

FRANCHISE DISCLOSURE DOCUMENT

Boba Arena Franchise Company LLC
an Oregon limited liability company
10088 SW 67th Ave.
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www.BobaArena.com



We are BOBA ARENA FRANCHISE COMPANY LLC, an Oregon limited liability company. We offer franchises to qualified individuals and entities to own and operate a Boba Arena franchise using our programs and systems and the name Boba Arena and our related trademarks, service marks and logos (collectively the “Marks”). Our franchisees operate businesses that offer boba teas, smoothies, and iced teas with tapioca, fruit flavored bobas, and jellies; flavored french fries; and related food and beverage products and services to the public under the Marks and the Boba Arena programs and systems (the “System”).

The approximate total investment necessary to begin operation of a Boba Arena franchise is \$160,500 to \$340,800. This includes \$20,000 to \$30,000 payable to the franchisor or its affiliate(s).

The total investment necessary to begin operation under a Boba Arena Multiple Franchise Purchase Addendum is \$170,500 to \$360,800. This includes \$25,000 (for the right to develop two franchises) to \$35,000 (for the right to develop three franchises) that must be paid to the franchisor or its affiliate(s).

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 our Member and Founder, Isaac Xie, at 10088 SW 67th Ave., Tigard, Oregon 97223, (503) 851-3315, isaac@bobaarena.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: January 15, 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 L.
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 Boba Arena business in my area?	Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Boba Arena franchisee?	Item 20 or Exhibit L 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.
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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 C.

Your state also may have laws that require special disclosures or amendments be

v – Boba Arena Franchise Disclosure Document

made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation and/or litigation only in Oregon. Out-of-state mediation 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 Oregon than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
4. **Mandatory Minimum Payments.** You must make minimum royalty payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
5. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
6. **Unregistered Trademark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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

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Item 1
The Franchisor, and any Parents, Predecessors, and Affiliates

We are BOBA ARENA FRANCHISE COMPANY LLC, an Oregon limited liability company (called “we,” “us,” or “our” in this disclosure document). We do business under the name “Boba Arena” and the Boba Arena logos. We do not intend to do business under any other names. “You” means the prospective purchaser of a Boba Arena franchise, and includes owners or partners of a corporation, partnership, or other legal entity that purchases a Boba Arena franchise. The business operated under the franchise agreement (“Franchise Agreement”) is referred to as the “Franchise” in this disclosure document.

We are the franchisor of the Boba Arena franchise system. Our principal office address is 10088 SW 67th Ave., Tigard, Oregon 97223. Our telephone number is (503) 851-3315. We have offered franchises since January 2024. We do not have any other business activities. We have never offered franchises in any other line of business. We do not operate any businesses of the type being franchised. We may produce and sell innovative advertising and sales promotion materials. We and our affiliates may attempt to negotiate group discount rates for the benefit of our franchisees for products and services and marketing and sales materials.

Our registered agents for service of process are outlined in Exhibit C to this disclosure document.

The Franchises We Offer

We license our franchisees to own and to operate franchises under the “Boba Arena” names and marks. We authorize our franchisees to offer boba teas, smoothies, and iced teas with tapioca, fruit flavored bobas, and jellies; flavored french fries; and related food and beverage products and services to the public and to use our System and our Marks. We anticipate that all or most franchisees will sublease franchise premises in Walmart facilities from our affiliate. Usually, the precise Walmart facility will be identified before a franchisee signs a franchise agreement with us. We do not anticipate approving of franchise premises at non-Walmart facilities, but we reserve the right to do so.

We may offer to qualified prospects the opportunity to purchase multiple franchises simultaneously. Such franchises would be opened within a non-exclusive Development Area and subject to a Development Schedule as described and defined in a Multiple Franchise Purchase Addendum (attached to the Franchise Agreement as Exhibit 2). You would sign all the multiple Franchise Agreements and corresponding Multiple Franchise Purchase Addendums simultaneously up front (as opposed to signing our then-current form of franchise agreement in the future).

Parents, Predecessors and Affiliates

We have no parents or predecessors that are required to be disclosed in this disclosure document. BOBA ARENA, LLC, an Oregon limited liability company, is our affiliate. Its principal address is the same as ours. Since November 2021, our affiliate has owned and operated businesses that offer products, programs, and services similar to the products and services to be offered by our franchisees. Our affiliate has never offered franchises in this or any other lines of business. Our affiliate may offer products and services to our franchisees.

BAFC Trading, LLC, an Oregon limited liability company, is our affiliate. Its principal address is the same as ours. Our affiliate may be an approved or designated supplier of certain food inventory and branded products to our franchisees. Our affiliate has never offered franchises in this or any other lines of business.

BAFC Realty, LLC, an Oregon limited liability company, is our affiliate. Its principal address is the same as ours. Our affiliate is (or will become) the tenant party to a master lease with Walmart Inc. Our affiliate will sublease franchise premises to our franchisees operating within Walmarts. Our current form of sublease is attached as Exhibit G-1. It is subject to change. Attached as Exhibit G-2 is a sample form of Attachment A to the Walmart master lease (“Master Lease”), which typically will be used to describe some specific deal terms for the specific premises. The sublease you sign with our affiliate will bind you to the Master Lease, including the applicable Attachment A. Our affiliate has never offered franchises in this or any other lines of business.

We and our current and future affiliate(s) retain the right to own or operate additional Boba Arena outlets.

Market and Competition

The market for boba teas, smoothies, and iced teas with tapioca, fruit flavored bobas, and jellies; flavored french fries; and related food and beverage products and services is well developed. The principal sources of direct competition for your franchise are other food service businesses that sell similar products and offer similar services.

Specifically Applicable Laws

Many jurisdictions have specific laws and regulations pertaining to food service businesses. The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and restaurant sanitary conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You must comply with applicable licensing and permitting requirements.

It is solely your responsibility to comply with laws, regulations and requirements applicable to your business. With your own independent professional advisors, you should investigate the laws, regulations and requirements that may apply to the geographic area in which you are interested in locating your franchise and should consider both the effect and cost of compliance.

Item 2 Business Experience

Isaac Xie – Member and Founder

Isaac Xie has been our Member and Founder since our inception in November 2023. He has been Member and Founder for our affiliate, BOBA ARENA, LLC, which has operated a Boba Arena outlet in Salem, Oregon since June 2022. He was Vice President at JP Morgan Chase in Los Angeles, California from October 2018 to August 2022.

Snow Zhang – Franchise Operations Manager

Snow Zhang has served as our Franchise Operations Manager since our inception in November 2023. She has served as Operations Manager for our affiliate, BOBA ARENA, LLC, in Tigard, Oregon since May 2022. She was Human Resources Assistant at Newway Technology (US), Inc. in Los Angeles, California from August 2019 to September 2021. She was a Manager in Training at Abercrombie & Fitch in Los Angeles, California from January 2019 to August 2019. She was on maternity break from September 2021 to May 2022.

Item 3 Litigation

No litigation is required to be disclosed in this Item.

Item 4 Bankruptcy

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

Item 5 Initial Fees

Initial Franchise Fee

You are required to pay to us an Initial Franchise Fee of \$15,000 upon signing the Franchise Agreement. The Initial Franchise Fee is deemed earned upon receipt and is non-refundable. We do not finance any portion of the Initial Franchise Fee.

Multiple Franchise Purchases

If you are purchasing multiple franchises simultaneously, then the Initial Franchise Fee for the second and each additional franchise is discounted to \$10,000. You will execute a Multiple Franchise Purchase Addendum and multiple Franchise Agreements at the same time. You will pay 100% of the Initial Franchise Fee for the first franchise and 50% of the Initial Franchise Fees for each additional franchise at the time you sign such Franchise Agreements. You will pay the 50% unpaid balance of the Initial Franchise Fees for the additional franchises before signing the lease (or sublease) for each relevant Franchise Premises. If you sign all leases up front, then you will pay all Initial Franchise Fees up front.

For example, if you purchase the right to develop two franchises, then the Initial Franchise Fee will be \$25,000 (\$15,000 plus \$10,000). If you purchase the right to develop three franchises, then the Initial Franchise Fee will be \$35,000 [\$15,000 plus (\$10,000 x 2)].

The Initial Franchise Fees are deemed earned upon receipt and are non-refundable.

Site Location Assistance Costs

We anticipate that all or most of our franchisees will operate within Walmart facilities. We may provide a list of available sites within Walmart facilities for you to evaluate. Otherwise, you will be responsible for finding the location of the Franchise Premises. If you request assistance in selecting a site for the Franchise Premises, we may provide reasonable assistance in finding a location acceptable to you. If requested, you will pay for all reasonable out-of-pocket expenses related to any such site selection assistance, including travel and lodging expenses we incur to help you locate sites. Any on-site assistance is subject to our discretion and availability. You will bear all of your other site selection and lease negotiation expenses.

Certain Supplies and Inventory

You must purchase Boba Arena branded products such as cups, aprons, bags, and certain marketing materials from us or our affiliate as indicated in our Operations Manual. You also have the option of

purchasing some food inventory from us. We estimate that your cost to purchase an initial stock of these items (from us or our affiliate) before your open for business will range from approximately \$5,000 to \$15,000.

