if any, in income tax expense.

Concentration of Credit Risk

Cash Concentration -- Financial instruments that potentially subject Teaspoon Franchising to concentrations of credit risk consist principally of deposits greater than $250,000 for interest bearing accounts with each financial institution that is a member of Federal Deposit Insurance Corporation ("FDIC"), and security deposits greater than $500,000 ($250,000 in cash) with each financial institution that is a member of Securities Investor Protection Corporation ("SIPC").

Teaspoon Franchising cash balances on deposit at December 31, 2022 that exceeded the balance insured by the FDIC in the amount of $199,600. Management of Teaspoon Franchising periodically reviews its cash policies and believes any potential accounting loss is minimal.

Royalty and Marketing Revenue Concentration -- Teaspoon Franchising generally does not require collateral for franchisees for franchise fee and royalty fees; as Teaspoon Franchising franchisees currently primarily consists of individual tea shops, management considers being financially viable. For the years ended December 31, 2022 and 2021, five locations represented $390,492 or 33% and $301,762 or 38%, respectively of royalty and marketing revenue and accounts receivables from these five locations represented $18,501 and $0 of accounts receivables.

2. Common Stock

Teaspoon Franchising issued 1,000,000 common shares to shareholders for $10,000. Teaspoon Franchising has following stockholder:

Stockholder Name	Shares	%
D&A Food, Inc	1,000,000	100%
Total Issued and Outstanding Shares	1,000,000	100%

3. Transactions with Related Parties

Transactions that occurred between Teaspoon Franchising and related parties during the years ended December 31, 2022, and 2021, are as follows:

During the years 2022 and 2021, six (6) and eight (8) locations were owned by stockholder (D&A Food, Inc). Royalty and marketing revenue includes revenue from stockholder (D&A Food Inc) for the six (6) and eight (8) locations of $344,537 and $291,035 and accounts receivables includes $15,746 and $0 receivables from these locations.

In 2020, Teaspoon Franchising issued long term unsecured note receivable to the sole stockholder which bears no interest rate, As of December 31, 2022 and 2021, $285,730 and $229,453, respectively are note receivable from stockholder.

In 2021, Teaspoon Franchising borrowed short term unsecured note payable to the sole stockholder which bears no interest rate. As of December 31, 2022 and 2021, $52,858 and $43,000 are payable to stockholder.

A rent payment of $78,196 and $33,000 during the years ended December 31, 2022 and 2021, were paid to an entity owned by the majority stockholders of sole stockholder (D&A Food Inc), see below footnote 4.

4. Lease Commitments

On July 1, 2021, Teaspoon Franchising signed a month-to-month lease and conducts its operation from 2290 Ringwood Ave, Suite E, San Jose, California. This lease requires a monthly rent payment of $5,500. This is a related party transaction; the land and building are owned by the majority stockholders of sole stockholder (D&A Food Inc). Rent on this lease were $78,196 and $33,00 during the years ended December 31, 2022 and 2021.

5. Risks, Uncertainties, and Contingencies

Products are concentrated in an industry which is characterized by significant competition, rapid changes in customer requirements and evolving regulatory requirements and industry standards. The success of Teaspoon Franchising depends on management's ability to anticipate and to respond quickly and adequately to customer requirements in the beverage industry, and changes to industry standards. Any significant delays in the development or introduction of products could have a material adverse effect on Teaspoon Franchising business and operating results.

In the normal course of business, Teaspoon Franchising may periodically be subject to various claims and lawsuits and intends to defend any claims and lawsuits vigorously. Accordingly, these financial statements contain no provision for loss, if any, related to any legal actions.

Teaspoon Franchising are subject to franchising regulations. Any changes in these regulations could materially affect Teaspoon Franchising operations.

6. Subsequent Events

Management has evaluated subsequent events through May 21, 2023, the date which the financial statements were available to be issued. The financial statements include all events or transactions, including estimates, required to be recognized in accordance with the accounting principles generally accepted in the United States of America.

EXHIBIT B-1

FRANCHISE AGREEMENT

FRANCHISE AGREEMENT

TEASPOON

TABLE OF CONTENTS

FRANCHISE AGREEMENT

TEASPOON FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT ("Franchise') by and between Teaspoon Franchising, Inc., here-in referred to as "We" "or "Us" or "Our" (in either upper or lower case), and hereinafter referred to as "You" or "Your" (in either upper or lower case), is made on the basis of the following promises and recitals for the purpose of granting You the rights necessary to operate a Teaspoon franchise.

ARTICLE 1. RECITALS

1.1 Our Business System.

As the result of the expenditure of time, effort and money in research and development, we have developed, continue to develop and have the right to license a method and system (hereinafter referred to as the "Teaspoon System" or "System") for the development and operation of a Teaspoon cafe. Our System is comprised of distinctive business systems, methods, procedures, formats and specifications for a Teaspoon beverage business (which business is herein referred to as a Teaspoon Business" or "Business"). We have the right to authorize the use of our System and are in the process of developing a network (hereinafter referred to as the "Teaspoon Network" or "Network") of franchises to use the Teaspoon System on a mutually cooperative and interrelated basis.

1.2 Proprietary Marks; Operating Standards.

We grant franchises to be operated under our System and proprietary service and trademark "Teaspoon" and its associated distinctive logo as depicted on the cover page of this Agreement (herein collectively referred to as the "Marks"). We will develop and control the Marks so that consumer recognition grows, and you agree to represent our System's high standards of service, quality and appearance; and to operate the Business as an integral part of our Network and System as they may be changed, approved and developed over time, and in this operation adhere to the uniform standards, procedures and policies set forth below.

1.3 Investigation of Franchise.

You acknowledge having investigated us and the competitive beverage market thereof and recognize that the Business contemplated by this Agreement involves business risks that make the success of the venture subject to many variables, including your business abilities, skills and efforts.

1.4 Franchise Disclosure Document.

You acknowledge having reviewed our Franchise Disclosure Document and all Exhibits attached thereto for at least fourteen (14) calendar days prior to the signing of any contract with us or the payment of any money or other consideration relating to the franchise. You also acknowledge that you did not receive or have relied upon any warranty or guaranty, express or implied, oral or written, regarding the potential sales, profits or success of the Business contemplated by this Agreement other than the information contained in our Franchise Disclosure Document.

ARTICLE 2. GRANT OF FRANCHISE

2.1 Grant of Franchise

(a) Grant of Franchise. Subject to and upon all of the terms and conditions set forth in this Agreement, we grant to you the nonexclusive right and license, and you undertake the obligation to establish and operate a Teaspoon Business under the System and the Marks as we direct from a single location. The provisions of this Franchise shall be interpreted to give effect to the intent of the parties stated herein so the Business will be operated in conformance with the System and our standards and policies as these may be from time to time modified.

(b) Territory.

(i) You are granted the right to establish a single Teaspoon Business within the territory ("Territory") identified on Exhibit B to this Agreement. You may not relocate your Teaspoon Business without our prior written approval, nor may you open additional Teaspoon Businesses within the Territory. If you have not identified a site for your Teaspoon Business that meets with our approval at the time of signing this Agreement, we will amend this Agreement with the final Territory assignment once you have identified a site and we have approved it. In no event are we required to provide you with a Territory larger than a 1.5 mile radius around the site of your Teaspoon Business.

(ii) We agree that throughout the term of this Agreement, provided that you are not in default hereunder, we will neither operate nor license others to operate a Teaspoon Business under the System and Marks within the Territory. If you and we agree that your Teaspoon Business will be within 1.5 miles of a pre-existing Teaspoon Business, the continued operation of this Teaspoon Business shall not violate this Agreement, even if such Teaspoon Business is sold to new owners, acquired by us, and/or sold by us to new owners during the term of this Agreement. Further, we shall have the right to approve relocation of such pre-existing Teaspoon Business within your Territory, if any, anywhere that is the same distance, or farther away, from your Teaspoon Business, which relocation may occur without your prior notice or consent.

(iii) You acknowledge that the restriction set forth in Section 2.1(b)(ii) is limited to the establishment of physical business locations, and that the creation or maintenance of any website or social media pages or advertisements, and any online, digital, electronic or other virtual order methods in any media whatsoever by which an individual within your Territory may access information about other Teaspoon Businesses within the System and/or place orders at another Teaspoon Business does not constitute operating or licensing others to operate a Teaspoon Business within your Territory.

(iv) There are no restrictions on our right to place another Teaspoon Business, whether operated by us or by another licensee or franchisee, in any location outside of your Territory. We have the right to operate other businesses under different brand names in any proximity to your site. We have the right to sell goods and services under the Teaspoon brand online and in all other channels of trade or distribution that we choose. We have the right to acquire, be acquired by, or merge with another business, including a business which competes with the Teaspoon brand.

2.2 Term and Renewal

(a) Term. This Agreement shall commence on the date this Agreement is executed and shall expire on the 10th anniversary of the date on which this Agreement is executed.

(b) Renewal Options. The term of this Agreement may be extended for additional terms of 10 years each, exercisable by written notice from you to us, within 180 days prior to the expiration of the initial term (or renewal term); provided that at the end of the initial term (or renewal term):

(i) At the time of the exercise and at the start of the extension term you are not in default of the performance of any of your obligations hereunder; and

(ii) All monetary obligations owed by you to us have been fully satisfied prior to the commencement of the extension term; and

(iii) At our option, you sign the then-current form of Franchise Agreement which shall reduce any initial franchise fee to the sum of Ten Thousand Dollars ($10,000) but may contain other terms and conditions that are materially different; and

(iv) At our option, except to the extent limited by applicable law, you sign a general release, in a form prescribed by us, of any and all claims against us, and our officers, directors, agents, affiliates and employees, arising out of or relating to this Agreement; and

(v) You have updated your equipment, systems, signage, décor, and other elements of your Teaspoon Business to match our then-current System and brand image requirements.

ARTICLE 3. YOUR OBLIGATIONS & DUTIES

3.1 Franchise Fee.

You acknowledge the initial grant of this Franchise is the sole consideration for the payment of a franchise fee, due on the signing of this Agreement, in the amount of ______________________ ($______________). You further acknowledge this fee is fully earned by us on execution of this Agreement, and is not refundable under any circumstances except as follows: If you (or your designated trainees) fail to complete all segments of our training program to our complete satisfaction (as determined in our sole and absolute discretion), then we will refund 50% of the franchise fee after which this Agreement shall be deemed null and void. Failure to attend training will not result in a refund.

3.2 Royalties.

(a) Amount and Payment Schedule. In further consideration of the grant of franchise and related rights and privileges hereunder, you shall pay us a weekly royalty equal to five percent (5%) of Gross Revenue (as defined in subparagraph (b) below). Royalty payments shall paid by ACH we initiate to our bank account on or before each Wednesday for the preceding week's Gross Revenue. If payment is not received on this date, it will be deemed overdue and subject to the late charge specified in Section 3.05(a). As used in this Agreement, a "week" is a seven day period that begins on Monday and ends the following Sunday.

(b) Gross Revenue Defined. As used herein the term "Gross Revenue" includes the aggregate amount of all revenue in accordance with the accounting practices and procedures as specified by us, and all other receipts of any kind you derive directly or indirectly from the operation of the Business, but excludes the amount of all sales, use, gross receipts and other taxes specifically added to sales prices and collected from customers for transmittal to the appropriate taxing authorities. All payments to us are a single financial transaction between you and us which, taken as a whole and without regard to any designation or description, reflect the value of the Franchise authorization you received and the services rendered by us during the term of this Agreement.

3.3 Digital Storefront Fee.

You will pay us the cost of maintaining online ordering and loyalty program technology billed by our then-current vendors. We will not charge any mark-up or administrative fee in excess of 20% for administering such service.

3.4 Follow Renovation and Construction Requirements; Opening Business.

You agree to follow all instructions and requirements regarding renovation and construction as specified in our Operations Manual or otherwise in writing from us, including use of any vendors we designate to complete the process.

Unless we agree otherwise, you must successfully complete all segments of our training program and begin operations of the Business within six months of the date this Agreement is signed.

3.5 Advertising and Marketing.

Recognizing the value of standardized Network advertising, our website, public relations and marketing programs, you agree as follows:

(a) Marketing Fund. You shall also make monthly contributions of two percent (2%) beginning the 1st month of operation. Gross Revenue payable together with and in the same manner as the royalty payments referred to in Section 3.2, to a collective Fund (hereinafter "Fund"). We shall use the Fund solely for advertising, promotion and marketing in accordance with the provisions of subparagraphs (i) and (ii) below. We have the right to increase this amount, in our sole discretion, up to a maximum of three percent (3%). We will give you thirty (30) days' prior written notice of any increase.

(i) Administration of Fund. We have the right to direct all local, regional and national advertising (including online advertising and listings), public relations and marketing programs for the Teaspoon System; to use in these programs the Fund payments in subparagraph (a) above; and we shall have the sole discretion over the creative concepts, placement, materials, media and allocation. You agree and acknowledge that one of the primary intentions of the Fund is to maximize public recognition and acceptance of the Marks and our website and that we undertake no obligation in administering the Fund to make expenditures for your Territory which are equivalent or proportionate to your contribution, or to ensure that any particular franchisee benefits directly or pro rata from these programs.

(ii) Fund Expenditures. The Fund may be used to meet any and all costs of maintaining, directing, administering and preparing Network programs, including, without limitation, the cost of preparing, conducting and maintaining world wide web (internet) presence, internet search engine optimization, an online store, direct mail, direct fax and other types of advertising campaigns; public relations activities; and brand collaborations. We may employ advertising and public relations agencies and personnel to assist therein which may be entities owned by or affiliated with us, if use of in-house agencies is deemed best by us, in which event the value of services rendered by the in-house agency shall be set forth in writing and charged to the Fund. No sums paid by you to the Fund shall be used to defray any of our general operating expenses, except we may use a portion of the Fund to defray the reasonable administration costs and overhead costs we and/or an affiliate incur in activities reasonably related to the administration and direction of the Fund and promotional programs. An unaudited accounting of the operation of the Fund shall be prepared annually and made available to you on request.

(b) Advertising Standards. You agree that all advertising and promotions by you in any form and in any medium shall be conducted in a dignified manner and shall conform to such standards and requirements as we may from time to time designate in writing. You shall submit to us (by email), for prior written approval, samples of all advertising and promotional plans and materials that you desire to use and that have not been prepared or previously approved by us. If you do not receive written approval, we shall be deemed not to have given the required approval.

3.6 Late Payments; Non-Compliance; Missed Training Fee

(a) Late Payment Amount. Any payment not actually received by us as required by this Agreement shall be deemed overdue. Subject to section 3.6(b), if any payment is overdue, you shall pay us, in addition to the overdue amount, a late charge equal to the greater of $100 or ten percent (10%) of the overdue amount. This total is due upon receipt of the past due invoice and shall be electronically deposited, as specified by us.