Transfer Fee

If you obtain a franchise by purchasing the business of one of our existing franchisees, you will not pay the Initial Franchise Fee, but you or the existing franchisee must pay us a transfer fee of \$7,500. The mandatory initial training program is included in that fee. In the event that you sell your franchised operation, a separate transfer fee may apply. Payment of the transfer fee covers reasonable legal, accounting, credit check, and investigation expenses that result from the transfer and relieves you of your obligation to pay the initial franchise fee.

Uniformity of Fees

The initial fees are uniform except as described in this Item 5.

Miscellaneous

We may offer franchises at a reduced rate to prospective franchisees who in our opinion possess the knowledge and experience to conduct business with minimal assistance from us or who are purchasing multiple franchises. We may grant new franchises to our owners and employees and their family members with reduced or no initial fees.

You will be responsible for paying all other fees required under the applicable Franchise Agreements as provided in those agreements. These fees are not refundable under any circumstances.

Item 6 Other Fees

<u>Type of Fee</u>	<u>Amount⁸</u>	<u>Date Due⁸</u>	<u>Remarks</u>
Monthly Royalty Fee	5% of your monthly Gross Revenue ¹ with a minimum fee of \$500 per month.	The minimum Royalty Fee is due on the first day of each calendar month and the difference between the percentage-based portion and the minimum fee is due by the 10 th day of each month for the prior month	See Notes 1 and 2 If you do not open by the opening deadline, then the minimum royalty fee will be due and payable on the day following the opening deadline (and will be prorated for any partial calendar month).
Monthly Advertising Fee ³ (<i>We do not currently charge this fee.</i>)	Up to 1% of your monthly Gross Revenue ¹ .	Payable monthly by the 10th day of each month for the prior month	See Notes 1 and 2 We reserve the right to charge this fee upon at least 60 days' advance written notice to you.
Technology Fee ⁴	Then-current rates,	Payable monthly as	See Notes 2 and 4

<u>Type of Fee</u>	<u>Amount⁸</u>	<u>Date Due⁸</u>	<u>Remarks</u>
<i>(We do not currently charge this fee.)</i>	currently estimated at approximately \$150 per month per user	described in the Operations Manual	
Local Advertising Expenditure	At least 1% of your Monthly Gross Revenue	You must spend this money each month on local advertising and promotion	These expenditures will be made directly by you, subject to our approval. It may be used in regional cooperative advertising efforts.
Regional Advertising Fund Contribution ³ (As of the issuance date of this disclosure document, we have not established any regional advertising cooperatives for our franchisees.)	Up to 1% of your Gross Revenue pursuant to a vote of the franchisees in the region	As voted and approved by your local advertising cooperative (only if franchisees in an advertising region vote to establish a Regional Advertising Fund).	See Note 3.
Additional Training at Franchisee's Request	Then-current rates, currently \$300 per day. You are responsible for your and our transportation, meals and lodging (and wages for your employees).	Before or after you open your franchise for business.	See Note 5.
Additional Training or Conventions Required or Offered by Franchisor	We may charge a training fee at our then-current rates, currently up to \$300 per day. You are responsible for your and our transportation, meals and lodging (and wages for your employees).	Before or after you open your franchise for business.	See Note 5.
Additional Training Required by Franchisor Based on Franchisee's Deficiency	Then-current rates, currently \$300 per day. You are responsible for your and our transportation, meals and lodging (and wages for your employees).	Before or after you open your franchise for business.	See Note 5.
Training for New Managers (if Conducted by Franchisor)	Then-current rates, currently \$300 per day. You are responsible for your and our transportation, meals and lodging (and wages		Each manager you hire must complete the mandatory training program before assuming management duties. This training

<u>Type of Fee</u>	<u>Amount⁸</u>	<u>Date Due⁸</u>	<u>Remarks</u>
	for your manager(s)).		program will be conducted by us or by you in accordance with our specifications, at our discretion.
Transfer Fee ⁶	\$7,500 (or \$2,500 if the owners of an entity franchisee are transferring less than 20% of the ownership interest in the entity)	Before transfer	Paid to us if you transfer your franchise. This amount covers our legal, accounting, credit check, and investigation expenses that result from the transfer. The Transfer Fee is subject to state law.
Transfer Commission Fee	10% commission on the gross transfer price (excluding the price of real property)	Upon transfer	Paid to us if we obtain the transferee for you
Renewal Fee	\$2,500	Upon renewal	
Relocation	You will reimburse us for our reasonable out-of-pocket costs concerning the relocation.	Before relocation	
Late Charge	1.5% per month	Each month that amounts owed remain unpaid	You will not be compelled to pay late charges at a rate greater than the maximum allowed by applicable law.
Late Payment Penalty	5% of the amount due	As incurred	You will not be compelled to pay late payment penalty in an amount greater than the maximum allowed by applicable law.
Proposed Source Testing Costs	As incurred	As incurred	You must reimburse us for our out of pocket expenses and costs we incur to test new products or sources you request for approval (See Item 8 and Franchise Agreement Section 5.1).
Audit ⁷	Our reasonable costs for the audit if you	Immediately upon demand	See notes below.

<u>Type of Fee</u>	<u>Amount⁸</u>	<u>Date Due⁸</u>	<u>Remarks</u>
	understate Gross Revenue by more than 2% or fail to deliver to us required reports on time		
Re-Inspection Fee	Then-current rates, currently \$300 per re-inspection plus the costs of our inspector's transportation, meals and lodging	On demand	You pay this fee if we must re-visit your location for an inspection after you have already been notified of any deficiency or non-satisfactory condition.
Mystery Shopper Fee	You shall pay the portion we allocate to your franchise of the actual costs incurred by us or third-party mystery shopper evaluators.	On demand	You must participate in any quality control programs we establish for the benefit of the franchise system, such as mystery shopper evaluators. Such payments will be made directly to us or to the third-party mystery shopper program provider as we designate.
Sanitation and Food Safety Audit Fee	As Incurred	On demand	We may contract with a third party to conduct periodic sanitation and food safety audits of your Franchise Premises and franchise operations. You will reimburse us for our actual costs of such audits upon demand.
Cured Lease Breach Reimbursement Fee	As incurred	As incurred	If we cure any breach by you under the lease or sublease, you must pay us the total amount of all costs and payments we incur in effecting the cure.
Interim Management Fees	As incurred	As incurred	You must pay us a reasonable management fee for management services if we step-in to operate

<u>Type of Fee</u>	<u>Amount⁸</u>	<u>Date Due⁸</u>	<u>Remarks</u>
			your franchise pursuant to the Franchise Agreement. We will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period.
Site Location Assistance Fee	As incurred	As incurred	If you request assistance in selecting a site for the Franchise Premises, we may provide reasonable assistance in finding a location acceptable to you. If requested, you will pay for all reasonable out-of-pocket expenses related to any such site selection assistance, including travel and lodging expenses we incur to help you locate sites. Any on-site assistance is subject to our availability. You will bear all other site selection and lease negotiation expenses.
Alternative Supplier Review Fee	As incurred	As incurred	We may charge a reasonable fee to evaluate alternative suppliers and supplies that you propose.
Liquidated Damages Upon Termination	The amount you would have paid for Royalty Fees and Advertising Fees for the remaining term of the Franchise Agreement. Such payment will be calculated based on the average Royalty Fees and Advertising Fee paid (or if unpaid,	Within 15 days following the date of termination.	Payable if you default and we terminate your Franchise Agreement. See the State Law Addendum attached to the FDD for state-required revisions to the Franchise Agreement's liquidated damages provisions.

<u>Type of Fee</u>	<u>Amount⁸</u>	<u>Date Due⁸</u>	<u>Remarks</u>
	payable) during the immediately preceding 12-month period (or shorter period if you will have operated for less than 12 months)		
Liquidated Damages for Violation of Covenants	\$50,000 for each violation of a Covenant (as defined in the Remarks column)	Immediately upon notice	Upon your breach or nonperformance of any of the covenants (each a “Covenant”) in franchise Agreement Section 5.6 (Confidentiality Information), Section 5.7 (In-Term Non-Competition Covenant), Section 6.6 (Post-Termination Non-Competition Covenant), or other similar covenants in the Franchise Agreement, you will pay us this amount for each violation as liquidated damages.
Indemnification	As incurred	As incurred	You must defend, indemnify and hold us harmless from all claims, losses, and expenses (including attorneys’ fees) damages arising out of or connected with your Franchise and the business activities, acts or omissions (whether or not negligent or wrongful) of you and your employees and agents.
Cost of Enforcement	As incurred	As incurred	We may recover from you the amount of our reasonable attorneys’ fees and all other expenses we incur in enforcing your monetary and other

<u>Type of Fee</u>	<u>Amount⁸</u>	<u>Date Due⁸</u>	<u>Remarks</u>
			obligations under the Franchise Agreement.
Sublease Administrative Fee	Currently \$100 per month and subject to change	As incurred	If you sign a sublease with us for a Franchise Premises within a Walmart facility, then we may charge a reasonable administrative fee in addition to rent.

Unless otherwise indicated in this Item 6, all ongoing fees are: (i) imposed by and payable to us, (ii) non-refundable, and (iii) uniformly imposed. While we expect to uniformly apply these fees to our franchisees, we reserve the right to waive some or all of these fees for one or more franchisees in circumstances in which we think it appropriate to do so.

Notes:

- 1) Gross Revenue and Reporting. “Gross Revenue” means all receipts generated by the franchise from any source including sales, exchanges, services, labor, service charges, and sales from delivery services (including direct delivery and delivery via third-party delivery services, *without* deducting third-party delivery service fees). It includes all types of remuneration, gift, barter, charity, payment in kind, or any other benefit or value that is received or deferred to be received. Credit sales shall be calculated as of the date of sale without deduction for uncollected credit accounts. The proceeds from any business interruption insurance you receive for lost revenue will be included in “Gross Revenue.”

“Gross Revenue” shall not include bona fide credits for returns, refunds, promotional discounts, and sales taxes.

You will deliver to us, as outlined in the Operations Manual, an itemized report of your Gross Revenue for the preceding month. The report must be in the form we designate.

- 2) Automatic Withdrawal. We may require you to make fee payments by automatic account withdrawal or other automatic processes we reasonably specify in the Operations Manual, such as check, cash, certified check, money order, credit or debit card, automatic pre-authorized payment plan, electronic funds transfer or the internet.
- 3) Advertising Fee. The Advertising Fee is described in more detail in Item 11 of this disclosure document. Advertising Fee payments are in addition to and exclusive of any sums that you spend on local advertising and promotion.

Regional Advertising Cooperative. Subject to our prior written approval, if at any meeting of the franchisees in an advertising region, 75% of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote. No advertising region may require any franchisee in that region to contribute to a Regional Advertising Fund in excess of 2% of that franchisee’s Gross Revenue. Your contributions to a Regional Advertising Fund will be

credited towards your Local Advertising Expenditure.

- 4) Technology Fee. We do not charge this fee as of the issuance date of this disclosure document. We may begin charging this fee effective upon written notice to you (email will be sufficient). If imposed, this fee will be for software and other technology products and/or services we may provide or require. If instituted, we anticipate that this fee will be charged monthly, but we may choose a different payment frequency.
- 5) Additional Training.
 - a. *Requested by You.* Training requested by you will be at our headquarters or at other agreed upon locations. The duration and timing of this training is negotiable depending upon your needs and our availability.
 - b. *Required or Offered by Us.* We may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate.
 - c. *Additional Training Required by Franchisor Based on Franchisee's Deficiency.* We may require you to participate in additional training if you breach the Franchise Agreement, fail to pass or achieve a reasonable minimum score as franchisor may determine from a health or food safety inspection by a government agency, or fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will typically be held at our headquarters or your location at our discretion.
 - d. You will not receive any compensation for services rendered by the trainee during any training. We may designate qualified franchisees, area representatives, or third parties to conduct some or all of your training.
- 6) Transfer Fee. The Transfer Fee is payable by you or the transferee if you transfer your franchise (see Franchise Agreement, Section 7.1). If you obtain a franchise by purchasing the business of one of our existing franchisees, then you may also incur certain costs associated with bringing your franchised business into compliance with our requirements.
- 7) Audits. We may audit your reports, books, statements, business records, cash control devices, bank and credit card accounts, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Advertising Fees, all other fees and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law.
- 8) We reserve the right to increase the amount of any fixed fee, fixed payment, or fixed amount (i.e., not stated as a percentage) under the Franchise Agreement based on any increase in costs related to providing such services. We also reserve the right—if any fixed fee, payment, or amount due from you under the Franchise Agreement encompasses any third-party charges we collect from you on a pass-through basis (i.e., for ultimate payment to the third party)—to increase the fixed fee, payment, to reflect increases in the third party's charges to us. We reserve the right to reasonably modify the due dates for fees we charge.

Item 7
Estimated Initial Investment

YOUR ESTIMATED INITIAL INVESTMENT
(Single Franchise Agreement)

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is Made</u>
Initial Franchise Fee ¹	\$15,000	Cash, Certified Check or Wire Transfer	Upon execution of the Franchise Agreement.	Us
Rent and Security Deposit – Pre-Opening and First 3 Months ²	\$10,000 to \$16,800 (\$2,500 to \$4,200 per month)	As Incurred	As Incurred	Landlord
Leasehold Improvements and Architect ³	\$50,000 to \$150,000	As Arranged	As Incurred	Vendors or Contractors
Computer Hardware and Software ⁴	\$2,000 to \$5,000	As Arranged	Before Opening	Suppliers
Fixtures and Furnishings ⁵ and Equipment, Supplies, and Décor ⁶	\$30,000 to \$50,000	As Incurred	Before Opening	Suppliers
Opening Stock of Inventory ⁷	\$10,000 to \$20,000	As Incurred	As Incurred (Before Opening)	Suppliers
Signage ⁸	\$2,000 to \$4,000	As Incurred	Before Opening	Suppliers
Payroll – Pre-Opening and First Three Months	\$15,000 to \$25,000	As Incurred	As Incurred	Employees
Out-of-Pocket Expenses During Training ⁹	\$1,000 to \$2,500	As Incurred	During Training	Airlines, Hotels, Restaurants, etc.
Initial Advertising ¹⁰	\$1,000 to \$2,500	As Incurred	Before Opening	Suppliers
Licenses and Permits	\$1,000 to \$3,000	As Incurred	As Incurred	Government Agencies, etc.
Professional Fees	\$2,500 to \$5,000	As Incurred	As Incurred	Professionals (such as Accountant or Lawyer)
Insurance (Annual Estimate)	\$1,000 to \$2,000	As Incurred	Before Opening and As Incurred	Insurers
Additional Funds – 3 Months ¹¹	\$20,000 to \$40,000	As Incurred	As Incurred	Employees, Suppliers,

<u>Type of Expenditure</u>	<u>Amount</u>	<u>Method of Payment</u>	<u>When Due</u>	<u>To Whom Payment Is Made</u>
				Utilities, etc.
Total¹²	\$160,500 to \$340,800			

Notes:

1. Initial Franchise Fees. See Item 5 for more information about the Initial Franchise Fee.
2. Rent and Security Deposit. The disclosed low-high range includes estimated costs to lease a premises, but not the purchase of land and building (because we do not require you to purchase your premises). Typically, the Franchise Premises will range from approximately 400 to 900 square feet and will be within a Walmart facility. This estimate is based on these assumptions. It is difficult to estimate lease acquisition costs because of the wide variation in these costs between various locations. Lease costs will vary based upon square footage, cost per square foot and required maintenance costs.
3. Construction. Construction and remodel costs vary widely depending on the condition of your site and its size and, in the case of new construction, the amount of tenant improvements allowed by the landlord, and other factors.
4. Computer Hardware and Software. Computer hardware and software is required as outlined in the Operations Manual. The low-end of the estimate assumes you already have certain computer hardware and software that meets our criteria. You must have or purchase a computer, printer and scanner and have telephone, and high-speed internet consistent with minimum requirements and standards that may be outlined in the Franchise Agreement and the Operations Manual.
5. Fixtures and Furnishings. You must purchase fixtures and furnishings as may be outlined in the Operations Manual.
6. Equipment, Supplies and Décor. You must purchase equipment, supplies, and décor consistent with the operational needs of your Franchise and as may be required in our Operations Manual.
7. Opening Stock of Inventory. You must purchase inventory as may be outlined in the Operations Manual.
8. Signage. You must purchase signage as may be outlined in the Operations Manual.
9. Training. The costs of training are included in your Initial Franchise Fee. The estimates in the above table cover out-of-pocket expenses that you incur associated with the training. These estimates are based on one or two people attending training. We will have no obligation to provide initial training at our expense except for your first franchise. Additional training is outlined in Item 11, below.
10. Initial Advertising. We recommend that you conduct an initial marketing campaign, especially before and during the initial phase of your franchise operations. This estimate assumes that you will operate within a Walmart facility. If you operate at another type of location, then we may recommend that you spend more on initial marketing.
11. Initial Start-Up Phase and Working Capital. We estimate that the initial phase covered by the

additional funds estimate to be approximately three months. Additional funds are provided only as estimates and apply only to your initial three months of operations of your first Franchise. The high and low range estimates are based on our affiliate's experience in opening and operating one or more similar businesses.

12. Refunds and Financing. Fees you pay to us or our affiliates are non-refundable (except as otherwise provided in Item 5, if applicable). Fees you pay to third parties may or may not be refundable depending upon the agreements you have with them. We do not finance any of these initial expenses.

Financing sources may reduce your initial cash requirements, and the availability and terms of financing to any individual franchisee will depend upon factors like the availability of financing in general, your credit worthiness, the collateral security that you may have and policies of lending institutions concerning the type of business to be operated by you.

YOUR ESTIMATED INITIAL INVESTMENT

(Multiple Franchise Purchase Addendum)

TYPE OF EXPENDITURE	AMOUNT		METHOD OF PAYMENT	WHEN DUE	TO WHOM PAYMENT IS TO BE MADE
	LOW	HIGH			
Initial Franchise Fee for Multiple Franchise Purchaser (1)	\$25,000	\$35,000	Cash	See Note 1	Us
Other Expenditures for First Location (2)	\$145,500	\$325,800	As disclosed in first table above	As disclosed in first table above	As disclosed in first table above
Grand Total	\$170,500	\$360,800			

1) The low-end of this estimate is based on purchasing the right to develop two franchisees. The high-end of this estimate is based on purchasing the right to develop three franchises. If you purchase multiple Franchises simultaneously, then the Initial Franchise Fee for the first Franchise is \$15,000 and the Initial Franchise Fee for each additional Franchise is discounted to \$10,000.