(b) Non-Compliance Fee. We will assess a daily fee for your non-compliance with any material requirement of our system. You will pay us One Thousand Dollars ($1,000) per day for failure to operate our standard operating hours without prior approval, Two Hundred Fifty Dollars ($250) for each unauthorized product or service you use or provide, and One Hundred Dollars ($100) for any other material non-compliance, except as otherwise provided in this Agreement. These fees will be assessed daily until you are back in compliance. We are permitted to charge multiple fees for multiple instances of non-compliance.

(c) Unreported Gross Revenue Fee. If you fail to report all or any portion of your Gross Revenue to us within the time frame specified in our Operations Manual, we shall assess, in our discretion, a fee equal to the then-current Royalty and Marketing Fund amount, resulting in you paying a total of double of those fees on your unreported Gross Revenue. If we assess the Unreported Gross Revenue Fee, we will not assess the Late Payment Amount.

(d) No Waiver. You acknowledge that failure to report your Gross Revenue and to pay all amounts when due shall constitute grounds for termination of this Agreement, as provided in Section 5.02, notwithstanding the provisions of this Section.

(e) Missed Scheduled Training. We will assess a fee of $100 per hour of scheduled training if you fail to appear for that training. In order to avoid this fee, you must provide a minimum of 24 hours' prior notice of your inability to appear for a scheduled training session. We will exercise commercially reasonable judgment with respect to whether to waive this fee in the event of an emergency situation beyond your control that prevents you from appearing for a scheduled training and from providing us with prior notice.

3.7 Operation of Business.

You shall directly and continuously operate the Business devoting your best efforts, skills, and diligence to the Business, selling and providing only those Teaspoon beverage products authorized or required to be provided as part of the System as set forth in our confidential Operations Manual (herein "Operations Manual" or "Manual"), including supplements, addenda and amendments thereto, and you shall not sell or provide other products or services except those which we, in our sole and absolute discretion, shall approve as being compatible and not interfering with the System, Marks and Network. The Manual, as modified from time to time, is incorporated in this franchise agreement by reference. Specifically and without limiting the foregoing, you agree:

(a) Follow Manual and Standards. With respect to the Manual, you specifically agree as follows:

(i) You will treat the Manual and any other manuals created and approved for use in the operation of the Business, and the information contained therein, however disseminated, as confidential, and shall use all reasonable efforts to maintain this information as secret and confidential;

(ii) You agree that the Manual shall remain our sole property and that we may, from time to time, revise the contents of the Manual;

(iii) You agree to comply with each new or changed provision of the Manual; that no modification of the Manual will alter your status and rights under this Agreement; and that we may update the Manual (or portions thereof) manually or by electronic means via our website or as specified by us;

(iv) You agree that the copy of the Manual maintained by us at our principal office shall be controlling in the event of a dispute relative to the content of the Manual;

(v) We have the right to periodically conduct quality control reviews, audits and inspections of the Business ("Quality Control Audit"). If the Business fails our Quality Control Audit with respect to compliance with our standards and requirements, we have the right to impose a fee of Three Hundred Dollars ($300) in order to cover our costs of re-auditing the Business which you must promptly pay to us.

(b) Approved Suppliers, Etc., Evaluating & Testing. You must purchase all products and services only from approved suppliers listed in our Manual. Approved suppliers are those who demonstrate to our continuing reasonable satisfaction, the ability to meet our standards and specifications for same; who possess adequate quality controls and ability to supply needs promptly and reliably; and who have been approved in writing by us and not thereafter disapproved. If you desire to purchase any product or service from an unapproved supplier, or to offer service or products not previously approved by us, you shall submit a written request for approval to us, which shall not be unreasonably withheld. We have the right to require that our representatives be permitted to inspect the supplier's facilities, or that samples of unapproved products or services be delivered, at our option and without charge to us, either directly or to our designee for testing. You are required to pay us a lump sum amount (based on our then-current hourly rate, estimated time and expenses) to begin the evaluation – testing process. Other lump sum payments may be required to continue and complete this process. We will refund any credit balance due to you at the end of the process. We reserve the right, at our option, to revoke our approval, if any has been granted, if the supplier fails to meet any of our then-current approval criteria.

(c) Non-Disclosure. You shall not at any time, either during or after the term of this Agreement, copy or duplicate, or permit the copying or duplication, nor publish, disclose or in any manner reveal, or permit the publication, disclosure or revelation in any manner, to any person or entity, except your employees on a need-to-know basis, any portion of the System, the Manual, supplements, addenda or amendments thereto, or any other information or material supplied by us and designated as confidential information. You hereby recognize and agree these materials and information are our proprietary trade secrets disclosed to you in strict confidence solely for use in the development and operation of the franchise during the term of this Agreement and on the condition that you will not use these trade secrets in any other business or capacity. You acknowledge and agree that you will not acquire any interest in the trade secrets, other than the right to utilize them in the operation of the Business during the term of this franchise and that you will maintain the confidentiality of these trade secrets during and after the term of this Agreement.

(d) Devote Full Working Time to Business. You will devote full working time to the Business during the term of this Agreement, which is defined as at least 40 hours per week. Consent to devote less than full working time to the operation of the Business is conditioned on you employing a competent and trained manager who devotes full working time to the Business and requires you to contribute a minimum of 10 hours per week to direct management of the Business.

(e) No Competing Business. During the term of this Agreement, you shall not conduct or operate, directly or indirectly, or be employed by or associated in any way with any business which is competitive with the operation of the Business, or any portion thereof, in the Territory as the term "competitive" is or may be subsequently defined by us.

(f) Attend and Satisfactorily Complete All Training; Conventions; Manager Training.

(i) You and your trainees shall satisfactorily complete all segments of the training program as provided for in Section 4.01(a) to our satisfaction (in our sole determination using objective and subjective factors) before starting operations. If repeat training is required due to not satisfactorily completing a segment(s) of a training program, you agree to pay the applicable then current repeat training fee.

(ii) All travel, your employee wages and living expenses while attending any training, conventions or seminars are your responsibility.

(iii) If we offer training virtually or at a location of our choice and you request that our trainer(s) travel to the Business and we agree to do so, you must pay us the sum of Five Thousand Dollars ($5,000) or our actual costs to have our trainer(s) provide onsite training, whichever is higher; we may also assess this fee if we determine in our reasonable judgment that you require training onsite at your Business.

(iv) You agree to attend all seminars and pay all associated costs as provided for in Section 4.02 hereof. If you request training for a new manager or we determine, in our sole discretion, further adequate training is necessary, we will provide this training per Section 4.02 hereof after receipt of payment.

(g) Operational Efforts. You shall vigorously pursue and promote sales and activities leading to growth by the Business, marketing the Business and Territory to its fullest potential, maximizing revenues, avoiding excessive customer complaints, negative reviews, and declining revenues; and you shall cooperate with us and other franchise owners in our Network in promoting and enhancing the our System, Network and Marks.

(h) Customer Complaints. You shall promptly respond to any customer complaint and inform us of any complaint not fully resolved to the customer's satisfaction within seven (7) calendar days. We shall have the right, but not the obligation to assist in or mandate a resolution to any customer complaint.

3.8 Use of Commercial Symbols.

You acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to the operation of a Business pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by us in our Manual from time to time during the term of this Agreement.

Specifically and without limiting the foregoing, you agree:

(a) This Agreement does not confer any goodwill or interests in the Marks on you, and you acknowledge that any and all goodwill developed during the operation of your Business belongs to us.

(b) You shall use only the Marks authorized by us in our Manuals, and shall use the Marks only in the manner authorized and permitted.

(c) You shall use the Marks only in connection with the operation of the Business licensed hereunder.

(d) Any and all goodwill arising from your use of the Marks under the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, except as expressly provided herein, no monetary amount shall be assigned to any goodwill associated with your use of the System or Marks.

(e) The Marks serve to identify us, the System and those licensed under the System. You agree not to directly or indirectly contest the validity or ownership of the Marks. Throughout the term of this Agreement, including any extensions thereof, you shall identify yourself as a franchisee in conjunction with any use of the Marks, displaying the Marks in connection with the operation of the Business as we may specify from time to time.

(f) You agree not to use any Mark licensed under this Agreement in connection with the sale of any unauthorized service or product, or in any other manner not expressly approved in writing by us.

(g) If it becomes advisable at any time, in our sole discretion, for you to modify or discontinue use of any Mark or use one or more additional or substitute Marks or commercial symbols, you agree to comply promptly within a reasonable time after notice from us, and we need not reimburse you for any of your expenses or costs in complying with our directions.

(h) You shall comply with our instructions in filing and maintaining fictitious or trade name registrations, and shall execute any documents deemed necessary by us to protect and maintain the continued validity of the Marks, including any documents necessary to assign or otherwise register the Marks anywhere.

(i) In the event that you are aware of any use of the Marks or colorable imitation thereof which falsely suggests or represents an association or connection with us or with other franchisees in the Network, or litigation involving the Marks is instituted or threatened against you, you shall promptly notify us and cooperate fully. You acknowledge and agree that we will have the right to control any litigation with respect to the Marks, and that we have no obligation to protect you against claims of infringement or unfair competition arising out of use of the Marks or to defend you in any legal action. However, we will take such action as we consider appropriate under the circumstances, provided you have promptly notified us in writing of all pertinent facts and provided further that you has have used the Marks in strict accordance with this Agreement.

3.9 System Improvements.

You acknowledge and agree that we may supplement, improve or otherwise alter the System and the methods, procedures and techniques which you are authorized and required hereunder to utilize in the operation of the Business, including addition to or elimination from the System of services, products or other activities constituting elements thereof. You acknowledge and agree that we shall have sole control and discretion over all supplements, improvements, alterations and development of the System, and the services and products offered thereunder, and the advertising and use of the Marks related thereto; that this control and discretion is in the best interests of the System; and that you will comply with all our requirements concerning the System and Network improvements, including payment of any expenses or fees associated therewith. You shall seek, in operating the Business, to develop and conceive of new ideas, supplements, improvements and alterations, and upon doing so shall in each case promptly and fully advise us. We shall have the right, but not the obligation, to make use of all new ideas, supplements, improvements and alterations so conceived or developed by you, including the right to disseminate the same to all others in our Network for their use, all without payment of royalties, fees or other compensation by us or others in the Network.

3.10 Uniform Network.

You understand and acknowledge that this franchise and the Business carried on will benefit from being an integral part of a network of similar franchises in a variety of locations, utilizing the System in a uniform manner, providing uniform Teaspoon beverages with personnel of uniform skill and training, hence capable of mutual complementation and interrelation. Accordingly, you agree, specifically and without limiting any other of your obligations in this Agreement, that the interests of the System and Network are vital to the success of each franchisee, and that each franchisee has an obligation to promote and further the System and Network to the fullest extent possible. Therefore, you agree to adhere to our standards, specifications and requirements concerning the Marks, the System and Network as specified by us from time to time in our Manual including, without limitation, offering any Teaspoon products (or services), eliminating any previously specified Teaspoon products (or services), and operating the Business as an integral part of the Network, cooperating and complementing other Teaspoon franchises.

3.11 Responsibility for Costs and Expenses.

You are solely responsible for and shall pay, promptly when due, all costs, expenses, obligations and indebtedness of or in any way rising out of or in connection with the Business and the establishment and operation thereof, including all taxes, assessments and other levies, charges and impositions of any kind of any governmental or regulatory body, federal, state or local.

3.12 Compliance with Law; Good Business Practices.

You shall, in the establishment and operation of the Business, comply, at your sole expense, with all applicable statutes, ordinances, regulations, orders, standards and other enactments or requirements of all governmental or regulatory bodies including obtaining any accreditation licenses, provider numbers, permits or other entitlement required by any law or laws. You must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with your clients, suppliers, and us.

3.13 Indemnification.

You shall indemnify us and our affiliates, officers, directors and employees (present and past) and hold them harmless from and against any liability or responsibility for any matter for which you are responsible under this Section 3.13 or otherwise under this Agreement, and from and against any loss, liability, claims, demands, damages, charges, costs or expenses of any kind whatsoever, including attorney's fees, arising directly or indirectly out of or in connection with any such liability or responsibility, or otherwise out of or in connection with the establishment and operation by you of the Business, including but not limited to any such matters arising directly or indirectly out of or in connection with any injury to or death of persons or damage to or loss of property.

3.14 Insurance.

You shall procure and maintain in effect throughout the term of this Agreement business owners insurance coverage in the amounts and types of insurance and certificates specified in the Manual or otherwise in writing. We must be listed as an additional insured on all insurance certificates and you must maintain that coverage for the duration of this Agreement.

3.15 Encumbrances.

During the term of this Agreement, except with our prior written consent (which shall not be unreasonably withheld), you shall not mortgage, pledge or otherwise assign as security, this Franchise Agreement, the Business or any part thereof.

3.16 Record keeping; Inspections; Audits; Reports; Surveys

(a) Record keeping. You shall throughout the term of this Agreement, maintain full, complete and accurate books, records and accounts of the Business, and supporting data, all in accordance with generally accepted accounting principles and utilizing accounting records, software, computer systems and point-of-sale systems approved or specified by us in the Manual or otherwise in writing. For all point of sale systems you will provide us with your sign in and password.

(b) Inspection. We have the right at any time during normal business hours, and without prior notice to you, to inspect the operation of your business and to have the books, records, data (including all software programs) and financial statements of your Business including the federal and state income tax returns and all tax filings associated with the Business inspected and, at our option, copied. We have the right to monitor all emails sent by you through your Teaspoon email account to ensure compliance with all terms and conditions of this Agreement. All email accounts, websites, social media, etc. issued by us remain our property.

(c) Audit. We have the right at any time during business hours, and without prior notice to you to inspect and audit, or cause to be inspected and audited, the books, records and financial statements, sales and income tax records and returns and other records of the

Business and the books and records of any corporation or partnership that holds the franchise. Our right to audit shall include the right to access any computer systems directly or indirectly. You must fully cooperate with our representatives and independent accountants to conduct any such inspection or audit. In every instance in which our inspection or audit discovers a deficiency in the royalties or other amounts you have paid based on reported Gross Revenue, the deficiency shall become immediately due and payable with interest payable as provided for other late payments. In the event that any such inspection or audit shall disclose an understatement of Gross Revenue in any statements or reports submitted by Franchisee by two percent (2%) or more, then the entire cost of the audit, including without limitation, the charges for any certified public accountant(s) and the travel expenses, room, board and compensation of our workers connected with the audit shall be borne by you. The foregoing remedies shall be in addition to any other rights we may have, including, but not limited to, the right to terminate this Agreement. An understatement of Gross Revenue in any report you submit to us by two percent (2%) or more shall be grounds for immediate termination of this Agreement.