You will pay 100% of the Initial Franchise Fee for the first franchise and 50% of the Initial Franchise Fees for each additional franchise up front. You will pay the 50% unpaid balance of the Initial Franchise Fees for the additional franchises before signing the lease (or sublease) for each relevant Franchise Premises. If you sign all leases up front, then you will pay all Initial Franchise Fees up front.

2) If you sign Multiple Franchise Purchase Addenda for the right to develop multiple franchises, you should expect to incur these same expenses and fees for each separate franchise you develop, subject to inflation and other increases over time.

Item 8

Restrictions on Sources of Products and Services

Products, Equipment and Services

You must construct and develop your store at your own cost and expense. You must develop your store in accordance with such exterior and interior materials and finishes, dimensions, design, image, interior layout, décor, fixtures, furnishings, equipment, color schemes and signs consistent with System products and Marks. We may amend the Operations Manual, including changes that may affect minimum requirements for your franchise operations. You will strictly follow the requirements of the Operations Manual as we amend it. You will carry out immediately all changes at your cost, unless we specify otherwise.

You must purchase all items and services needed for the operation of your franchise either from us, our affiliates, our mandatory suppliers, our approved suppliers, or subject to our standards and specifications as we will designate. The following specific requirements are subject to change.

You must purchase certain branded items (such as cups, aprons, bags, and certain marketing materials) from us or our affiliate. We are the only approved suppliers of these items.

You will have the option of purchasing some food inventory from us or our affiliate (such as boba tea flavored powders, tapiocas, fruit flavored bobas and jellies, and fruit flavored iced tea syrups). We are not the only approved suppliers of these items. If you do not purchase such items from us or our affiliate, then you must purchase them from mandatory or approved suppliers (as we will designate).

You must purchase the following categories of items and/or services from our mandatory or approved third-party suppliers: some equipment and supplies such as sealing machines, blenders, induction cooker, syrup dispensers, utensils, and certain other equipment and supplies.

You must purchase and use the specific point of sale system hardware and software and label printer that we require.

You must have or purchase a computer, up-to-date word processing software, printer, scanner, telephone, and high-speed internet, all of which must comply with our minimum standards and specifications.

You must utilize an architect designated by us to draft a full set of construction documents and required engineering for your Franchise Premises. This will ordinarily be an architect designated by Walmart if your Franchise Premises will be within a Walmart facility. You must submit construction plans and specifications to us for our review before you begin construction of your outlet, and you must submit all revised and “as built” plans and specifications to us during the course of construction. Our review is not designed to assist with compliance with local ordinances and building codes, including ADA standards and requirements, or obtaining any required permits and is limited to review of such plans to assess compliance with our design standards.

You must purchase all other items and/or services in compliance with our minimum standards and specifications as may be outlined in our Operations Manual.

The actual amount purchased may vary. The amount that you pay to any approved supplier is refundable only to the extent negotiated with such approved supplier.

All specifications that we require of you and lists of equipment and designated and approved suppliers will be included in the Operations Manual. We will upon request provide our minimum specifications to approved suppliers and suppliers seeking approval. We will use our best judgment to set and modify

specifications to maintain the integrity and quality of our franchise system.

Our principal, Isaac Xie, owns us and our affiliate, BOBA ARENA, LLC. There are no other approved suppliers in which any of our officers owns an interest.

Subject to our right to designate one or more mandatory suppliers, with advance written notice, you may request our approval to obtain products, equipment, supplies, materials, or services from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards, as established from time to time. These specifications and standards will relate to factors such as the following (to the extent applicable): taste, quality, durability, value, cleanliness, texture, composition, strength, finish and appearance, and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing before approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential recipes and/or formulae, requirements, designs, systems and formulas will be revealed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently follow our standards, requirements and testing procedures; will maintain the confidentiality of the designs, systems and formulas; and will adequately supply your reasonable needs. We will not unreasonably withhold approval of a supplier you propose (unless we designate an exclusive supplier for the particular product or service). We will endeavor in good faith to notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

We or our agents may inspect any approved manufacturer, supplier or distributor facilities and products to ensure proper production, processing, packaging, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. If we find from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

We estimate that your purchases from us, our affiliates, exclusive suppliers, approved suppliers, or subject to our specifications and standards will be from 75% to 85% of the total purchases you make to *establish* your franchise.

We estimate that your purchases from us, our affiliates, exclusive suppliers, approved suppliers, or subject to our specifications and standards will be from 65% to 85% of the total purchases you make to *operate* your franchise.

We and our affiliate may derive revenue from providing products and services directly to our franchisees. During our last fiscal year, we received such revenue in the amount of \$0 (which was 0% of our total revenue).

We and our affiliate do not receive rebates, price adjustments, or discounts on products or services sold to you by recommended or approved suppliers, but we reserve the right to receive them in the future.

There are no other obligations for you to purchase or lease according to specifications or from approved

suppliers. Except as explained above, we have no required specifications, designated suppliers or approved suppliers for goods, services, or real estate related to your franchise business. Except as explained above, we will not derive revenue from your purchases or leases.

We do not provide material benefits to you based on your purchase of particular products or services or the use of designated or approved suppliers. However, to renew your franchise or purchase additional franchises, you must comply with your Franchise Agreement, which includes compliance with any standards or specifications in our Operations Manual regarding product and service purchases and the use of designated or approved suppliers.

We intend to negotiate purchase arrangements with suppliers, including price terms, for the benefit of our franchisees. We have not yet entered into any formal purchasing or distribution cooperatives related to our franchise system, but we reserve the right to do so. In the future, we hope to create and augment the effectiveness of cooperatives for the purchase of materials and the provision of advertising, for the benefit of the Boba Arena franchise system.

You may not sell any products, services or activities other than those specifically recognized and approved by us as part of our franchise system without our prior written approval.

You are required to follow our customer service and warranty requirements outlined in the Operations Manual.

Insurance

You must, at your own cost and expense, acquire and maintain at all times while you are a franchisee, sufficient insurance to adequately protect the respective interests of the parties, including your indemnity obligations under the Franchise Agreement. At a minimum, you must maintain in force policies of insurance consistent with minimum insurance required by the lease and/or sublease for the Franchise Premises. The current insurance requirements for a Walmart location, which are subject to change, are described below.

Insurance Required. All insurance policies must be obtained from an insurance company with a rating of A+ or better and a financial Size Category rating of VII or better as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies (“Insurer”).

Requirements.

- A. You must procure and maintain the “primary” insurance policies described below in accordance with the below conditions:
 - (1) Worker’s Compensation insurance with statutory limits, or if no statutory limits exist, with minimum limits of \$500,000 per occurrence, and Employer’s Liability coverage with minimum limits of \$1,000,000, for each employee for bodily injury by accident and for each employee for bodily injury by disease. You shall cause Insurer to issue an endorsement providing stopgap insurance in monopolistic states in which your Franchise Premises is located.
 - (2) Commercial General Liability insurance with a \$3,000,000 minimum limit per occurrence for each Franchise Premises or with per location aggregate limits for each Franchise Premises.
 - i. The Commercial General Liability policy required under this Paragraph

- 2 should contain neither exclusion for contractual liability assumed by you in a lease nor any Absolute Pollution exclusion, unless these coverages are provided by a separate policy with minimum limits equal to the Commercial General Liability policy limits required by this Paragraph 2.
- ii. Any policy obtained to satisfy the obligations of this Paragraph 2 must list as additional insureds the parties described in the master lease.
 - iii. You must submit to us and the Landlord, no later than thirty (30) days after the actual rent commencement date, Certificates of Insurance and endorsements evidencing your compliance with this Paragraph 2.
- (3) Business Automobile Liability insurance with minimum combined single limits of \$500,000 covering liability arising out of the operation of owned, hired, and non- owned vehicles.
 - (4) You may satisfy the minimum limits required in Paragraphs 1 and 2, above, by procuring and maintaining Umbrella/Excess Liability insurance on an umbrella basis, in excess over, and no less broad than the primary liability coverage; with the same inception and expiration dates as the primary liability coverage it is in excess of; with minimum limits necessary to satisfy the required primary minimum limits; and which “drop down” for any exhausted aggregate limits of the primary liability coverage. You shall cause Insurer to issue an endorsement to any policy you procure in satisfaction of your obligations in this paragraph providing per location per occurrence limits or per location aggregate limits for each Franchise Premises and listing as additional insured the parties described in the master lease.
 - (5) Where permitted by law, list as additional insureds Walmart Inc., its subsidiaries and its affiliates, and the directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party Landlord has a contractual obligation to indemnify for claims in connection with the store or the Franchise Premises.
- B. You bear the responsibility of insuring for fire and all risks, including risk of flood, earthquake, and terrorism, associated with the merchandise, trade fixtures, and improvements related to the operation of the Franchise Premises. At no time is Landlord liable for any damage or injury to your business property, improvements, betterments, or trade fixtures or your other property within any of the Franchise Premises due to fire or any other risk covered under a Causes of Loss – Special Form Insurance Policy or due to flood, earthquake, or terrorism.
- C. You shall submit to Landlord and us a Certificate of Insurance for each required insurance policy naming “Walmart Inc., Attn: Asset Management, 2001 S.E. 10th Street, Bentonville, AR 72716-5525” as the Certificate Holder. Additionally, each Certificate of Insurance must:
- (1) Be submitted to Landlord at the address provided in the preceding sentence;
 - (2) Show the name and address of the Insurer;
 - (3) Show the policy number and date(s) of coverage for each policy procured by you in satisfaction of you obligations under the master lease;
 - (4) Include the name, address, telephone number, and signature of the

- authorized person providing the Certificate of Insurance;
- (5) Verify the insurance coverage required in the master lease;
- (6) Verify that Insurer waives subrogation in favor of Landlord and franchisor and their respective affiliates and subsidiaries;
- (7) Verify the insurance policies are primary, non-contributory, and not in excess of any insurance the additional insured has available to it; and
- (8) Where permitted by law, provide coverage for punitive damages.

You must also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance. Each insurance policy shall: (1) name franchisor and each of its affiliates, owners, directors, officers, agents, and employees (as we may specify to you) as additional insureds (except for worker's compensation, employer's liability insurance, employment practices liability insurance, and other employer-related insurance coverage) on a primary, non-contributory basis and provide a waiver of subrogation rights against us; (2) provide for 30 days' prior written notice to us of any material modification, cancellation, or expiration of the policy; and (3) provide that coverage applies separately to each insured. In the case of property insurance, the franchisor parties must be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Franchise Premises is located. Upon request, you must provide us with proof of insurance in compliance with the Franchise Agreement.

Item 9 Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

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

<u>Obligation</u>	<u>Section in Franchise Agreement ("FA"), Multiple Franchise Purchase Addendum ("MFPA")*, and Sublease**</u>	<u>Disclosure Document Item</u>
a. Site selection and acquisition or lease	FA Section 1.1, 1.2 & 1.3; MFPA Section 3	Items 6 & 12
b. Pre-opening purchases and leases	FA Sections 4.1, 5.1 & 8.2	Items 7 & 8
c. Site development and other pre-opening requirements	FA Sections 1.4, 3.1, 4.1 & 5.1	Items 7, 8 & 12
d. Initial and ongoing training	FA Sections 3.1 & 3.2; MFPA Section 7	Items 6 & 11
e. Opening	FA Sections 4.1 and 5.1; MFPA Section 5; Sublease Section 6.b	Item 11
f. Fees	FA Sections 2, 6.1, & 7.1; MFPA Section 6; Sublease Sections 3, 4, 5, 9.b & 13.a	Items 5, 6 & 17
g. Compliance with standards & policies/Operations Manual	FA Sections 5 & 6.3	Items 11 & 17
h. Trademarks and proprietary	FA Sections 1.1, 5.1, 5.3, 5.4,	Items 13, 14 & 17

<u>Obligation</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Disclosure Document Item</u>
information	5.5, 5.7, 6.5, 9.2 & 9.8	
i. Restrictions on products and services offered	FA Sections 1.1, 1.2, 5.1, 5.2, 5.3, 5.4, 5.5, 5.6, 5.7, 6.3 & 6.5; Sublease Section 7	Items 8, 12, 13, 16 & 17
j. Warranty and customer service requirements	FA Sections 5.1, 5.2, 5.5 & 5.12	Item 11
k. Territorial development and sales quotas	FA Sections 1.1; MFPA Sections 2, 4, 5 & 8	Items 7 & 12
l. Ongoing product & service purchases	FA Sections 2.5, 2.11, 5.1, 5.2, 5.5, 5.9, 5.12 & 8.2	Items 7 & 8
m. Maintenance, appearance and remodeling requirements	FA Sections 1.4, 5.1, 5.2, 5.5 & 6.5; Sublease Section 1	Items 7, 11 & 17
n. Insurance	FA Section 8.2; Sublease Section 12 and Appendix C	Items 7 & 8
o. Advertising	FA Sections 2.4, 2.5, 5.1, 5.2, 5.3, 5.4, 5.5 & 6.5	Items 9 & 11
p. Indemnification	FA Sections 6.5.4, 6.7, 7.1.6, 8.1, 9.3.3.E & FDD Exhibit I (Personal Guaranty) Section 1; Sublease Section 8	Item 6
q. Owner’s participation/ management/ staffing	FA Sections 2.11, 3, 4.1, 5, 6.5, 6.6, 7, 9.3, 9.9, 9.11 & 9.14	Items 11, 15 & 17
r. Records and reports	FA Sections 2.9, 5.1, 5.2 & 5.5; Sublease Appendix B	Items 6, 11 & 17
s. Inspections and audits	FA Sections 2.10, 5.1, 5.2 & 5.5	Items 6, 11 & 17
t. Transfer	FA Section 7; Sublease Section 13.d	Item 17
u. Renewal	FA Section 6.1	Item 17
v. Post-termination obligations	FA Sections 5.6, 5.13, 6.5, 6.6, 6.7 & 9.8; MFPA Section 8; Sublease Section 9	Item 17
w. Non-competition covenants	FA Sections 5.7, 6.5, 6.6, 6.8 & 9.8	Item 17
x. Dispute resolution	FA Sections 9.9; Sublease Section 1	Item 17
y. Other: Personal Guaranty	FA Section 9.15 and FDD Exhibit I; Sublease Appendix A	Item 15

* The MFPA is an addendum to, and part of, the Franchise Agreement. Therefore, Franchise Agreement provisions apply with equal force to the MFPA except as amended by the MFPA.

** References in this Item 9 to “Sublease” refer to the form of sublease attached to this disclosure document as Exhibit G-1.

Item 10 Financing

We do not provide direct or indirect financing and do not assist in providing financing for you. We do not guarantee any notes or financial obligations.

Item 11 Franchisor's Assistance, Advertising, Computer Systems, and Training

Except as listed below, BOBA ARENA FRANCHISE COMPANY LLC is not required to provide you with any assistance.

Pre-Opening Obligations

Before you open your franchise, we will:

- 1) Approve or disapprove of proposed sites for the Franchise Premises and the lease for the Franchise Premises, if any. (Franchise Agreement, Section 1.3) We anticipate that all or most of our franchisees will sublease franchise premises in Walmart facilities from our affiliate. We may provide a list of available sites within Walmart facilities for you to evaluate. Our additional approval will not be required if you choose a Walmart facility on the list of available sites that we provide to you. Usually, the precise Walmart facility will be identified before you sign the Franchise Agreement. If you and we cannot agree on a Franchise Premises, then we will have the right to terminate the Franchise Agreement. We do not generally own the Franchise Premises and lease it to you.
 - a. We do not anticipate approving of franchise premises at non-Walmart facilities, but we reserve the right to do so. If you propose a different type of site, then we will respond with our approval or disapproval within 30 days. The factors we may consider in approving proposed site selections include the following: general location and neighborhood; traffic patterns; parking; physical characteristics of existing buildings; lease terms; population density; and population demographics. However, we will have no obligation to approve any non-Walmart sites.
 - b. Neither we nor any of our employees have special expertise in selecting sites; we make no representations that your Franchise will be profitable or successful by being located at the approved Franchise Premises.
- 2) If requested, we may choose to provide reasonable advice and input related to your selection of a site for the Franchise Premises. You will pay for all our reasonable expenses related to any such requested services, including our travel and lodging expenses. Our rendering such services is based upon our availability. (Franchise Agreement, Section 1.3)
- 3) Provide initial orientation and training to you and your designated manager(s). (Franchise Agreement, Section 3.1)
- 4) Loan you a copy of the confidential Operations Manual. (Franchise Agreement, Section 5.1).
- 5) Provide written standards and specifications regarding your equipment, fixtures, inventory, supplies, and décor (as applicable). (Franchise Agreement, Section 5.1)
- 6) Give you a list of approved or designated suppliers. (Franchise Agreement, Section 5.1)
- 7) Provide written minimum standards and specifications regarding constructing or remodeling the Franchise Premises. (Franchise Agreement, Section 5.1)

We do not provide assistance with conforming your premises to local ordinances and building codes and obtaining any required permits, or hiring and training employees.

We may, at our discretion, establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell, to the extent permitted by applicable law. (Franchise Agreement, Section 1.8).

Time to Open

The typical length of time between the signing of the Franchise Agreement or first payment of consideration for the Franchise and the opening of the Franchise for business is about three to four months. You must complete the mandatory training program and commence business operations within four months after you sign the Franchise Agreement. (Franchise Agreement, Section 4.1) Factors that may affect this time are selection the Franchise Premises and getting our approval, negotiating the lease or sublease for the Franchise Premises, arranging for our initial training program, securing financing, getting business permits, building out the Franchise Premises, obtaining initial equipment, inventory, and your personal operational needs. Any failure caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control will be excused for a time that is reasonable under the circumstances. We anticipate that we will be reasonable in exercising our discretion to approve or not approve of sites you propose. If you and we cannot agree on a site, then we will have the right to terminate the Franchise Agreement without refunding the Initial Franchise Fee.