(d) Reports. You shall submit to us, in such form, detail and manner as we may require, complete and accurate reports throughout the term of this Agreement as detailed in the Manual and otherwise in writing.

(e) Documentation of Cure. In the event that you are in default of any provision under this Agreement or the Manual that we identify, you shall promptly submit a report to us containing photographs, video, invoices, or such other information as we shall specify and in such form, detail and manner as we may require, to demonstrate your cure of the default(s) we identified.

(f) Surveys and Studies. The continuing development, improvement and success of the Network and System require meaningful, timely and accurate information concerning all functions and aspects of the Business. In order that the System can be fully evaluated and improved and benefit all, you agree to prepare and forward to us, at times specified and on forms we supply, information that we may require for its use in preparing studies and surveys relating to the Business, the System and the Network.

3.17 Business Records; Right of Entry.

You acknowledge and agree that we own all business records regarding customers of or related to the Business including, without limitation, all databases (whether in print, electronic or other form), names, addresses, telephone numbers, e-mail addresses, information and all other records contained in any database (herein "Business Records"), and all other business records created and maintained by you. You further acknowledge and agree that, at all times during and after any termination, expiration or cancellation of this Agreement, we may independently access these Business Records, and may utilize, transfer, or analyze these Business Records as we determine to be in the best interest of the System and Network, in our sole discretion. You shall permit us and our agents the right to enter the premises of the Business at all times during regular business hours, without prior notice to you, for the purpose of determining compliance with this Agreement and Manual, as well as conducting on-site market surveys or studies. You shall cooperate with our agents during these visits, and upon notice from us or our agents, and without limiting our other rights under this Agreement, shall take all necessary steps to promptly correct any deficiency detected by our agents.

ARTICLE 4. OUR OBLIGATIONS

4.1 Pre-Opening Services.

We shall assist you and perform initial services as follows:

(a) Site Selection. We shall identify a general area in which you are permitted to seek a site for the Business, and provide you with general guidelines regarding the characteristics you should look for in a proposed site. We do not locate a site for you or negotiate the purchase or lease of the site. When you identify a proposed location for the Business, you must provide us with information regarding that proposed location, including but not limited to the address, photographs, a copy of the proposed lease, square footage, zoning, and related information. We will review the information you provide to us and either approve or deny the location within 10 business days. We have the right to require that you include language in the lease which permits us to assume the lease if your franchise agreement is terminated. Once we approve a proposed location and you sign a lease, that location is your Site and you are required to operate your Business from that Site.

(b) Training Program. We shall provide you and up to one additional trainee you designate, with a training program in connection with the management and operation of the Business. The training programs will be conducted at locations we designate (including online, at our discretion), of approximately 94-hours duration depending on your background and aptitude. All segments of the training program shall be attended and successfully completed by you (or your designated trainees). If you have paid a discounted initial franchise fee, we have the right to charge you for this initial training.

(c) Confidential Operations Manual. We shall provide you with either online electronic access to or a written copy of our proprietary Operations Manual following your successful completion of the training program.

(d) Initial Forms. Upon your request, provide you with copies of reporting and other recommended operating forms.

(e) Design Layout Standards. We will provide you with minimum standards that you need to comply with. We do not provide design services. You agree furnishing these minimum standards does not constitute an express or implied assurance, representation or warranty by us of any kind.

(f) Approval for Renovation and Construction. We will approve your location for renovation and construction in accordance with the standards specified in our Manual prior to approving your application. You are responsible for renovation or construction of your Business. You agree our furnishing this approval for renovation and construction does not constitute an express or implied assurance, representation or warranty of any kind.

4.2 Support for Business Operations.

We shall supply to you, in support and assistance of your operations, the following:

(a) Start Up Assistance. We will assist you (either physically or online) for a period of approximately 40 hours at your Business, depending on your needs and aptitude, to aid in learning operations and assist in establishing standard operating procedures.

(b) Ongoing Support. We will make available, at our corporate office, personnel for consultation by phone, email or mobile communications during normal business hours, for questions arising in the day-to-day operation of the Business.

(c) Franchisee Conventions. We may sponsor (when our franchise network has at least 10 franchise owners) an annual or periodic seminar on management, sales and marketing, industry trends and other topics of interest to franchisees. We may provide such seminars either virtually or in person, in our discretion. There will be no separate training charge for these seminars, but it will be your responsibility to attend and pay all travel, living and other expenses incurred by you in attending these seminars, as well as your share (the cost equally divided among all franchisees) of renting any conference room, food, industry speaker fees, etc., used for the convention.

(d) Updating. We will provide periodic supplements and amendments to the confidential Operations Manual as well as other information of general interest to all members of the Teaspoon franchise network.

(e) New Manager Training; Further Training. We shall provide new manager training program (including virtual training) for new managers or managers we determine need training pursuant to Section 3.06, conducted at locations or in the manner we designate. You shall be responsible for paying us, in advance, a training fee calculated in accordance with our then-current Manager Training Fee Schedule if you request this training or we require it.

(f) Advertising. When implemented, we will supervise the development of advertising, promotional, public relations, internet presence, website updates and other programs, including the Marketing Fund, pursuant to the terms of Section 3.04 hereof.

(g) Additional Consulting. At your request, we will provide additional support or assistance in accordance with our then-current consulting fee payment schedule that sets forth acceptable consulting assignments, the skill set required and current rate(s).

(h) Website. We will include information about your Business on a website that is maintained by us or a vendor. You are required to keep your information current.

4.3 Protection of Marks.

We will take all steps we deem reasonably necessary to preserve and protect the ownership and validity of the Marks. We will use, and permit you and other franchisees to use, the Marks only in accordance with the System and the standards and specifications attendant thereto which underlie the goodwill associated with and symbolized by the Marks.

ARTICLE 5. TERMINATION

5.1 Termination by You; Opportunity to Cure.

You shall have the right, at your option, to terminate this Agreement by giving us written notice by registered or certified mail, delivered as provided in Section 7.06, in the event we default in the performance of any agreement on our part to be performed and the default is not remedied within 30 days after written notice from you to us of the default setting forth the nature thereof. Your termination of this Agreement for any other reason or without notice will be deemed a termination without cause.

5.2 Immediate Termination by Us.

We have the right, at our option, to terminate this Agreement and all rights granted you hereunder, without affording you any opportunity to cure the default, effective upon receipt of notice by you, delivered as provided in Section 7.06, upon the occurrence of any of the following events, which you hereby acknowledge are detrimental to, and reflect unfavorably upon, the operation and reputation of the System, the Marks, the Network, and goodwill thereof:

(a) Abandonment. If operations of the Business cease for a period of five (5) consecutive days, or any shorter period that indicates an intent by you to discontinue operation of the Business, unless and only to the extent that full operation of the Business is suspended or terminated due to fire, flood, earthquake or other similar causes beyond your control, or you have received prior written permission from us to suspend your business operations for a designated period;

(b) Insolvency; Assignments. If you become insolvent or are adjudicated a bankrupt; or any action is taken by you, or by others against you, under any insolvency, bankruptcy or reorganization act, and not fully dismissed within thirty (30) days after the institution thereof; or you make any purported assignment, transfer or sublicense of this Agreement or of the rights in this Agreement without our prior written consent;

(c) Unsatisfied Judgments; Levy; Foreclosure. If any judgment is obtained against you which remains unsatisfied or of record for thirty (30) days or longer (unless a supersedeas or other appeal bond has been filed); or if execution is levied against your Business or any of the property used in the Business and is not discharged within five (5) days; or if the real or personal property of your Business shall be sold after levy thereupon by any sheriff, marshal or constable;

(d) Criminal Conviction. If you are convicted of a felony, a crime involving moral turpitude, or any crime or offense that is reasonably likely, in our sole opinion, to materially and unfavorably affect the System, Marks, Network, goodwill or reputation thereof;

(e) Misuse of Marks; Unauthorized Disclosure; Violation of Non-Compete If you fail to comply with the covenants contained in Sections 3.06(c), 3.06(e) or 3.07;

(f) Uncured Defaults. If you default in the performance of any agreement made herein, and the default is not remedied to our satisfaction within thirty (30) days after written notice thereof from us to you;

(g) Failure to Make Payments. If you fail to pay any amount due us within five (5) calendar days after receiving notice that such amounts are overdue.

5.3 Rights and Duties on Termination.

In the event of any termination of this Agreement, whether by reason of action by you or us as above provided, or as elsewhere provided in this Agreement, or by the expiration of the term hereof, the parties shall have the following rights and duties:

(a) Cease Operation of Business under System and Marks. All rights and privileges herein granted to you shall immediately terminate and revert to us, with all rights and goodwill of the Business pertaining thereto, and you shall surrender all such rights and privileges, shall cease operation of the Business using the System and Marks in all connections, including any colorable imitation thereof or in any manner or for any purpose, or utilize for any purpose any trade name, service mark, trademark, logo or other insignia which is likely to cause confusion, mistake or deception or that falsely suggests or indicates a connection or association with us or the Marks. You shall take all action required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark.

(b) Pay Creditors; Return Materials; Cease Use of Website. You shall immediately pay all creditors of the Business, including all sums then owing by you to us and our affiliates, and shall immediately return without delay all copies of our proprietary Operations Manual, including all other material described therein (or in any notice from us) as our property. You shall also cease all use of any our domain name, URL or home page address (including email addresses) and shall not establish any website using any similar or confusing domain name, URL or home page address or email addresses.

(c) Early Termination. If this Franchise Agreement terminates prior to the expiration date, this will result in damages to us, including lost future revenue and profits, harm to the goodwill associated with the System and the Marks, and increased costs to us to redevelop or re-franchise the market in which the Business is located. You and we agree that these damages may be difficult to quantify or estimate. Therefore, unless termination results solely from the proper exercise by you of your election as provided in Section 5.01 hereof, you agree to pay us liquidated damages (for early termination and not as a penalty) equal to the greater of (a) $100,000; or (b) the average of the monthly Royalty Fee specified in this Agreement for the thirty-six (36) months preceding termination (or if you have been operating the Business for less than thirty-six (36) months, the average of the months you operated the Business before termination), multiplied by the lesser of (i) thirty-six (36), or (ii) the number of months remaining in the term of this Franchise Agreement. You agree to pay us the payment specified in this Section upon receipt of invoice. In addition to our right to the payment of liquidated damages as provided in this Section, we are not otherwise limited in our ability to recover other monies due under the Franchise Agreement and to otherwise seek damages or equitable relief for the harm caused by the conduct which gave rise to the termination, as well as for any other defaults under the Franchise Agreement and to obtain such other relief in law or equity as provided for in this Franchise Agreement; provided, we will not be entitled to recover damages for lost future revenue or profits, loss of goodwill, or cost of redeveloping or refranchising the market in which the Business is located, in excess of the liquidated damages specified in this Section.

(d) Our Options On Termination. Unless termination results solely from the proper exercise by you of your election as provided in Section 5.01 hereof, we shall have the following options, exercisable by written notice to you (indicating which option(s) We intend to exercise) at any time within 30 days from the date of termination hereof to:

(i) require that you assign to us the leasehold interest of the Premises (or, if assignment is prohibited, a sublease for the full remaining term and on the same terms as your lease) in consideration of our assumption of the leasing obligations; (ii) to purchase from you, your entire interest in the franchise, including all equipment, furnishings, fixtures and other physical assets owned by you and used in the operation of the Business for the same price paid by you less depreciation taken (i.e. book value) as of the date of our written notice. The purchase price for any purchased items shall not include any payment for goodwill or other intangibles, and shall be payable at the closing of the purchase. The closing shall take place at a time designed by us within thirty (30) calendar days after you receive notice of exercise of our purchase option or options. For anything we purchase, you will provide such representations and warranties satisfactory to us concerning your ownership of purchased items, condition of and title to the items and the absence of any liens and encumbrances. We shall have the unrestricted right to assign any of the options in this Section 5.03 (d). You will assist us in every way possible to bring about a complete and effective transfer of your business to us or to our designated person (or entity).

(e) Transfer Obligations. You shall relinquish and take all steps necessary and hereby irrevocably appoints us as your attorney-in-fact to transfer to us all right, title and interest in all or any of your telephone numbers, fax numbers, pager numbers, cellular phone numbers, Skype addresses, instant messenger addresses, social media sites, online profiles, other web-based contact information and any listing, and advertising privileges concurrent therewith, relating in any way to the Business.

(f) Our Rights Following Termination. Following termination of this Agreement, unless termination results from the proper exercise by you of your option as provided in Section 5.01 hereof, we shall be entitled to grant the franchise herein granted to others upon terms and conditions as we shall determine, and to retain all proceeds of the transaction without obligation to you of any kind.

(g) Rights Not Exclusive. Our foregoing rights upon termination by reason of breach or default hereunder shall not be exclusive, but shall be in addition to and not in lieu of any other rights available to us under the terms hereof or at law or in equity. Termination of this Agreement under any circumstances shall not abrogate, impair, release, or extinguish any debt, obligation, or liability you have which may have accrued hereunder, including without limitation any debt, obligation, or liability which was the cause of termination. All covenants and agreements made by you that by their terms or by reasonable implication are to be performed, in whole or in part, after the termination of this Agreement, shall survive termination.

(h) Activities Following Termination. You acknowledge that the elements comprising the System are unique, proprietary and distinctive and have been developed by us as the result of great expenditures of time, effort and money; that you will have regular and continuing access to valuable trade secret and confidential information; and that you recognize your obligation to keep this trade secret and confidential information in confidence pursuant to the provisions of this Agreement. You therefore agree:

(i) Nondisclosure. If, prior to its expiration this Agreement is terminated by us in accordance with the provisions of this Agreement or by you without cause, or this Agreement expires pursuant to the terms hereof and is not renewed, you shall not thereafter use or disclose to any person or entity any trade secrets, know-how, improvements, marketing plans, formulas, processes or other elements constituting proprietary and confidential aspects of the System;

(i) Competition. You acknowledge that in addition to the license of the Marks hereunder, we have also licensed a large body of commercially valuable information including, but not limited to, operating techniques, management methods, marketing, advertising and related information, and that the value of this information derives not only from the time, effort and money that went into its compilation but also from the usage of it by franchisees in the our Network to develop System goodwill. You further acknowledge that this information is not generally known in the industry and is beyond your present skills and experience (or if you had prior related experience, it was not experience or knowledge remotely comparable to our experience and knowledge) and that to develop this information would be expensive, time-consuming and difficult. You finally acknowledge that gaining access to our marketing techniques, operational procedures, business practices and management methods that you will use in your Business is a primary reason for entering into this Agreement. You therefore agree that, unless this Agreement is properly terminated pursuant to Section 5.01 hereof, in order to foster System loyalty, promote inter-brand competition and protect our ability of to sell new franchise rights, you will not, for a period of two (2) years, commencing on the effective date of termination, or the date on which you cease to operate the Business conducted pursuant to this Agreement, whichever is later, have any interest as an owner, investor, partner, director, officer, employee, consultant, representative or agent, in any business competitive with that the operations of a Business or any portion thereof, within 10 miles of the location of your Business (except ownership of securities that are traded on a stock exchange or on the over-the-counter market representing five percent (5%) or less of the equity or voting power of the issuer thereof. You understand and agree that the purpose of this covenant is not to deprive you of means of livelihood and will not do so, because you earned a livelihood before entering into this Agreement and have the skills to do so in the future and that you will not be restricted from engaging in any business outside the scope of the Business herein; and that the purpose is to protect the goodwill and interests of the System and Network of Teaspoon franchises.

(ii) Irreparable Injury. You acknowledge that your breach or threatened breach of Sections 3.7(c), 3.7(e), 3.8, 5.3 and 6.2(a) would result in irreparable injury to us, the Marks and System for which no adequate remedy at law is available. You accordingly agree that if you breach, or threaten to breach any of these provisions, we shall be entitled to permanent and temporary injunctive relief from any arbitration panel or court of competent jurisdiction in addition to other remedies allowed by law.

ARTICLE 6. TRANSFER AND ASSIGNMENT

6.1 Prior Offering and Consent; Conditions For Approval.

You understand and acknowledge that the rights and duties created by this Agreement are personal to you and that we have granted this franchise relying on your individual character, skill, aptitude, attitude, business ability and financial status. Therefore, except as provided at Section 6.04, neither this Agreement nor the Business, nor any part or all of your ownership therein (including, but not limited to voting stock, securities convertible thereto, partnership and sole proprietorship interests), may be voluntarily, involuntarily, directly or indirectly assigned, sold, issued or otherwise transferred by you or its owner(s) until this Agreement and the Business have first been offered to us as provided in Section 6.03, and, if we do not accept this offer, provided that the following conditions are met prior to, or concurrently with, the effective date of the assignment:

(a) The proposed transferee meets our uniform standards of qualification then applicable with respect to all applicants for a Teaspoon franchise including, but not limited to financial strength, scholastic achievement, business experience, profile fit and other relevant business considerations; and

(b) As of the effective date of the transfer, all your obligations under all written contracts and agreements between you and us (including our affiliates) are fully satisfied; and

(c) A transfer fee in an amount equal to 50% our then-current franchise fee is paid to us at least 30 days prior to the effective date of the transfer to cover our costs in evaluating and ensuring training of the proposed transferee, as well as effecting the transfer; and

(d) The transferee shall sign the then current franchise agreement (and other ancillary agreements, if any) as are then used by us in the grant of franchises which shall:

(i) waive the initial franchise fee; (ii) provide for a term equal to the remaining term hereof; and (iii) provide for the same fees required in this Agreement; and

(e) The proposed transferee (or designee) attends and completes all segments of the training program to our satisfaction at the transferee's expense; and

(f) Except to the extent limited by applicable law, you and your owner(s) have signed a general release, in form satisfactory to us, of any and all claims against us and our affiliates, directors, officers, employees and agents; and

(g) We approve the material terms and conditions of the assignment, which approval shall not be unreasonably withheld, including particularly a determination that the price and terms of payment are not so burdensome as to adversely affect the future operations of the

Business by the proposed transferee in compliance with the terms and conditions of the franchise agreement.

6.2 Death or Disability

In the event of your death or disability, or if you are a corporation, partnership, or LLC, or the owner of a majority interest therein, the executor, administrator, conservator

or other personal representative of such person shall transfer his or her interest within a reasonable time, not to exceed one hundred eighty (180) days from the date of death or disability, or such additional reasonable time we grant, to a third party we approve. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent you from supervising management and operation of the franchise for thirty or more consecutive days. This transfer, including, without limitation, transfers by devise or inheritance, shall be subject to all of the terms and conditions contained in Section 6.01 and the following:

(a) Interim Management by Us. If after your death or disability the Business is not being managed and operated by a competent and trained manager, or any other time when we are concerned that continued operation by you may harm the Marks or System, we are authorized, but not obligated, to immediately assume management of the Business until an approved and trained transferee can assume operations. Revenues from operation of the Business during the period of interim management by us shall be used to meet any and all expenses of the Business including, without limitation, the monthly compensation, travel and living expenses of our involved employees or designees. Operation of the Business during any period of management by us pursuant to this subparagraph (a) shall be for and on behalf of you, provided that we shall only have a duty to utilize our best efforts and shall not be liable for any debts, obligations or losses incurred by the Business during any period in which it is managed by us.

6.3 Right of First Refusal.

In the event you desire to make any sale, assignment or other transfer referred to in Section 6.01, you shall first obtain a bona fide, executed written offer from responsible and fully disclosed purchaser(s) and submit an exact copy of this offer to us. We shall have the right, exercisable by written notice delivered to you, to accept this offer on equal terms and price at any time within thirty (30) days following receipt by us of the exact copy of the offer. If we do not exercise our right of first refusal, you may complete the proposed sale, assignment or other transfer pursuant to and on the terms of the offer, and in compliance with all provisions of Section 6.01. In the event the sale, assignment or other transfer is not completed within sixty (60) days after delivery of the offer to us or there is a material change in the terms of the sale, assignment or other transfer, we shall again have a right of first refusal herein provided.

(a) Transfer of Major Interest. In the event you desire to make any sale, assignment or other transfer that results in a transfer of more than 50% of the capital stock or of the partnership interest of a corporation, partnership, LLC or other entity organized and wholly owned by you to which this Agreement has been assigned pursuant to Section 6.04, then we shall also have the option to purchase not only the interest being transferred but also the remaining interest so that we shall have a right of first refusal to purchase 100% of the ownership interest. The value of this 100% interest shall be determined on a basis proportionate to the price of the interest initially offered.

6.4 Assignment to Your Entity.

It is understood that you may assign and delegate this Agreement and your rights and obligations hereunder to a corporation, partnership or limited liability company ("LLC") organized by you for that purpose in which you own and control a majority of the equity and voting power of all issued and outstanding stock, general partnership interest or LLC membership interest, and without complying with Sections 6.01 and 6.03, provided that:

(a) The articles of incorporation, articles of partnership, partnership agreement, bylaws, LLC member agreements or other organizational documents of the corporation, partnership or LLC shall recite that the issuance and assignment of any interest therein is restricted by the terms of Sections 6.01 and 6.03 of this Agreement, and in the case of a corporation all issued and outstanding stock certificates of the corporation shall bear a legend reflecting or referring to the restrictions of Sections 6.01 and 6.03 in a form satisfactory to our legal counsel; and

(b) You shall furnish us at any time upon request, in form as we require, a list of all shareholders, directors, officers, partners or LLC members reflecting their respective interests in and positions with the entity; and

(c) All shareholders directors, officers, partners or LLC members sign a personal guaranty, in a form such as the one attached as Exhibit A, of all obligations set forth in this Agreement; and

(d) The corporation, partnership or LLC shall at no time engage, directly or indirectly, in any similar business activity other than those directly related to the operation of the Business, pursuant to all terms and conditions of this Agreement; and

(e) We shall be given written notice of the assignment and delegation, and upon compliance with the foregoing, the corporation, partnership or LLC shall have all of said rights and obligations, and the term "You" as used herein shall refer to the corporation, partnership or LLC.

6.5 Consent Does Not Constitute Waiver.

Our consent to an assignment or transfer of any interest subject to the restrictions of this Article shall not constitute a waiver of any claims it may have against the transferring party, nor shall it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions hereof by transferee.

6.6 Transfer or Assignment By Us.

This Agreement is fully assignable by us in whole or in part and shall inure to the benefit of any assignee or other legal successor to our interest herein.

ARTICLE 7. ADDITIONAL LIMITATIONS AND PROVISIONS

7.1 Independent Status.

This Agreement and the activities pursuant hereto do not and will not be deemed to create any relationship between us and you or any other party of agency, partnership, joint venture or employment, or any other relationship except that of franchisor and franchisee (except when this Agreement expressly authorizes us to act as attorney-in-fact for you in specified circumstances). We shall have no right to control any of your employees, including the terms and conditions of their employment. You are and shall be solely an independent contractor and franchisee. Without limiting the foregoing, you shall not incur any obligation or indebtedness on our behalf; shall only contract or otherwise incur any obligation or indebtedness only in your own name, which, if you are a corporation, partnership or LLC, shall at no time include our name or Marks or any part thereof, or be so similar thereto so as to be in any way misleading; and you shall otherwise comply with the provisions of Section 3.07 set forth above.

7.2 Whole Agreement; Amendments; Construction.

This Agreement, together with the Franchise Disclosure Document (including all Exhibits and State Addenda), contains the entire understanding of the parties, except for such additional agreements and understandings as may, concurrently herewith or hereafter be set forth in written agreements executed by both parties hereto. Subject to our right to modify the Manual as provided herein, no amendment or addition to this Agreement shall be effective unless in writing, executed by you and us. Nothing in this Agreement is intended, nor shall be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. The headings of the several sections and paragraphs hereof are for convenience only and do not define, limit or construe the contents of the sections or paragraphs. This Agreement shall be executed in multiple copies, each of which shall be deemed an original.

7.3 No Representations or Warranties

You specifically recognize and acknowledge that the success of the business venture contemplated by this Agreement depends largely upon your abilities as an independent businessperson, as well as other factors, such as market and economic conditions beyond our control. You acknowledge that you have entered into this Agreement after making a thorough, independent investigation of our operations and programs, and the competitive beverage market thereof, and not upon any representation, whether as to profits or potential success which you might expect to realize or otherwise.

7.4 Severability; Additional Assurances.

Should any provision of this Agreement be for any reason held invalid, illegal or unenforceable, that provision shall be deemed restricted in application to the extent required to render it valid and the remainder hereof shall in no way be affected and shall remain valid and enforceable for all purposes, both parties hereto declaring that they would have executed this Agreement without inclusion of the invalid, illegal or unenforceable provision. If any of the provisions of this contract are inconsistent with applicable state law, then the state law shall apply. To the extent that any provisions of Sections 3.06(e) or 5.03(h) are deemed unenforceable by virtue of its scope of area, prohibited business activity or length of time, but may be made enforceable by reductions of any or all provisions thereof, you and we agree that Sections 3.06(e) or 5.03(h) shall be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction in which enforcement is sought. Although we prepared printed provisions of this Agreement, this Agreement shall not be construed either for or against either party, but shall be construed in accord with the general tenor of the language to reach a fair and equitable result.

7.5 Dispute Resolution and Remedies.

(a) Negotiation. If any dispute arises between the parties, before commencing any mediation or arbitration as set forth below, the parties will first attempt to negotiate a settlement among themselves for at least 30 days starting from written notice to the other party describing the nature of the dispute, the claim for relief and identity of one or more persons with authority to settle the dispute.

(b) Mediation. If the dispute is not resolved by negotiation within the 30-day period, either party may, at its option, begin mediation procedures. Mediation will be conducted by and under the rules of the American Arbitration Association in our then- current city and state (which is San Jose, California as of the date this Agreement is signed). The parties shall equally share the cost of mediation, such as the mediator's fee and cost of the facility. Mediation shall be for a minimum of 8 hours.

(c) Arbitration. If negotiation and mediation fail, it is agreed that any controversy or dispute arising out of or in connection with this Agreement and activities hereunder, including any termination or purported termination hereof, but subject to our rights under Section 5.03(i), shall be settled by arbitration in accordance with the Commercial Arbitration Rules, as then in effect, of the American Arbitration Association. The arbitration shall be conducted before an arbitrator who has at least 10 years' experience in franchising and franchise law. Judgment upon the award rendered by the Arbitrator(s) may be entered in any state or federal court having jurisdiction and shall be final, binding and non-appealable. It is the intent of the parties that no claim arbitrated hereunder shall be arbitrated on a class wide basis. In the event that this Agreement is terminated by us on account of a claimed default by you, and without waiving any of our rights under Section 7.08 below, any objection or claim you have arising from the termination shall be deemed waived and released unless you deliver to us written demand for arbitration within 30 days following the effective date of the termination; provided, however, that this waiver and release of claims shall not apply with respect to any claim arising under applicable state law. The failure of either party to object to, or exercise any remedy on account of, any failure or performance hereunder by the other party shall not constitute a waiver of any other failure of performance of the same or different nature.

7.6 Notices.

All notices required or permitted hereunder shall be in writing, shall be deemed given when received, and shall be personally delivered to or sent by registered or certified mail, return receipt requested, or by telecopy or facsimile (provided the sender has confirmation of successful transmission), and may include electronic communication (such as email, provided the sender has confirmation of receipt via www.readnotify.com or similar service), addressed as follows:

To Us:	Teaspoon Franchising, Inc. Attn: Amy Lai, CEO 2290 Ringwood Ave Unit E San Jose, CA 95131 Amy @teaspoonlife.com
To You:	___________________________________ ___________________________________ ___________________________________ ___________________________________

Either party may change the address for notices by written notice to the other in accordance with the foregoing.

7.7 Successors and Assigns; Governing Law; Jurisdiction

Subject to the above provisions concerning assignments and transfers by you, this Agreement shall inure to the benefit of and be binding upon the successors, assigns and legal representatives of the parties hereto.

Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051 et. seq.) or other applicable state law, this Agreement shall be construed in accordance with, and governed by, the laws of the State where our principal business address is then located. If a claim is asserted in any legal proceeding, or in arbitration, you agree all actions must be commenced in the state, and in the state or federal court of general jurisdiction (or arbitration site) closest to where our principal business address is then located, and you irrevocably submit to the jurisdiction of those courts and waive any objection you might have to either jurisdiction or venue in those courts (or arbitration site).

7.8 Limitation of Claims

Except for claims arising from your nonpayment or underpayment of amounts due us, and subject to Section 7.05 hereof, any and all claims arising out of or relating to this Agreement will be barred as a claim, counterclaim, defense or set off unless a proceeding is commenced within one (1) year from the occurrence of the facts giving rise to such claims or 180 days from either the actual discovery of the facts giving rise to such claims or from the date on which the party asserting the claim knew or should have, in the exercise of reasonable diligence, discovered such facts. Claims arising under a termination by us must be made within 30 days of the termination date or they will be barred.