Operations Manual Table of Contents

The Operations Manual is confidential and remains our property. It contains mandatory and suggested specifications, standards and procedures. We may modify the Operations Manual, but the modifications will not alter your basic status and rights under the Franchise Agreement. The revisions may include advancements and developments in services, supplies, equipment, sales, marketing, operational techniques, and other items and procedures used for the operation of the franchise. (Franchise Agreement, Section 5) The table of contents of the current version of the Operations Manual and the number of pages in each section is included in Exhibit K. The total number of pages in the Operations Manual, including Appendices, is 44.

Initial Training Program

Before you commence your Franchise operations, we will provide you a mandatory initial training program that lasts approximately two days. The initial training program is held at one of our affiliate-owned outlets (currently in Oregon) or another location we choose. We reserve the right to provide some or all of the training via webcast or other technology. The initial training program is included in the Initial Franchise Fee. Accommodations, travel, room, board, and wage expenses for any of your personnel during this period are borne by you. If the franchise is managed by any persons other than you, you must notify us of the identity of the manager(s). The training program must be completed by all franchisees and their designated manager(s) (if any) unless, at our reasonable discretion, based upon a franchisee's or a designated manager's experience, it is deemed unnecessary. (Franchise Agreement, Section 3.1).

The subjects covered during training and the duration of training are subject to change. The following table outlines our initial training program.

INITIAL TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Introduction to Boba Arena and Overview	1		One of our affiliate-owned outlets in Oregon or another location we choose
Pre-Opening Procedures		2	
Inventory Management		1	
Opening and Closing Procedures		3	
Administration, Accounting and Reporting		2	
Marketing and Sales		1	
Products Training		10	
Totals	1	19	

Our key trainer is Isaac Xie. he has been our Member and Founder since November 2023. He has been Member and Founder for our affiliate, BOBA ARENA, LLC, since November 2021. His field experience in the subjects he teaches at training dates back to at least 2017. Other relevant background information is disclosed in Item 2, above. We anticipate that each trainer will have at least approximately five years of field experience in the subject(s) she/he teaches at training. We use the Operations Manual for instructional material.

We offer our initial training program at such frequency as needed based on the number of franchisees requesting training in a particular timeframe and our training personnel's availability. The initial training program must be completed at least two weeks before the scheduled date of the opening of the franchise.

You must complete the initial mandatory training program to our satisfaction or we may terminate the Franchise Agreement. You are encouraged to participate in the training session as soon as possible after executing the Franchise Agreement and before incurring any costs or expenses related to the opening of the Franchise. We will not be liable for your costs or expenses if we terminate the Franchise Agreement because you fail to complete the mandatory training to our satisfaction.

If you desire to have more than three individuals receive initial training, these additional individuals will be accommodated at our convenience. We reserve the right to charge a reasonable fee for the provision of the training for these additional individuals.

We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

Optional Opening Assistance

We may make available to you optional onsite opening assistance at your Franchise Premises in connection with the opening of your Franchise. You will pay our then-current fees for additional training and our out-of-pocket costs for travel, meals, and lodging. (Franchise Agreement, Section 3.2)

Additional Training

Requested by You. At your option and upon not less than 30 days' prior written notice to us, you may receive additional training at our headquarters or at other agreed upon locations. All expenses of this training will be borne by you, including your transportation, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates. The duration and timing of this training is negotiable depending upon your needs and our availability. (Franchise Agreement, Section 3.2)

Required or Offered by Us. We may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate. We may charge a reasonable training fee at our then-current rates. You will be responsible for your transportation, meals and lodging, and wages for your employees. (Franchise Agreement, Section 3.2)

Additional Training Required by Franchisor Based on Franchisee's Deficiency. We may require you to participate in additional training if you breach the Franchise Agreement, fail to pass or achieve a reasonable minimum score as franchisor may determine from a health or food safety inspection by a government agency, or fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will typically be held at our headquarters or your location at our discretion. We will charge a reasonable training fee at our then-current rates. You will be responsible for your and our transportation, meals and lodging, and wages for your employees. (Franchise Agreement, Section 3.2)

New Manager Training. If your Franchise is managed by any persons other than you, you will notify us of these managers. Each manager you hire must complete the mandatory training program before assuming management duties. This training program will be conducted by us or by you in accordance with our specifications, at our discretion. You will bear all costs of the training, including a reasonable training fee at our then-current rates. (Franchise Agreement, Section 3.1)

Our Obligations During the Operation of Your Franchise Business

After you open your franchise, we will:

- 1) Provide additional training to you upon your request as described above. (Franchise Agreement, Section 3.2).
- 2) Administer our advertising program and formulate and conduct national and regional promotion programs. (Franchise Agreement, Section 2).
- 3) At our discretion, we may inspect the Franchise and conduct activities to ensure compliance with the terms of the Franchise Agreement and Operations Manual to ensure consistent quality and service throughout our franchise system. (Franchise Agreement, Sections 2.10 and 5).
- 4) At our discretion, we may inspect the facilities of your manufacturers, suppliers and distributors and notify you and the manufacturers, suppliers, and distributors in writing of any failure to meet our specifications and standards. (Franchise Agreement, Sections 2.10 and 5).

After you open your franchise, we may:

- 1) Provide other supervision, assistance or services although we are not bound by the Franchise

- Agreement or any related agreement to do so. These may include, among other things, advertising materials, literature, additional assistance in training, promotional materials, bulletins on new products or services, and new sales and marketing developments and techniques.
- 2) Establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell, to the extent permitted by applicable law. (Franchise Agreement, Section 1.8).

Advertising and Brand Development

Currently, we do not charge an Advertising Fee. However, we reserve the right to charge an Advertising Fee of up to 1% of your Gross Revenue upon at least 60 days' advance written notice to you. We will administer the funds we receive for Advertising Fees. We will direct all regional and national advertising programs with sole discretion over the creative ideas, materials, endorsements, placement and allocation of overhead expenses. We may use Advertising Fees to develop our brand through any medium we choose, such as print, online, other technologies, and public relations. We may use Advertising Fees for website updates and maintenance, marketing, advertising, social media maintenance and marketing fees, development of new technologies, and other expenses we deem reasonable at our sole discretion for development of the brand. We may use the Advertising Fees to maintain, administer, direct, prepare, and review national, regional, or local brand development activities and programs as we deem proper at our sole discretion.

For brand development, we may use an in-house advertising department or outside regional or national advertising agencies. We may provide to you advertising materials and point of sales aids for you to use in your local advertising and promotional efforts.

We will not be required to spend any amount on advertising in your market area. We are under no obligation to administer the use of Advertising Fees to ensure that expenditures are proportionate to contributions of franchisees for any given market area or that any franchise benefits directly or proportionately from brand development activities.

We may spend in any fiscal year an amount greater or less than the aggregate Advertising Fees collected from all franchisees in that year, and we may apply contributions to past expenditures and carry over any surplus or deficit to future years.

Our expenditures of Advertising Fees we collect are not audited. Upon reasonable request, we will make an accounting of the Advertising Fees available to you within 120 days after our next fiscal year end.

(Franchise Agreement, Section 2.6)

While advertising materials may note that franchises are available from us, no Advertising Fees are used for advertising that is principally a solicitation for the sale of franchises.

Franchisees who sign franchise agreements at different times may have different advertising fee requirements. Franchisor-owned outlets may or may not be required to contribute to the advertising fund and if required such contributions may or may not be on the same basis as franchisees.

We may create an advertising council made up of franchisees selected by us or by vote of franchisees as we determine. We will have the power to form, change, or dissolve the advertising council. The council will serve in an advisory capacity only.

<u>Summary of Advertising Fee Contributions and Expenses</u> <u>for Fiscal Year Ended September 30, 2023</u>			
		Dollar Amount	Percentage
Expenses:	Administrative Expenses	\$0	0%
	Production	\$0	0%
	Media Placement	\$0	0%
Total Expenses:		\$0	100%
Advertising Fund Contributions:		\$0	
Excess of Expenses Over Contributions:		\$0	

Local Advertising / Webpage / Social Media

You must spend an amount equal to at least 1% of your monthly Gross Revenue on local advertising and marketing each month.

We may provide to you an advertising packet with advertising templates we approve for you to use in your local advertising and promotional efforts. Otherwise, you will submit to us all advertising copy and other advertising and promotional materials before you use them in your local advertising program. You will not use any advertising copy or other promotional material until we approve it.

We have established and will maintain a website to advertise and promote our brand. We will provide you with a listing within our website. You must give us the information and materials we request to develop, update, maintain and modify the listing. You will not have the right to create an independent website that includes our Marks or promotes your franchise. We will allow you to establish a webpage as part of our website subject to our prior approval of its content and format. We may revoke this right.