7.9 Waiver of Punitive Damages

We and you (and your owners and guarantors, if applicable) hereby waive to the fullest extent permitted by law, any right to or claim for any punitive or exemplary damages against the other and agree that, subject only to the early termination provisions of Section 5.03(c) and options of Section 5.03(d), in the event of a dispute each shall be limited to the recovery of any actual damages sustained.

7.10 Acknowledgment of Understanding; Opportunity to Consult

You acknowledge reading and understanding this Agreement, including any attachments hereto, and agreements relating thereto, if any, and that we have given you ample time and opportunity to consult with an attorney, accountant or other advisor of your own choosing about the potential benefits and risks of entering into this Agreement.

In Witness Whereof, the parties hereto have executed this Agreement as of this ____ day of ____________________, 20__.

Teaspoon Franchising, Inc. ("We")	Franchisee ("You")
By:________________________________	By:________________________________
Print Name:__________________________	Print Name:__________________________

EXHIBIT A

Personal Guaranty of Franchise Agreement

In consideration of, and as an inducement to, the execution by Teaspoon Franchising, Inc. ("Franchisor") of that certain Franchise Agreement of even date herewith (the "Agreement") between Franchisor and ____ ("Franchisee"), or in consideration of and as an inducement to Franchisor's consent to a transfer by or of Franchisee under the Agreement, each of the undersigned parties including:____
____ ("Guarantors") hereby personally and unconditionally: (1) guarantees to Franchisor and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement; and agrees to punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement, and (2) agrees to be personally bound by, and personally liable for the breach of, each and every term, condition, covenant and provision in the Agreement. Each Guarantor expressly represents and acknowledges that he or she has read the Agreement and has had the opportunity to review the same, and this Guaranty, with counsel. Each Guarantor hereby expressly waives:

(1) acceptance and notice of acceptance by Franchisor, of the foregoing undertakings;

(2) notice of demand for payment of any indebtedness or non performance of any obligations hereby guaranteed;

(3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed;

(4) any right he or she may have to require that an action be brought against Franchisee, Guarantor or any other person as a condition of liability;

(5) any requirement that Franchisor proceed against or exhaust its remedies with respect to Franchisee or any other person before demanding payment or performance by Guarantor; and

(6) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each Guarantor consents and agrees that:

(1) his or her direct and immediate liability under this guaranty shall be joint and several;

(2) he or she shall render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses to do so punctually;

(3) such liability shall not be contingent or conditioned upon pursuit by Franchisor of any remedies against Franchisee or any other person;

(4) such liability shall not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which Franchisor may, from time to time, grant to Franchisee or to any other person, including without limitation the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which shall in any way modify or amend this guaranty, which shall be irrevocable during the term of the Agreement; and

(5) the liability and obligations under this Guaranty and Assumption shall not be diminished, relieved or otherwise affected by any modification by Franchisee and Franchisor of the terms or conditions of the Agreement.

IN WITNESS WHEREOF, each of the undersigned has hereunto affixed his signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

Name:__________________________________

Signature:________________________________

Date:____________________________________

Name:__________________________________

Signature:________________________________

Date:____________________________________

EXHIBIT B
Assigned Territory

Your Territory as defined in this Agreement is described as follows:

Pursuant to the terms of this Agreement, you will identify a store site for your Teaspoon Business within the search area [County, City, State: ____________________ ____________]. Once we have approved your site and you have signed a lease for that site, your Territory shall be a 1.5 mile radius around the address of this site. By signing below, I ____________________ understand and acknowledge that the general search area is not my Territory.

EXHIBIT B-2

MULTI-UNIT DEVELOPMENT AGREEMENT

MULTI-UNIT DEVELOPMENT AGREEMENT

TEASPOON

<u>TABLE OF CONTENTS</u>

TEASPOON FRANCHISING
MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (this "Agreement") is made and entered into this_____ day of _____________, 20__ (the "Effective Date") by and between Teaspoon Franchising, Inc. (the "Franchisor") and ____ ____ ____, (the "Multi-Unit Developer");

W I T N E S S E T H:

WHEREAS, Franchisor is the owner and operator of certain proprietary and other property rights and interests in and to the "Teaspoon" name and design trademark, and such other trademarks, trade names, service marks, logotypes, insignias, trade dress and designs (the "Proprietary Marks") used in connection with the development, operation and maintenance of a beverage business (each a "Business") offering tea-based beverages and such other menu items as the Franchisor may authorize from time to time (the "Franchised Business");

WHEREAS, Franchisor desires to expand and develop the Franchised Business and seeks sophisticated and efficient multi-unit Developers who will develop numerous Businesses for the Franchised Business within designated areas; and

WHEREAS, Multi-Unit Developer desires to build and operate Businesses, and Franchisor desires to grant to Multi-Unit Developer the right to build and operate Businesses in accordance with the terms and upon the conditions contained in this Agreement;

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

1. GRANT OF MULTI-UNIT DEVELOPMENT RIGHTS

Franchisor hereby grants to Multi-Unit Developer, and Multi-Unit Developer hereby accepts, the non-exclusive right to enter into our standard form of franchise agreement then being offered to prospective Developers under the System (a "Franchise Agreement"), during the Term (as defined below), to develop, construct, equip, open and operate Businesses in the Development Area (as defined below), upon the terms and subject to the conditions of this Agreement.

This Agreement is not a Franchise Agreement and Multi-Unit Developer does not have the right to use the Proprietary Marks or System in any manner by virtue hereof. Each Business will be governed by a Franchise Agreement entered into by the Franchisor and Multi-Unit Developer for each Business in accordance with the terms and conditions of this Agreement.

2. MULTI-UNIT DEVELOPER'S DEVELOPMENT OBLIGATION

(a) Development Obligation. Multi-Unit Developer hereby agrees to construct, equip, open and thereafter continue to operate within the Development Area not less than the cumulative number of Businesses set forth on Exhibit "A" which is attached hereto and by this reference made a part hereof, within each of the time periods (the "Development Periods") specified therein (the "Development Obligation").

(b) Force Majeure. Should Multi-Unit Developer be unable to meet the Development Obligation solely as the result of Force Majeure (herein so called), including, but not limited to, strikes, material shortages, fires, floods, earthquakes, and other acts of God, or by force of law (including, but not limited to, any legal disability of the Franchisor to deliver a Franchise Disclosure Document pursuant to Section 6(a) of this Agreement), which result in the inability of Multi-Unit Developer to construct or operate Business(s) in the Development Area, and which Multi-Unit Developer could not by the exercise of due diligence have avoided, the Development Periods shall be extended by the amount of time during which such Force Majeure shall exist.

3. DEVELOPMENT AREA

(a) Description of Development Area. If Multi-Unit Developer complies with the terms of this Agreement, including, without limitation, the Development Obligation, and if Multi-Unit Developer complies with the Franchise Agreement entered into for each Business, then, during the Term, Franchisor shall not operate, or license any other person to operate, a Business within the area set forth and described on Exhibit "B" which is attached hereto and by this reference made a part hereof (the "Development Area"). Notwithstanding the foregoing, the Franchisor hereby reserves the right to:

(i) Establish or license others to establish Teaspoon businesses or provide similar or competitive products or services under marks other than the Proprietary Marks within or outside of the Development Area and regardless of proximity to any Business within the Development Area;

(ii) Sell packaged products under the Proprietary Marks through distribution channels or retail locations within or outside of the Development Area;

(iii) Offer or sell any products or services under the Proprietary Marks or any other marks, through any other channel of distribution within or outside of the Development Area;

(iv) Advertise and market the System anywhere at any time; and

(v) Establish, either directly or through an affiliate of the Franchisor or by licensing others, Businesses at any site the Franchisor deems appropriate outside of the Development Area, regardless of the proximity to the boundaries of the Development Area. The Franchisor makes no representation or warranty that Multi-Unit Developer will have any right to participate in such licenses.

(b) Termination of Development Area. Multi-Unit Developer understands and acknowledges that the current form of Franchise Agreement does not grant a territory to the franchisee, and that at the end of the Term of this Agreement, Multi-Unit Developer will have no rights to the Development Area granted under this Agreement with the exception of the continuing right to operate the Businesses established during the Term at the specific locations approved by Franchisor under each individual franchise agreement.

4. TERM OF MULTI-UNIT DEVELOPMENT AGREEMENT

(a) Term. The term of this Agreement (the "Term") shall commence on the Effective Date and, unless sooner terminated in accordance with the provisions herein, or extended as provided in Section 2(b), shall expire on the sooner of (i) the expiration date set forth in Exhibit "A", or (ii) when the last Business to be developed pursuant to the Development Obligation is open for business.

(b) Renewal. Multi-Unit Developer shall have no right to renew this Agreement.

5. PAYMENTS BY MULTI-UNIT DEVELOPER

(a) Development Area Fee. The aggregate initial franchise fees to be remitted by Multi-Unit Developer to Franchisor is set forth on Exhibit "C" attached hereto and by this reference made a part hereof. Multi-Unit Developer shall pay to Franchisor in cash or by certified check concurrently with the execution of this Agreement the sum of one hundred percent (100%) of the initial franchise fees for the first Business plus fifty percent (50%) of the aggregate initial franchise fees for all additional Businesses to be developed in a lump sum upon execution of this Agreement (the "Development Area Fee"). The initial franchise fee for the first Business will be immediately recognized as payment for the fees due under the franchise agreement signed herewith for the first Business. The balance (fifty percent (50%)) of the initial franchise fees attributable to each additional Business must be paid when the Franchise Agreement for each Business is executed. Each portion of the initial franchise fee is deemed fully earned upon receipt and is non-refundable.

6. EXECUTION OF INDIVIDUAL FRANCHISE AGREEMENTS

(a) Site Approval, Submission of Franchise Disclosure Document, Execution of Franchise Agreement

(i) At the time of execution of this Agreement, Multi-Unit Developer shall have identified the general area in which to Develop the first Business, and Multi-Unit Developer shall sign the current form of Franchise Agreement.

(ii) For all subsequent Businesses, after Multi-Unit Developer has located a proposed site for construction of a Business, Multi-Unit Developer shall submit to Franchisor such information regarding the proposed site as Franchisor shall require and in the form which Franchisor shall require, together with the terms of any proposed lease relating to such site. Franchisor may request such additional information as it deems necessary, and Multi-Unit Developer shall respond promptly to such requests for additional information. The Franchisor's approval of a proposed site will be evidenced by the Franchisor entering into the then-current form of Franchise Agreement and the then-current form of agreement required by the Franchisor to supplement or amend the Franchise Agreement in order to describe the approved site (a "Site Location Addendum"), and such approval will be given (if at all) after the Franchisor has (1) reviewed all information required to be submitted by Multi-Unit Developer regarding the proposed site; and (2) in the Franchisor's discretion visited the proposed site.

(iii) With respect to each Business to be developed under this Agreement, Multi-Unit Developer shall, on or before one hundred fifty (150) days prior to expiration of the applicable Development Period, enter into the then current Franchise Agreement and such other ancillary agreements as may be required by the Franchisor; provided, however, the initial franchise fee to be remitted to the Franchisor for each Business shall remain the same as set forth in Exhibit "C" attached to this Agreement.

(iv) Prior to entering into a Franchise Agreement, the Franchisor shall transmit to Multi-Unit Developer a Franchise Disclosure Document, together with execution counterparts of the Franchisor's then-current Franchise Agreement and such other ancillary agreements as may be required by the Franchisor. Immediately upon receipt of the Franchise Disclosure Document, Multi-Unit Developer (and all other required persons or entities) shall return to Franchisor a signed copy of the Receipt of the Franchise Disclosure Document. After the passage of any applicable Disclosure Period, Multi-Unit Developer shall execute and deliver, and/or cause to be executed and delivered, to Franchisor counterparts of said Franchise Agreement and all other ancillary agreements required by the Franchisor, together with the initial franchise fee required pursuant to this Agreement, less the credit, if any, applicable pursuant to Section 5.1. Franchisor shall, promptly upon receipt of said documents and initial franchise fee, execute and return to Multi-Unit Developer one fully executed copy of the Franchise Agreement and other ancillary agreements. Notwithstanding the foregoing, if Franchisor is not legally able to deliver a Franchise Disclosure Document to Multi-Unit Developer by reason of any lapse or expiration of its franchise registration, or because Franchisor is in the process of amending any such registration, or for any reason beyond Franchisor's reasonable control, Franchisor may delay approval of the proposed site for Multi-Unit Developer's proposed Business until such time as Franchisor is legally able to deliver a Franchise Disclosure Document.

(b) Condition Precedent to Franchisor's Obligations. It shall be a condition precedent to Franchisor's obligations pursuant to Section 6(a), that Multi-Unit Developer shall have performed all of Multi-Unit Developer's obligations under and pursuant to this Agreement and all other agreements between Multi-Unit Developer and Franchisor.

7. ASSIGNABILITY AND SUBFRANCHISING

(a) Assignability by Franchisor. Franchisor shall have the right to assign this Agreement, or any of its rights and privileges hereunder, to any other person or entity without Multi-Unit Developer's prior consent.

(b) No Subfranchising by Multi-Unit Developer. Multi-Unit Developer shall not offer, sell, or negotiate the sale of Teaspoon franchises to any third party, either in Multi-Unit Developer's own name or in the name and on behalf of Franchisor, or otherwise subfranchise, share, divide or partition this Agreement, and nothing in this Agreement shall be construed as granting Multi-Unit Developer the right to do so.

(c) Assignment by Multi-Unit Developer

(i) The rights and duties created by this Agreement are personal to Multi-Unit Developer. Accordingly, except as otherwise permitted herein, neither Multi-Unit Developer nor the owner of any stock, membership interest, partnership interest or other equity interest ("Equity Interest") in Multi-Unit Developer shall, without the prior written consent of the Franchisor, directly or indirectly, sell, assign, transfer (including, without limitation, any transfer occurring by inter vivos transfer or, upon death, by testamentary disposition or pursuant to the laws of intestate succession), convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in this Agreement or any Equity Interest in Multi-Unit Developer. Any such purported transfer or assignment occurring by operation of law or otherwise without the prior written consent of the Franchisor shall constitute a breach of this Agreement by Multi-Unit Developer and shall be null and void. Any such transfer or assignment shall be subject, in any event, to the right of first refusal in favor of the Franchisor set forth in Section 7(d) of this Agreement.

(ii) Should Franchisor not elect to exercise its said right of first refusal, Franchisor's consent to such transfer or assignment, but not to the partition, sharing or dividing of rights under this Agreement, shall not be unreasonably withheld; provided, however, the Franchisor may impose any reasonable condition(s) to the granting of its consent. Without limiting the generality of the foregoing, the imposition of any or all of the following conditions to its consent to any such transfer or assignment shall be deemed to be reasonable:

(1) that the assignee (or, in the case of an entity assignee, the shareholders, members, partners or other equity interest holders of the assignee) demonstrate that they have the skills, qualifications and economic resources necessary, in Franchisor's judgment, reasonably exercised, to develop, construct, equip, open and operate the Businesses contemplated by this Agreement, and by all other agreements between the Franchisor and such assignee, and all agreements (including, without limitation, Franchise Agreements entered into pursuant to this Agreement) proposed to be assigned to such assignee;

(2) that the assignee enter into a written assignment, in form and substance satisfactory to the Franchisor, pursuant to which such assignee assumes and agrees to discharge all rights and obligations of Multi-Unit Developer under this Agreement and all Franchise Agreements entered into pursuant to this Agreement;

(3) that Multi-Unit Developer pay to Franchisor any and all transfer fees that may be required by each Franchise Agreement executed pursuant hereto;

(4) that Multi-Unit Developer, and each owner of an Equity Interest in Multi-Unit Developer, execute a general release, the consideration for which shall be the consent to the assignment, in form and substance satisfactory to the Franchisor, of any and all claims against the Franchisor and all of Franchisor's subsidiaries and affiliates (collectively, "Franchisor's Affiliates"), and their respective shareholders, members, partners and other equity interest holders, officers, directors, managers, agents, representatives, successors and assigns, including, without limitation, claims arising under federal, state and local laws, rules and ordinances, to the extent permitted by law;

(5) that as of the date of any such assignment, the assignor shall have fully complied with all of its obligations to Franchisor, whether under this Agreement or any other agreement (including, without limitation, Franchise Agreements entered into pursuant to this Agreement or otherwise), arrangement or understanding with Franchisor;

(6) that assignee is not then in default of any of such assignee's obligations to Franchisor, whether pursuant to a Franchise Agreement or other agreement with Franchisor;\

(7) that the assignee shall pay to Franchisor a transfer fee equal to $5,000.00 which is reasonably required to cover Franchisor's expenses relating to said assignment (such fee being in addition to any transfer fee required to be paid under any Franchise Agreement entered into pursuant to this Agreement or otherwise); and

(8) that the assignee, or all of the shareholders, members, partners or other equity interest holders of the assignee, as the case may be, shall jointly and severally fully, unconditionally and irrevocably guarantee the performance by Multi-Unit Developer of all its obligations hereunder.

(iii) Any assignment, transfer or other disposition of a Business within the Development Area shall be governed by the Franchise Agreement for such Business.

(iv) If Multi-Unit Developer is a legal entity, each of the following shall be deemed to be an assignment by Multi-Unit Developer of this Agreement (or of an interest in this Agreement) within the meaning of this Section: (1) the transfer or assignment by any owner of an Equity Interest in the Multi-Unit Developer; (2) the issuance of any securities by Multi-Unit Developer which itself or in combination with any other transaction(s) results in the owners of an Equity Interest in Multi-Unit Developer existing as of the Effective Date, owning less than one hundred percent (100%) of the Equity Interest in the Multi-Unit Developer; and (3) any merger, stock redemption, consolidation, reorganization or recapitalization involving Multi-Unit Developer.

(v) Without limiting the generality of the foregoing, Multi-Unit Developer shall not in any event have the right to pledge, encumber, hypothecate or otherwise give any third party a security interest in this Agreement in any manner whatsoever without the express prior written consent of Franchisor, which consent may be withheld by the Franchisor in its sole and absolute discretion.

(d) Right of First Refusal. Any assignment of this Agreement, or any interest herein, shall be subject to the Franchisor's right of first refusal with respect thereto. Franchisor's said right of first refusal shall be exercised in the following manner:

(i) Multi-Unit Developer shall deliver to Franchisor a written notice clearly and unambiguously setting forth all of the terms and conditions of the proposed assignment and all available information concerning the proposed assignee, including, but not limited to, information concerning the employment history, financial condition, credit history, skill and qualifications of the proposed assignee and, in the case of an entity, of its shareholders, members, partners and equity interest holders, as applicable.

(ii) Within thirty (30) days after Franchisor's receipt of such notice (or if Franchisor shall request additional information, within thirty (30) days after receipt of such additional information), Franchisor may either consent or withhold its consent to such assignment, in accordance with Section 7(c), or, at its option, accept the assignment to itself or to its nominee upon the terms and conditions specified in the notice. Franchisor may substitute an equivalent sum of cash for any consideration other than cash specified in said notice.

(iii) If Franchisor shall elect not to exercise its said right of first refusal and shall consent to such assignment, Multi-Unit Developer shall, subject to the provisions of Section 7(c), be free to assign this Agreement to such proposed assignee on the terms and conditions specified in said notice. If, however, Franchisor does not elect to exercise its right of first refusal and said terms shall be materially changed, or if more than 90 days shall elapse after the date of Franchisor's receipt of written notice of such assignment without such assignment occurring, such changed terms or lapse of time shall be deemed a new proposal, and Franchisor shall again have such right of first refusal with respect thereto.

(e) Individual Franchise Agreements. Multi-Unit Developer shall not execute any Franchise Agreement, or construct or equip any Business, with a view to transferring or assigning such Franchise Agreement or Business.

8. NON-COMPETITION

(a) In Term. During the Term of this Agreement, neither Multi-Unit Developer, or if Multi-Unit Developer is a legal entity, no owner of an Equity Interest in Multi-Unit Developer or any officer, director or manager of Multi-Unit Developer shall either directly or indirectly, own, operate, advise, be employed by, or have any interest in any restaurant, café, kiosk or similar establishment that features such other menu items featured by Teaspoon Businesses whether within or outside of the Development Area, unless Franchisor, in its sole and absolute discretion, shall consent thereto in writing.

(b) Modification. The parties have attempted in Section 8(a) above to limit the Multi-Unit Developer's right to compete only to the extent necessary to protect the Franchisor from unfair competition. The parties hereby expressly agree that if the scope or enforceability of Section 8(a) is disputed at any time by Multi-Unit Developer, a court or arbitrator, as the case may be, may modify either or both of such provisions to the extent it deems necessary to make such provision(s) enforceable under applicable law. In addition, the Franchisor reserves the right to reduce the scope of either, or both, of said provisions without Multi-Unit Developer's consent, at any time or times, effective immediately upon notice to Multi-Unit Developer.

9. TERMINATION

(a) Termination Pursuant to a Material Breach of This Agreement. This Agreement may be terminated by Franchisor for cause without notice or opportunity to cure, except for such notice as may be required by law, in the event of any material breach by Multi-Unit Developer of this Agreement. Material breach, as used herein, shall specifically include, among other things, the following:

(i) Failure of Multi-Unit Developer to comply with the Development Obligation within the Development Periods;

(ii) Failure of Multi-Unit Developer to perform any other of Multi-Unit Developer's obligations under this Agreement, including, without limitation, the obligation to enter into a Franchise Agreement with respect to any Business within the time required under this Agreement, and the obligation of Multi-Unit Developer to obtain the prior written consent of the Franchisor with respect to any transfer or assignment of this Agreement, in whole or in part, or any or all rights and obligations hereunder.

(iii) The filing by or against Multi-Unit Developer of any petition in bankruptcy, arrangement for the benefit of creditors, or petition for reorganization which is not dismissed within ninety (90) days;

(iv) The appointment of a receiver or trustee for Multi-Unit Developer which receiver or trustee is not dismissed within ninety (90) days from the date of appointment;

(v) The conviction of, or pleading of nolo contendere by, any owner of an Equity Interest in Multi-Unit Developer to a felony or crime involving moral turpitude; or

(vi) Discovery by Franchisor that Multi-Unit Developer materially misrepresented or omitted facts in its application for the rights in this Agreement.

(b) Termination by Reason of a Material Breach of Other Agreement. This Agreement may be terminated, at the election of Franchisor, in the event of any material breach by Multi-Unit Developer of an individual Franchise Agreement or any other agreement between Franchisor and Multi-Unit Developer, upon the notice, if any, specified in the Franchise Agreement or other agreement.

(c) Effect of Expiration or Termination. Upon the expiration of the Term, or upon the prior termination of this Agreement, Multi-Unit Developer shall have no further right to construct, equip, open or operate additional Businesses which are not, at the time of such expiration or termination, the subject of a then-existing Franchise Agreement between Multi-Unit Developer and Franchisor which is in full force and effect, and Franchisor may itself construct, equip, open, or operate, or license others to construct, equip, open, or operate Businesses in the Development Area. Further, Multi-Unit Developer shall cease to use all confidential information as it pertains to this Agreement.

(d) Post-Termination Non-Competition. Except where prohibited by law, for a period of two (2) years after the termination of this Agreement, for any reason, Multi-Unit Developer shall not acquire or maintain any interest in any competitive business offering any similar products or services to Teaspoon (“Competitive Business”).

10. ENTITY MULTI-UNIT DEVELOPER

(a) Entity Multi-Unit Developer

(i) If Multi-Unit Developer is a corporation, limited liability company, general or limited partnership or other legal entity, there is set forth below the name and address of each owner of an Equity Interest in Multi-Unit Developer:

NAME	ADDRESS	NUMBER OF SHARES OR PERCENTAGE INTEREST

(ii) If Multi-Unit Developer is a corporation, limited liability company, general or limited partnership or other legal entity, there is set forth below the name and address of each director, manager, or general partner, as applicable, of Multi-Unit Developer:

NAME	ADDRESS

(iii) The address where Multi-Unit Developer's financial records, and corporate, company, partnership or other entity records, as applicable, are maintained is:

____
____
____
____
____

(iv) If Multi-Unit Developer is a corporation, limited liability company, partnership or other legal entity, there is set forth below the name, address and title of the owner of an Equity Interest in Multi-Unit Developer who owns not less than fifty percent (50%) of the Equity Interest in Multi-Unit Developer and who will serve as the so-called "Operating Partner" and devote a majority of his or her time and efforts to the management and operation of each Business constructed, equipped, opened and operated by Multi-Unit Developer under each Franchise Agreement entered into pursuant to this Agreement:

NAME	ADDRESS

(v) Multi-Unit Developer shall notify Franchisor in writing within ten (10) days of any change in the information set forth in subparagraphs (i) through (iv) above.

(vi) Multi-Unit Developer shall promptly provide such additional information as Franchisor may from time to time request concerning all persons who may have any direct or indirect financial interest in Multi-Unit Developer.

(vii) If Multi-Unit Developer is a corporation, limited liability company, partnership or other legal entity, each of the owners of an Equity Interest in Multi-Unit Developer shall, by executing this Agreement, fully, unconditionally and irrevocably guarantee the performance by Multi-Unit Developer of all of its obligations hereunder. In addition, Developer shall upon Franchisor's request cause all of its current and future owners of an Equity Interest in Multi-Unit Developer to execute and deliver a guaranty in substantially the form of Exhibit "D" which is attached hereto and by this reference made a part hereof.

11. VENUE AND REMEDIES

(a) Venue. To the extent permitted by applicable law, Multi-Unit Developer agrees that any action brought by Multi-Unit Developer against Franchisor shall be brought in the state courts or in the U.S. District Court of the jurisdiction in which Franchisor has its principal place of business at the time such proceeding is commenced, and Multi-Unit Developer waives its right to bring any action against Franchisor in any other jurisdiction or venue. Additionally, to the extent permitted by applicable law, Multi-Unit Developer hereby submits to the jurisdiction of such courts, and Multi-Unit Developer waives any right it may have to object to such jurisdiction and venue.

(b) Remedy. No right or remedy conferred upon or reserved by Franchisor by this Agreement is intended and shall not be deemed to be exclusive of any other right or remedy provided or permitted herein, at law or in equity, but each right or remedy shall be cumulative of every other right or remedy.

(c) Injunctive Relief. Nothing herein contained shall bar Franchisor's right to obtain injunctive relief against threatened conduct that will cause it loss or damage under the usual equity rules, including, without limitation, the applicable rules for obtaining restraining orders and preliminary injunctions. Franchisor shall not be required to post a bond in excess of $1,000.00 or other security with respect to obtaining any such equitable relief.

12. GENERAL CONDITIONS AND PROVISIONS

(a) Relationship of Multi-Unit Developer to Franchisor. It is expressly agreed that Multi-Unit Developer has no authority to create or assume in Franchisor's name or on behalf of Franchisor, any obligation, express or implied, or to act or purport to act as agent or representative on behalf of Franchisor for any purpose whatsoever. Neither Franchisor nor Multi-Unit Developer is the employer, employee, agent, partner or co-venturer of, or with the other, each being independent. Multi-Unit Developer agrees that Area Franchise will not hold himself or itself out as the agent, employee, partner or co-venturer of Franchisor. All employees hired by or working for Multi-Unit Developer shall be the employees of Multi-Unit Developer and shall not, for any purpose, be deemed employees of Franchisor or subject to Franchisor control. Each of the parties agrees to file its own tax, regulatory and payroll reports with respect to its respective employees and operations, saving and indemnifying the other party hereto of and from any liability of any nature whatsoever by virtue thereof. This indemnity obligation shall survive the expiration or prior termination of this Agreement.

(b) Indemnity by Multi-Unit Developer. Multi-Unit Developer hereby agrees to protect, defend and indemnify Franchisor, and all of its past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, officers, directors, employees, attorneys and designees and hold them harmless from and against any and all costs and expenses, including attorneys' fees, court costs, losses, liabilities, damages, claims and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person, firm or corporation or to any property arising out of or in connection with Multi-Unit Developer's operation of a Business pursuant hereto. This indemnity obligation shall survive the expiration or prior termination of this Agreement.

(c) No Consequential Damages For Legal Incapacity. Franchisor shall not be liable to Multi-Unit Developer for any consequential damages, including but not limited to lost profits, interest expense, increased construction or occupancy costs, or other costs and expenses incurred by Multi-Unit Developer by reason of any delay in the delivery of Franchisor's Franchise Disclosure Document caused by legal incapacity during the Term, or other conduct not due to the gross negligence or intentional misconduct of Franchisor.

(d) Waiver and Delay. No waiver by Franchisor of any breach or series of breaches or defaults in performance by Multi-Unit Developer, and no failure, refusal or neglect of Franchisor to exercise any right, power or option given to it hereunder or under any franchise agreement between Franchisor and Multi-Unit Developer, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Businesses) or to insist upon strict compliance with or performance of Multi-Unit Developer's obligations under this Agreement or any franchise agreement between Franchisor and Multi-Unit Developer, whether entered into before, after or contemporaneously with the execution hereof (and whether or not related to the Businesses), shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach thereof or a waiver by Franchisor of its right at any time thereafter to require exact and strict compliance with the provisions thereof.