Your use of social media and other online mediums using our brand or promoting your franchise must be in strict compliance with our standards as outlined in our Operations Manual. We reserve the right to require you to get our prior approval of proposed venues and content for social media and other online mediums. We reserve the right to restrict or completely prohibit your use of social media and other online mediums using our brand or promoting your franchise. (Franchise Agreement, Section 2.5)

Regional Advertising Cooperatives

We have not established any regional advertising cooperatives for our franchisees. However, we have the power to require cooperatives to be formed, changed, dissolved, or merged. If we decide to form regional advertising cooperatives, then we will determine how the area and membership of such cooperatives will be defined. We may designate local, regional or national advertising coverage areas to develop cooperative local or regional advertising and promotional programs. We will promptly notify you and our other franchisees, of the establishment, modification and geographical boundaries of regional advertising regions. We may require all franchisees located within each geographic region to meet periodically for the purpose of creating and establishing regional advertising programs. For the purpose of this section, each operation we own will be deemed to be a franchise.

If at any meeting of the franchisees in an advertising region, 75% of the franchisees vote to contribute to a

regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote (the “Regional Advertising Fund”). Franchisor-owned and affiliate-owned outlets may choose to participate in regional advertising cooperatives. If they do participate, then they will each be entitled to one vote and will be required to contribute on the same basis as franchisees. No advertising region may require any franchisee in that region to make a contribution to a Regional Advertising Fund in excess of 1% of that franchisee’s Gross Revenue. Your contributions to a Regional Advertising Fund will count toward your minimum local advertising expenditure requirement (if any). “Advertising coverage area” is defined as the area covered by a particular advertising medium (television, radio, or other medium) as recognized in the industry. At the time a cooperative local or regional advertising or promotional program is developed, we will provide to you a list of all open Boba Arena franchises within your advertising coverage area.

We will administer each Regional Advertising Fund in the same manner and upon the same terms and conditions as the Advertising Fee outlined in this Item 11. (Franchise Agreement, Section 2.5). There are no other written governing documents that govern any cooperative advertising program. No Regional Advertising Fund will be audited.

Your contributions must be paid to the cooperative administrator we designate, when and in the same manner as the Royalty Fee and Advertising Fee payments are paid to us. (Franchise Agreement, Section 2.5)

Computer Systems

You must lease, purchase or otherwise acquire, from sources of your choice (or from designated or approved suppliers, as we determine) and at your expense, computer hardware and software (including software as a service subscriptions and point of sale hardware and software) that strictly conform to our specifications.

Our computer system requirements include the following and are subject to change. You must purchase and use the specific point of sale system hardware and software we require. You must purchase and use the label printer hardware and software we require. You must have or purchase a computer, up-to-date word processing software, printer, scanner, smart TV (for menu board), telephone, and high-speed internet, all of which must comply with our minimum standards and specifications.

The computer hardware and software are for point of sale, communications, accounting, reporting and record keeping.

We will give you at least 30 days’ written notice, describing the hardware, software, and upgrading requirements of the system before you are obligated to initially purchase the computer systems. The estimated cost of purchasing the computer systems that we require is approximately \$2,000 to \$5,000. The required software subscriptions cost approximately \$70 to \$150 per month.

If we require, you must record and transmit all financial information using our designated systems. We may at our discretion change standards for reporting to provide effective technology for the entire system. We will have independent access to your data, computer system and related information. There will be no contractual limitation on our right to access your information or data.

Neither we nor our affiliates will have any obligation to provide any ongoing maintenance, repairs, upgrades or updates related to your computer software and hardware. However, you must upgrade or update your computer hardware and software as we may direct during the term of the franchise

agreement. There are no contractual limitations on the frequency and cost of this obligation. We estimate that these updates or upgrades will cost approximately \$0 to \$500 per year.

(Franchise Agreement, Section 5.9)

Item 12 Territory

Unit Franchises

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.

The site of your franchise premises (“Franchise Premises”) will be subject to our prior written approval. We anticipate that all or most of our franchisees will operate within Walmart facilities. We may provide a list of available sites within Walmart facilities for you to evaluate. Our additional approval will not be required if you choose a Walmart facility on the list of available sites that we provide to you. Usually, the precise Walmart facility will be identified before you sign the Franchise Agreement. For a location within a Walmart facility, typically our affiliate will be the tenant on the master lease and will sublease the Franchise Premises to you.

If you have not selected and we have not approved of the site of your Franchise Premises when you sign the Franchise Agreement, then the Franchise Agreement will identify the search area within which you may search for a Franchise Premises.

You may not establish or operate any other Boba Arena establishment without signing a separate Franchise Agreement for that facility.

Relocation

You will not relocate the Franchise Premises without our prior written approval. Any relocation will be at your sole expense. Relocation will be subject to the following conditions:

- A. You are not in breach of the Franchise Agreement;
- B. You evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;
- C. You develop, furnish, and equip, at your sole expense, the new location according to our then-current specifications and standards;
- D. You pay all reasonable out-of-pocket expenses we incur because of the relocation;
- E. You sign a general release of claims against us; and
- F. You satisfy our then-current franchise placement and demographics criteria.

No Right of First Refusal

You do not receive any options, rights of first refusal, or any other similar rights to acquire additional franchises or to grant subfranchises.

Marketing and Providing Services

You must advertise and promote your Franchise within your market area. We reserve the right to designate specific boundaries for your market area for such purposes, in which case you must not place advertisements using our Marks in or originating from any area other than the designated market area. This includes, but is not limited to, internet, catalog sales, telemarketing or other direct marketing. You shall not advertise in any media with primary circulation outside your designated market area, except with our prior written permission.

You shall offer and sell authorized products and services from the Franchise Premises. With our prior written approval, you may also provide the following services: (1) catering; (2) delivery (using approved third-party delivery services); and (3) kiosk operations at fairs and other approved events. We reserve the right to designate specific boundaries for your market area for such purposes.

You shall not use alternative distribution channels to make sales within or outside your designated market area, except as otherwise allowed by us in the Operations Manual. Without limitation, this prohibition applies to e-commerce sales of products or services.

All internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us.

Development Area for Multiple Franchise Purchases

If you sign the Multiple Franchise Purchase Addendum to purchase multiple Franchises simultaneously, then we will designate a Development Area in which you will open your Franchises. 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. There will be no restrictions on our right to establish or license to others the right to establish Boba Arena businesses in your Development Area.

The Multiple Franchise Purchase Addendum will expire at the earlier of the following: (1) the opening of your last Franchise under your Development Schedule (described in the Multiple Franchise Purchase Addendum); or (2) the termination of the Addendum under to the terms and conditions of the Addendum or the Franchise Agreement. If you do not comply with the Development Schedule, we will have the right to reduce the size of (or change) your Development Area or terminate the Addendum and any of your Franchise Agreements representing Franchises that have not yet opened for business.

Our Rights

We retain all rights not specifically granted to you in the Franchise Agreement. This includes our right to use or license the use of our Marks or any other marks to anyone, and for any purpose, and at any location. Neither we nor our affiliates are restricted from participating in other distribution methods under the Marks or under marks different from the ones you will use under the Franchise Agreement. We will have no obligation to compensate you for any such sales. For example, we may offer and sell present and future Boba Arena products in grocery stores and at food markets at any location. Other distribution methods may also include internet sales, telephone sales, catalogue sales, sales via online marketplaces, and sales by other means.

We have not established and do not presently intend to establish other franchises or company-owned outlets selling similar products or services under a different trademark.

We may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

Item 13 Trademarks

Registrations and/or Applications for Our Marks

Our affiliate, BOBA ARENA, LLC, has applied to register our principal Mark(s) on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”) as follows:

Mark Description	Application Date	Serial Number	Internationally Classifications
BOBA ARENA	August 30, 2022	97571777	30, 32 and 43

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

We have filed (or anticipate filing when due) all required affidavits in respect to registrations of our principal marks with the USPTO. We have filed (or anticipate filing when due) all required registration renewals in respect to such registrations.

Our Common Law Rights to the Marks

We and our affiliate company also claim common law rights to the “Boba Arena” names and all related marks, logos, designs, and slogans.

Your Use of the Marks

We will allow you to use these and all other trade names, trademarks, service marks, and logos we now own or may in the future develop for our franchise system. We refer to all of these commercial symbols as the “Marks.” The Marks are our exclusive property.

You must follow our rules when you use the Marks. You may not use the Marks in any manner we have not authorized in writing. You may not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You cannot use our Service Marks as part of the name of your business entity or with modifying words, designs or symbols except as we authorize in writing. You may not use our Service Marks in connection with the sale of any unauthorized product or service.

All goodwill associated with the Marks, including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. We (or our parent or an affiliate) will own all trademark improvements you develop (if applicable). The immediately preceding sentence does not affect provisions in the Franchise Agreement and our Operations Manual prohibiting you from altering the Marks and requiring you to use the Marks only in strict compliance with our standards and specifications.

Modifying the Marks

We may change or discontinue any part of the Marks at any time in our sole discretion. You will modify or discontinue use of any franchise names or Marks, or will use one or more substitute names or marks, if we so direct in writing at any time. Our sole obligation in this event will be to reimburse you for your tangible costs in complying with our direction (i.e., cost of changing signs, stationery, etc.). You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks will apply with equal force to any modified or substituted names or marks.