(e) Survival of Covenants. The covenants contained in this Agreement which, by their terms, require performance by the parties after the expiration or termination of this Agreement, shall be enforceable notwithstanding said expiration or other termination of this Agreement for any reason whatsoever.

(f) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the successors and permitted assigns of Franchisor and shall be binding upon and inure to the benefit of Multi-Unit Developer and his, its or their respective heirs, executors, administrators, successors and permitted assigns, subject to the prohibitions against assignment contained herein.

(g) Joint and Several Liability. If Multi-Unit Developer consists of more than one person or entity, or a combination thereof, the obligations and liabilities of each such person or entity to Franchisor are joint and several.

(h) Governing Law. Except to the extent governed by the U.S. Trademark Act of 1946 (Lanham Act), 15 U.S.C., Section 1051, et seq.), this Agreement shall be construed in accordance with the laws of the State of California.

(i) Entire Agreement. This Agreement and the Exhibits incorporated herein contain all of the terms and conditions agreed upon by the parties hereto concerning the subject matter hereof. All prior agreements, understandings and representations, are merged herein and superseded hereby. Multi-Unit Developer represents that there are no contemporaneous agreements or understandings between the parties relating to the subject matter of this Agreement that are not contained herein. This Agreement cannot be modified or changed except by written instrument signed by all of the parties hereto. Where this Agreement and any Franchise Agreement entered into pursuant to this Agreement conflict with respect to the amount or payment terms of initial franchise fees, or the date by which a Business is to be opened, the terms of this Agreement shall govern. Nothing in the agreement is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

(j) Titles for Convenience. Article and paragraph titles used in this Agreement are for convenience only and shall not be deemed to affect the meaning or construction of any of the terms, provisions, covenants, or conditions of this Agreement.

(k) Gender. All terms used in any one number or gender shall extend to mean and include any other number and gender as the facts, context, or sense of this Agreement or any article or paragraph hereof may require.

(l) Severability. Nothing contained in this Agreement shall be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provisions of this Agreement and any present or future statute, law, ordinance or regulation contrary to which the parties have no legal right to contract, the latter shall prevail, but in such event the provisions of this Agreement thus affected shall be curtailed and limited only to the extent necessary to bring it within the requirements of the law. In the event that any part, article, section, paragraph, sentence or clause of this Agreement shall be held to be indefinite, invalid or otherwise unenforceable, the indefinite, invalid or unenforceable provision shall be deemed deleted, and the remaining part of this Agreement shall continue in full force and effect.

(m) Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall be deemed to be one and the same instrument.

(n) Attorney Fees. Should any party hereto commence any action or proceeding for the purpose of enforcing, or preventing the breach of, any provision hereof, whether by judicial or quasi-judicial action or otherwise, or for damages for any alleged breach of any provision hereof, or for a declaration of such party's rights or obligations hereunder, then the prevailing party shall be reimbursed by the losing party for all costs and expenses incurred in connection therewith, including, but not limited to, reasonable attorneys' fees for the services rendered to such prevailing party.

(o) Notices. All written notices and reports permitted or required to be delivered by the provisions of this Agreement shall be deemed so delivered three (3) days after placed in the

United States mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified at such party's most current principal address which the notifying party has on record.

13. ACKNOWLEDGMENT

(a) General. Multi-Unit Developer, and the owners of any Equity Interests in Multi-Unit Developer as applicable, jointly and severally acknowledge that they have carefully read this Agreement and all other related documents to be executed concurrently or in conjunction with the execution hereof, that they have obtained the advice of counsel in connection with entering into this Agreement, that they understand the nature of this Agreement, and that they intend to comply herewith and be bound hereby.

(*Continued on following page*)

IN WITNESS WHEREOF, the parties have hereto set their hands, affixed their seals and delivered these presents as of the day and year first above written.

Teaspoon Franchising, Inc.

By: ______________________________________

Name: ______________________________________

______(SEAL)

Title: ______________________________________

MULTI-UNIT DEVELOPER:

____

______(SEAL)

By: ______________________________________

Name: ______________________________________

Title: ______________________________________

(CORPORATE SEAL, if applicable)

EQUITY INTEREST OWNERS:

______(SEAL) ______________________________________

______(SEAL) ______________________________________

EXHIBIT A

DEVELOPMENT OBLIGATION & TERM

Development Period Ending	Cumulative Number of Businesses to be in Operation
1 ______________________, 20___	_________________
2 ______________________, 20___	_________________
3 ______________________, 20___	_________________
4 ______________________, 20___	_________________
5 ______________________, 20___	_________________

The term of this Agreement expires on _________________, 20__, or upon the opening of the last Business to be developed, whichever is sooner.

EXHIBIT B

DEVELOPMENT AREA

EXHIBIT C

AGGREGATE INITIAL FRANCHISE FEE

EXHIBIT D

GUARANTY OF MULTI-UNIT DEVELOPER'S UNDERTAKINGS

In consideration of, and as an inducement to, the execution of that certain Multi-Unit Development Agreement dated _____________, and any and all revisions, modifications and amendments thereto or renewals thereof, (hereinafter collectively the "Agreement"), by and between Teaspoon Franchising, Inc., for itself and for its parent companies and affiliates (hereinafter, collectively, "Teaspoon") and ______________________________ (hereinafter "Multi-Unit Developer"), each of the undersigned "Guarantors" (herein so called) agrees as follows:

1. The Guarantors do hereby jointly and severally unconditionally guarantee the full, prompt and complete performance of Multi-Unit Developer under the terms, covenants and conditions of the Agreement, including, without limitation, the complete and prompt payment of all indebtedness to Teaspoon under the Agreement. The word "indebtedness" is used herein in its most comprehensive sense and includes without limitation any and all advances, debts, obligations and liabilities of Multi-Unit Developer, now or hereafter incurred, either voluntarily or involuntarily, and whether due or not due, absolute or contingent, liquidated or unliquidated, determined or undetermined, or whether recovery thereof may be now or hereafter barred by any statute of limitation or is otherwise unenforceable.

2. The obligations of the Guarantors are independent of the obligations of Multi-Unit Developer and a separate action or actions may be brought and prosecuted against any or all of the Guarantors, whether or not actions are brought against Multi-Unit Developer or whether Multi-Unit Developer is joined in any such action.

3. If the Multi-Unit Developer is a corporation, partnership, limited liability company or other legal entity, Teaspoon shall not be obligated to inquire into the power or authority of Multi-Unit Developer or its officers, directors, agents, managers, representatives, employees or other persons acting or purporting to act on Multi-Unit Developer's behalf and any obligation or indebtedness made or created in reliance upon the exercise of such power and authority shall be guaranteed hereunder. Where the Guarantors are corporations, partnerships, limited liability companies or other legal entities, it shall be conclusively presumed that the Guarantors and all shareholders, partners, members and other owners of such entities, and all officers, directors, agents, managers, representatives, employees or other persons acting on their behalf have the express authority to bind such entities and that such entities have the express power to act as the Guarantors pursuant to this Guaranty and that such action directly promotes the business and is in the interest of such entities.

4. Teaspoon, its successors and assigns, may from time to time, without notice to the undersigned: (a) resort to the undersigned for payment of any of the indebtedness, whether or not it or its successors and assigns have resorted to any property securing any of the indebtedness or proceeded against any other of the undersigned or any party primarily or secondarily liable on any of the indebtedness; (b) release or

compromise any indebtedness of any of the undersigned hereunder or any indebtedness of any party or parties primarily or secondarily liable on any of the indebtedness; (c) extend, renew or credit any of the indebtedness for any period (whether or not longer than the original period); (d) alter, amend or exchange any of the indebtedness; or (e) give any other form of indulgence, whether under the Agreement or otherwise.

5. The undersigned each further waive presentment, demand, notice of dishonor, protest, nonpayment and all other notices whatsoever, including, without limitation: notice of acceptance hereof; notice of all contracts and commitments; notice of the existence or creation of any liabilities under the Agreement and of the amount and terms thereof; and notice of all defaults, disputes or controversies between Multi-Unit Developer and Teaspoon resulting from the Agreement or otherwise, and the settlement, compromise or adjustment thereof.

6. This Guaranty shall be enforceable by and against the respective administrators, executors, heirs, successors and assigns of the Guarantors and the death of any Guarantor shall not terminate the liability of such Guarantor or limit the liability of the other Guarantors hereunder.

7. If more than one person has executed this Guaranty, the term "the undersigned," as used herein shall refer to each such person, and the liability of each of the undersigned hereunder shall be joint and several and primary as sureties.

8. Without limiting the generality of any part or all of the foregoing, the undersigned do each hereby further covenant and agree that each of the undersigned are hereby bound by those certain terms, obligations, covenants and conditions of the Agreement with respect to the following:

(a) Section 7(c) entitled "Assignment by Multi-Unit Developer";

(b) Section 7(d) entitled "Right of First Refusal";

(c) Section 8 entitled "Non-Competition";

(d) Section 10(a) entitled “Entity Multi-Unit Developer”;

(e) Section 11(a) entitled "Venue";

(f) Section 11(c) entitled "Injunctive Relief";

(g) Section 12(g) entitled "Joint and Several Liability";

(h) Section 12(o) entitled "Notices"; and

(i) Section 14(a) entitled "General."

The undersigned each agree that the references to the "Multi-Unit Developer" in the Sections referenced hereinabove shall include and be applicable to each of the undersigned.

9. All capitalized terms not defined herein shall have the meanings given to them in the Agreement.

IN WITNESS WHEREOF, each of the undersigned has executed this Guaranty of Multi-Unit Developer's Undertakings under seal effective as of the _____ day of ______, ______.

____
Name

____
____
____
Home Address

____
Home Telephone

____
Business Telephone

____
Date

EXHIBIT C

LIST OF CURRENT FRANCHISEES AND FORMER FRANCHISEES

EXHIBIT C

LIST OF CURRENT FRANCHISEES AND FORMER FRANCHISEES

List of current franchisees as of December 31, 2023:

Alabama

Zeel Zaveri & Vinh Tran
744 Flag Circle
Hoover, AL 35226
410-800-8404
205-200-2229

California

Paul Mendoza
27 White Alder Drive
Bakersfield, CA 93314
318-840-4836

Daniel Wong
2129 University Ave
Berkeley, CA 94704
(415) 952-3812

BJ Lee
215 W Birch St #3
Brea, CA 92821
657-286-2886

Peter & Le Pham
1875 Bascom Avenue #160
Campbell, CA 95008
(408) 628-0490

Irene Wolfley
7625 Via Campanile Suite 128
Carlsbad, CA 92009
760-692-4747

Vinh Tu
2151 Salvio Street
Concord, CA 94520
510-200-1118

Ahmed Farag & Hady Abouelkheir
110 F Street, Suite D
Davis, CA 95616
(530) 746-5915

Nathan Tantingco
4420 Town Center Blvd Suite 110
El Dorado Hills, CA 95762
(916) 932-4071

Ahmed Farag & Hady Abouelkheir
1171 Riley St
Folsom, CA 95630
(279) 666-4279

Sharon Li
46809 Warm Springs Blvd.
Fremont, CA 94539
(510) 573-0989

Tai Tran
25034 Hesperian Boulevard
Hayward, CA 94545
510-274-5908

Christopher Dela Cruz
2375 Railroad Ave Suite 101
Livermore, CA 94550
(925) 533-8145

Erdan Liu
134 Castro Street
Mountain View, CA 94041
(650) 386-5181

Connie Liu
1350 Kumquat Place
Oxnard, CA 93036
415-939-3068

Chen Chen Chao
2675 Middlefield Road C
Palo Alto, CA 94306
(650) 272-6734

Mark Paseual, Marvin Ilasco, Armand Paquino
1360 Fitzgerald Dr,
Pinole, CA 94564
510-283-5066

Chris Oetomo
19300 Rinaldi St Suite H
Porter Ranch, CA 91326
(818) 217-4717

Erdan Liu
2361 Broadway
Redwood City, CA 94063
(650) 362-3488

Quan (Asa) Yuan
2030 Douglas Boulevard #16
Roseville, CA 95661
(916) 899-5698

Chris Davis
49 Indian Rock Court
San Anselmo, CA 94960
415-307-0277

Kathy Mangiapane
10691 Vista Valle Drive
San Diego, CA 92131
858-254-1604

Peixian Ouyang
2125 Polk Street
San Francisco, CA 94109
(415) 872-9245

Guo Hao Liu
4750 Almaden Expressway, Unit 116
San Jose, CA 95118
(669) 275-2095

Tony Zhang
128 E 3rd Avenue
San Mateo, CA 94401
(650) 393-5727

Rinku Bolina & Vinu Pillappa
42 Photinia Court
San Ramon, CA 94582
408-679-3838
925-759-9203

Vinu Bolina & Rinku Pillapa
164 Market Place
San Ramon, CA 94583
(925) 380-6465

Alisa Lee & Heather Zhang
3450 El Camino Real, Suite 103
Santa Clara, CA 95051
(669) 292-5700

Amannur Singh
2060 Santa Rosa Ave suite b1
Santa Rosa, CA 95407
707-892-0554

ShuYue Li
3525 W Carson Street, Unit 76
Torrance, CA 90503
(424) 275-8170

Gina Gomez
3229 S Mooney Blvd
Visalia, CA 93277
559-331-0767

Joseph Lichens
2977 Ygnacio Valley Road
Walnut Creek, CA 94598
831-320-9965

Georgia

Troy Austin and Skyler Bryd
623 Mullins Colony Dr
Evans, GA 30809
762-444-6789

Nevada

Franchesta Hammonds & Adina D'Almeida
2738 Frabiele Street
Henderson, NV 89044
702-340-9178

Xavian Hood
5828 Revital Court
Las Vegas, NV 89131
702-606-3073

Ana Orozco
7125 Mustengo Drive
Reno, NV 89506
775-815-8443

Texas

Ben Hsi & Henry Lo
10515 N. Mopac Expy, Suite B215
Austin, TX 78759
512-330-4945

List of franchise owners who have signed an agreement but not yet opened a location:

Alabama

Vinh Tran
325 Summit Blvd,
Birmingham, AL 35243
410-800-8404
205-502-7232

California

Tauhid Choudhury
276 Grant Street
Coalinga, CA 93210
214-973-4096

Joan Parkman & Joann Bucsit
7074 Beckett Field Lane
Eastville, CA 92880
714-234-3210

Saurav Kumar
1222 McBride Lane
Hayward, CA 94544
510-474-2492

Payam Haghighi & Maryam Kabir
3385 Michelson Drive, Apt 242
Irvine, CA 92612
951-850-2667

Quynh-Lan Nguyen, Tran Chau
1246 Aartman Drive
Ripon, CA 95366
209-981-2584

Mark Paseual, Marvin Ilasco, Armand Paquino
5970 Rose Arbor Avenue
San Pablo, CA 94806
510-316-6690

Nemal & Margi Shah
28315 Camino Del Arte Drive
Valencia, CA 91354
949-400-0451

Gerald Lou
20517 Mesquite Ln
Covina, CA 91724
734-765-8226

Hady Abouelkheir
1171 Riley St
Folsom, CA 95630
279-666-4279

Derik Quach
57 Alexandria
Mountain House, CA 95391
408-550-3996

Tushar Bhandari
910 Parma Way
Los Altos, CA 94024
774-452-0718

Zaki Nofal
10 Budd Way
Wayne, NJ 07470
973-980-8353

Tai Tran
25034 Hesperian Boulevard
Hayward, CA 94545
510-274-5908

Parveen S Badhan *(Signed two franchise agreement)*
2432 N Apricot Ave
Fresno, CA 93727
559-301-2002

Florida

Martin Robitaille (*Signed two franchise agreements)*
2341 NE 49th
Lighthouse Point, FL 33064

Nimasabahen Patel
2690 Drew St. Apt 1104
Clearwater, FL 33759
630-863-5279

Georgia

Troy Austin
3567 Granite Way
Augusta, GA 30907
706-831-8723

Nevada

Franchesta Hammonds & Adina D'Almeida & Xavian Hood
5828 Revital Court
Las Vegas, NV 89131
702-606-3073

Roderick & Farnoosh
8990 Kirby Drive Suite 220
Houston TX 77054
(346) 201-9010

Anandhitha Krishnan
2924 Spirit Woods Ln
Arlington, TX 76001
(972) 900-3920

Sarin Regmi
15807 Crissom Lane
Austin, TX 78728
(612) 865-4721

List of former franchisees as of December 31, 2023:

Vilaxay & Jeanjira Mounivong
12042 Rendoval Street
Artesia, CA 90701
714-603-5773

Vinh Tu
2151 Salvio Street
Concord, CA, 94520
510-200-1118

Dan Truong
1211 S Hudson Avenue
Los Angeles, CA 90019
917-860-4887
832-273-3580

Alex Feng
21122 Doble Avenue
Torrance, CA 90502
256-683-0147

RBBS Group LLC / Sam Berry
1624 N Silvery Lane
Dearborn, MI, 48128
313-399-2123

Tony Tang, Mark Yang, George Li
13559 Brookgreen Drive
Dallas, TX 75240
469-422-0248

EXHIBIT D

LIST OF STATE AGENCIES AND AGENTS FOR SERVICE OF PROCESS

EXHIBIT D

LIST OF STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
CALIFORNIA	Department of Financial Protection and Innovation One Sansome Street, Suite 600 San Francisco, CA 94104 415-972-8565 1-866-275-2677	Commissioner of Financial Protection and Innovation, California Department of Financial Protection and Innovation Or Amy Lai 2290 Ringwood Ave., Unit E San Jose, CA 95131
CONNECTICUT	Securities and Business Investment Division Connecticut Department of Banking 44 Capitol Avenue Hartford, CT 06106 203-240-8299	Connecticut Banking Commissioner Same Address
FLORIDA	Department of Agriculture & Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, FL 32399-0800 850-245-6000	Same
GEORGIA	Office of Consumer Affairs 2 Martin Luther King Drive, S.E. Plaza Level, East Tower Atlanta, GA 30334 404-656-3790	Same
HAWAII	State of Hawaii Business Registration Division Securities Compliance Branch Dept. of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 808-586-2722	Hawaii Commissioner of Securities Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
ILLINOIS	Franchise Division Office of the Attorney General 500 South Second Street Springfield, IL 62706 217-782-4465	Illinois Attorney General Same Address
INDIANA	Securities Commissioner Indiana Securities Division 302 West Washington Street, Room E 111 Indianapolis, IN 46204 317-232-6681	Indiana Secretary of State 201 State House 200 West Washington Street Indianapolis, IN 46204
IOWA	Iowa Securities Bureau Second Floor Lucas State Office Building Des Moines, IA 50319 515-281-4441	Same
KENTUCKY	Kentucky Attorney General's Office Consumer Protection Division 1024 Capitol Center Drive Frankfort, KY 40602 502-696-5389	Same
LOUISIANA	Department of Urban & Community Affairs Consumer Protection Office 301 Main Street, 6th Floor One America Place Baton Rouge, LA 70801 504-342-7013 (gen. info.) 504-342-7900	Same
MAINE	Department of Business Regulations State House - Station 35 Augusta, ME 04333 207-298-3671	Same
MARYLAND	Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, MD 21202 410-576-6360	Maryland Securities Commissioner Same Address

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
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 Same Address
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 500 St. Paul, MN 55101 651-296-4026	Minnesota Commissioner of Commerce Same Address
NEBRASKA	Department of Banking and Finance 1230 "O" Street, Suite 400 Lincoln, NE 68508 P.O. Box 95006 Lincoln, Nebraska 68509-5006 Tele: 402-471-2171	Same
NEW HAMPSHIRE	Attorney General Consumer Protection and Antitrust Bureau State House Annex Concord, NH 03301 603-271-3641	Same
NEW YORK	Bureau of Investor Protection and Securities New York State Department of Law 120 Broadway, 23rd Floor New York, NY 10271 212-416-8222	Secretary of State of New York 41 State Street Albany, New York 12231 Mrs. Lassoff 212-416-8236 Mr. Grimes 212-416-8235
NORTH CAROLINA	Secretary of State's Office Securities Division Legislative Annex Building 300 Salisbury Street Raleigh, NC 27602 919-733-3924	Secretary of State's Office 300 Salisbury Street Raleigh, NC 27602

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard Avenue State Capitol, Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 701-328-4712 Fax: 701-328-0140	North Dakota Securities Commissioner Same Address
OHIO	Attorney General Consumer Fraud & Crime Section State Office Tower 30 East Broad Street, 15th Floor Columbus, OH 43215 614-466-8831 800-282-0515	Same
OKLAHOMA	Oklahoma Securities Commission 2915 Lincoln Blvd. Oklahoma City, OK 73105 405-521-2451	Same
OREGON	Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 96310 503-378-4387	Director Department of Insurance and Finance Same Address
RHODE ISLAND	Securities Division Department of Business Regulation 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920 401-222-3048	Director of the Rhode Island Department of Business Regulation Rhode Island Attorney General 1511 Pontiac Avenue John O. Pastore Center Building 69-1 Cranston, RI 02920
SOUTH CAROLINA	Secretary of State P.O. Box 11350 Columbia, SC 29211 803-734-2166	Same

STATE	STATE ADMINISTRATOR	AGENT FOR SERVICE OF PROCESS
SOUTH DAKOTA	Department of Commerce and Regulation Division of Securities 445 E. Capitol Avenue Pierre, SD 57501-3185 605-773-4823	Director of South Dakota Division of Securities Same Address
TEXAS	Secretary of State Statutory Documents Section P.O. Box 12887 Austin, TX 78711-2887 512-475-1769	Same
UTAH	Utah Department of Commerce Consumer Protection Division 160 East 300 South (P.O. Box 45804) Salt Lake City, UT 84145-0804 TELE: 801-530-6601 FAX: 801-530-6001	Same
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9th Floor Richmond, VA 23219 804-371-9051	Clerk of the State Corporation Commission 1300 E. Main Street, 1st Floor Richmond, VA 23219
WASHINGTON	Department of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762	Director, Dept. of Financial Institutions Securities Division 150 Israel Rd S.W. Tumwater, WA 98501 360-902-8762
WISCONSIN	Wisconsin Dept. of Financial Institutions Division of Securities 345 W. Washington Avenue, 4th Floor Madison, WI 53703 608-266-8557	Wisconsin Commissioner of Securities Same Address

EXHIBIT E

STATE-SPECIFIC ADDENDA

EXHIBIT E

STATE LAW ADDENDA TO FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT

The following modifications are to the Teaspoon Franchise Disclosure Document and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement.

CALIFORNIA

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the franchise be delivered together with the Franchise Disclosure Document.

No litigation is required to be disclosed in this Franchise Disclosure Document and no person or entity identified in Items 1 or 2 of this Franchise Disclosure Document is subject to a currently effective injunctive order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling any person from membership in that association or exchange.

California Business and Professions Code Section 20000 through 20043 provide rights to the franchisee concerning termination, transfer or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

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.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement (except for certain equitable and injunctive relief) requires binding arbitration of all disputes before the American Arbitration Association. Arbitration will occur in our then-current home state at a location closest to our principal business address (currently Dublin, California). The franchise agreement does not address costs of arbitration, so each side would generally pay its own costs.

Prospective franchisees are encourage to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of the State of California.

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. This provision supersedes any other or inconsistent term of any document executed in connection with the franchise.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

You must sign a general release if you renew or transfer your franchise. California Corporations Code §31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code §§31000 through 31516). Business and Professions Code §20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code §§20000 through 20043).

OUR WEBSITE 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 FINACIAL PROTECTION AND INNOVATION AT https://dfpi.ca.gov.

ILLINOIS
ADDENDUM TO THE FDD, FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Addendum to the FDD, the Franchise Agreement, and the Multi-Unit Development Agreement is agreed to by and among Teaspoon Franchising, Inc. and the Franchisee identified below:

1. Section 7.7 of the Franchise Agreement and Section 11(a) of the Multi-Unit Development Agreement is amended by the addition of the following language to the original language that appears therein:

    > In the State of Illinois the designation of jurisdiction or venue in a forum outside of Illinois is void with respect to any cause of action which otherwise is enforceable in Illinois, except that the designation of arbitration in a forum outside of Illinois is permissible. In the State of Illinois the Illinois Franchise Disclosure Act shall prevail in construing and enforcing the Franchise Agreement.

2. Section 41 of the Illinois Franchise Disclosure Act states that "In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provisions purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void."

3. Illinois law governs the Franchise Agreement and the Multi-Unit Development Agreement.

Dated: _________________________

Teaspoon Franchising, Inc.

By:___________________________________
Amy Lai, CEO

FRANCHISEE

By:___________________________________

By:___________________________________

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer"**:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

4. The following is added to the end of the "Summary" section of Item 17(d), titled "Termination by franchisee"::

You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law"::

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

VIRGINIA

The following statements are added to ITEM 17h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

WASHINGTON

Item 17(d) is amended to say a franchisee may terminate under any grounds permitted by Washington State Law.

Item 17(u) is amended to say, In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor’s reasonable estimated or actual costs in effecting a transfer.

Use of Franchise Brokers. The franchisor may use the services of franchise brokers to assist it in selling franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. Do not rely only on the information provided by a franchise broker about a franchise. Do your own investigation by contacting the franchisor’s current and former franchisees to ask them about their experience with the franchisor.

Item 5 is amended to provide that, due to Teaspoon’s financial condition, Teaspoon has agreed with the Securities Division of the Washington Department of Financial Institutions to defer collection of its initial franchise fees set forth in Item 5. As a result of this agreement, Teaspoon will not collect its initial franchise fees under a franchise agreement until the franchised business opens. In addition, if the franchisee enters into a multi-unit development agreement, Teaspoon will prorate the initial franchise fees payable under the multi-unit development agreement and will only collect the portion of this fee associated with each unit as that unit opens.

WASHINGTON ADDENDUM TO FRANCHISE AGREEMENT

1. In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail. Section 22.5 of the Franchise Agreement is amended to provide this.

2. RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including in the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. Sections 3 and 19 of the franchise agreement are amended to provide this.

3. In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington. Section 22.5 and 23.1 of the franchise agreement as well as the Franchise Disclosure Document are amended to provide this.

4. A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

5. Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

6. Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee has (a) received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or offering circular, and (b) is open for business.

9. If you agree to develop multiple Teaspoon businesses under a multi-unit development agreement, the collection of such development fees will be prorated, with a portion of the development fee being collected after each unit opens.

ACKNOWLEDGMENT:

It is agreed that the applicable foregoing state law addendum, if any, supersedes any inconsistent portion of the Franchise Agreement dated the ______ day of ____________, 20___, and of the Franchise Disclosure Document but only state law as of the date above, prior to or at the time of execution.

DATED this____day of___, 20_.

FRANCHISOR

TEASPOON FRANCHISING, INC.

By:___________________________________
Its:___________________________________
Date:_________________________________

FRANCHISEE:

IF A PARTNERSHIP, CORPORATION OR OTHER LEGAL ENTITY

Entity Name__________________________

By:___________________________________
Its:___________________________________
Date:_________________________________

IF FRANCHISEE IS ONE OR MORE INDIVIDUALS:

____
[Signature]
Printed Name:__________________________
Date:_________________________________

____
[Signature]
Printed Name:__________________________
Date:_________________________________

(MUST BE SIGNED BY ALL OWNERS AND MANAGERS OF AN ENTITY FRANCHISEE)

EXHIBIT F

STATE EFFECTIVE DATES

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

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

State	**Effective Date**
California	Pending
Washington	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 G

Receipts

EXHIBIT G

RECEIPT

(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Teaspoon Franchising, Inc. offers you a franchise, Teaspoon Franchising, Inc. must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, Teaspoon Franchising, Inc. or an affiliate in connection with the proposed franchise sale.

If Teaspoon Franchising, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on **Exhibit D**.

The name, principal business address and telephone number of each franchise seller offering the franchise is Amy Lai, 2290 Ringwood Ave., Unit E, San Jose, CA 95131 (628) 234-4999

See **Exhibit D** for our registered agents authorized to receive service of process. Our authorized agent for service of process in California is Amy Lai, 2290 Ringwood Ave., Unit E, San Jose, CA 95131.

Date of Issuance: March 25, 2024

I have received a disclosure document effective on the dates in the Exhibit G that included the following Exhibits:

Exhibit A:	Financial Statements
Exhibit B-1:	Franchise Agreement
Exhibit B-2:	Multi-Unit Development Agreement
Exhibit C:	List of Current Franchisees and Former Franchisees
Exhibit D:	List of State Agencies and Agents for Service
Exhibit E:	State-Specific Addenda
Exhibit F:	State Effective Dates
Exhibit G:	Receipts

Date	Signature	Printed Name
Date	Signature	Printed Name

Please retain this copy for your records.

EXHIBIT G

RECEIPT

(Our Copy – Please sign, date and return this copy to us)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

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______________________	______________________	______________________
Date	Signature	Printed Name
______________________	______________________	______________________
Date	Signature	Printed Name