Agreements Impacting the Marks

We signed a license agreement (the “License Agreement”) with our affiliate dated January 1, 2024 for the license right to use, and to grant to our franchisees the right to use, the marks in our franchise system. The License Agreement is for 10-year renewable terms and may only be terminated for good cause. We do not anticipate any issue with your use of the Marks because we and our affiliate have the same owner. If the License Agreement is terminated, our affiliate has agreed to license the use of the Marks directly to our franchisees until such time as each Franchise agreement expires or is otherwise terminated.

With the exception of the License Agreement, there are no agreements currently in effect or contemplated which would significantly limit our right to use or license the use of the marks listed in this Item 13 in a manner material to the franchise.

Legal Actions Involving the Marks

Our affiliate received a Nonfinal Office Action from the USPTO dated June 17, 2023 pertaining to its trademark application for Boba Arena (Serial Number 97571777). The Office Action related to International Class 30 (for Bubble tea; Tea-based beverages containing boba) and International Class 32 (for Smoothies) but did not relate to International Class 43 (for Bubble tea shops; Cafe and restaurant services; Cafe services; Café; Preparation of food and beverages; Serving of food and drink/beverages). The Office Action initially refused registration in classes 30 and 32 based on likelihood of confusion with the following registered marks:

- ARENA (U.S. Registration No. 5435425, dated April 3, 2018) with a design for, in relevant part, “nonalcoholic beverages, namely, fruit beverages” in International Class 032. This registration is owned by ARENA S.P.A. with an address in Italy.
- ARENA BASE CAFE (U.S. Registration No. 5534299, dated August 7, 2018) in standard characters for, in relevant part, the following goods in multiple international classes:
 - International Class 030: Matcha
 - International Class 032: Fruit beverages; Fruit juices
- ARENA BASE CAFE (U.S. Registration No. 5534300, dated August 7, 2018) with a design for, in relevant part, the following goods in multiple international classes:
 - International Class 030: Matcha
 - International Class 032: Fruit beverages; Fruit juices
- ARENA BASE CAFE (U.S. Registration No. 5534302, dated August 7, 2018) with a design for, in relevant part, the following goods in multiple international classes:
 - International Class 030: Matcha
 - International Class 032: Fruit beverages; Fruit juices

The marks ARENA BASE CAFE (U.S. Registration Nos. 5534299, 5534300 and 5534302) are owned by the same registrant, Katsiaryna Ozkan with an address in Belarus. Based on our online research, it appears that this company only operates in Sint Maarten, a constituent country of the Kingdom of the Netherlands

in the Caribbean. Therefore, we do not believe that these registrations will materially affect your use of the Marks in the U.S.

Our affiliate filed a response to the Office Action with arguments in favor of registration on December 17, 2023.

Except as disclosed above, there are no currently effective material determinations of the USPTO, Trademark Trial and Appeal Board, the trademark administrator of any state or any court, or any opposition or cancellation proceeding, or any pending litigation involving the Marks.

You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks, including any claims of infringement or unfair competition. While we anticipate making reasonable efforts to protect your rights to use the Marks, we will have sole discretion to take or not to take action, as we deem appropriate. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks or if the proceeding is resolved unfavorably to you. We have the right to control all actions but are not obligated to take any action. If we undertake the defense or prosecution of any litigation or administrative action involving you or any litigation or administrative action involving the Marks, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect.

Except as disclosed above, we know of no superior rights or infringing uses that could materially affect your use of the Marks. You should understand that there could be other businesses using trademarks, trade names, or other commercial symbols similar to our Marks with superior rights to our rights. Before starting your Franchise, you should research this possibility, using telephone directories, trade directories, Internet directories, or otherwise in order to avoid the possibility of having to change your Franchise name.

Item 14

Patents, Copyrights, and Proprietary Information

We intend to affix a statutory notice of copyright to our Operations Manual, to certain of our advertising materials, training materials, websites, proprietary software, and to all modifications and additions to them. You are granted the right and are required to use the copyrighted items only with your operation of the franchise during the term of your Franchise Agreement. You have no other rights to the copyrighted material.

The Operations Manual is described in Item 11. Although we have not filed applications for copyright registration, all copyrighted materials are our property. You are only permitted to use our proprietary processes and systems in accordance with the Franchise Agreement and only as long as you are a franchisee. You must contact us immediately if you learn of any unauthorized use of our proprietary information. You must also agree to not contest our rights to, and interest in, our copyrights and other proprietary information.

We do not know of any prior rights or infringing uses that could materially affect your use of our copyrighted materials. You must notify us immediately after receiving notice of any claim, demand or cause of action pertaining to the copyrighted materials or on learning that any third party uses the copyrighted materials without authorization. After receipt of timely notice of an action, claim or demand against you relating to the copyrighted materials, we have the right, but not the obligation, to defend or

settle any such action. The Franchise Agreement does not obligate us to take affirmative action when notified of infringement. We have the right to contest or bring action against any third party regarding the third party's unauthorized use of any of the copyrighted materials. We have the right to control all actions but are not obligated to take any action. You may not make any demand against any alleged infringer, prosecute any claim or settle or compromise any claim by a third party without our prior written consent. In any defense or prosecution of any litigation relating to the copyrighted materials undertaken by us, you must cooperate with us, execute any and all documents, and take all actions as may be desirable or necessary in the opinion of our counsel, to carry out such defense or prosecution.

We may change or discontinue any part of the copyrighted materials at any time at our sole discretion. You will modify or discontinue use of any copyrighted materials, or will use one or more substitute copyrighted materials, if we so direct in writing at any time. You will bear all costs and expenses that may be reasonably necessary because of these changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the copyrighted materials will apply with equal force to any modified or substituted copyrighted materials.

We have no patents or pending patent applications that are material to your franchise.

We claim proprietary rights to certain confidential information and trade secrets related to our business processes and supplier relationships that you will learn during training. We consider such processes and modifications to be our trade secrets. We consider our recipes and/or formulae to be proprietary and trade secrets.

You must use reasonable best efforts to continuously improve the products, processes and services used in the System and to develop new products, processes and services for use as part of the System. All the improvements, inventions and developments you make, develop or create for use in the System will be our property (or that of our parent or an affiliate) and we alone (or our parent or an affiliate) will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

Item 15

Obligation to Participate in the Actual Operation of the Franchise Business

You will not be required to participate directly in the day-to-day operation of the Franchise, but it must be under your general supervision as it is ultimately your responsibility to comply with the Franchise Agreement. You may designate a manager to assume responsibility for day-to-day operations. Any managers you employ to help you to operate the franchise must complete the mandatory training program described in Item 11 (which is to be conducted by us or by you in accordance with our specifications, at our discretion). The manager is not required to have any equity interest in your franchise business entity.

All of your owners must sign the Franchise Agreement directly or sign a Confidentiality and Non-Competition Agreement in the form attached as Exhibit J. To the full extent permitted by applicable law, your managers must sign confidentiality and non-competition agreements containing substantially the same protections as provided in relevant clauses in the Franchise Agreement. You are responsible for ensuring the adequacy and enforceability under local law of any sample form we provide in this regard.

All of your owners must sign the Franchise Agreement directly or sign a Personal Guaranty in the form attached as Exhibit I.

Item 16
Restrictions on What the Franchisee May Sell

We require that you use, offer and sell only those products and services that we approve in writing. You must offer all products and services that we designate as required by our franchisees. We reserve the right, without limitation, to modify, delete and add to the authorized products and services, and you must adopt such changes at your expense.

We may, at our discretion, permit you to make minor adjustments to the menu for geographical consumer preferences. Such changes are subject to our prior written approval.

All online marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us.

To the extent permitted by applicable law, we may establish minimum or maximum allowable prices on the products and services you offer and sell. Otherwise, the ultimate decision on the prices you charge is up to you.

We may develop and market special discount or free coupon programs. You will have the right, but not the obligation, to participate in these programs. We will notify you of the creation and provisions of a discount or coupon program. Within five days after receipt of the notice, you will advise us whether or not you wish to participate in that program. If you notify us that you wish to participate, you will adhere to all provisions of the program. If you elect to be excluded from a program, we will have the right to advise consumers, by advertising, sales solicitation or otherwise, that you are not a participant. You will not be entitled to the benefits of that program. We will establish the discount or coupon programs in our sole discretion, and will not have any obligation to consult or confer with you or any other of our franchisees with respect to the nature, content or amount of any discount or coupon established pursuant to any program. Except as otherwise required by law, any discount or coupon programs or other promotions you desire to offer will be subject to our prior written approval (which we may withhold at our discretion).

You must sell or otherwise issue gift cards or certificates (together “Gift Cards”) and loyalty cards (“Loyalty Cards”) that have been prepared utilizing the standard form of Gift Card and Loyalty Card provided or designated by us, and only in the manner we specify in our Operations Manual. We may choose to restrict the use of Gift Cards and Loyalty Cards you issue only at locations you own and operate.

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Item 17
Renewal, Termination, Transfer, and Dispute Resolution

THE FRANCHISE RELATIONSHIP

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

<u>Provision</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Summary</u>
a. Length of the franchise term	FA Section 1.1 and Sublease Section 1 MFPA Section 8	The initial term of your Franchise Agreement will match the initial term of your lease or sublease. Unless earlier terminated in accordance with its terms, the MFPA will expire upon the earlier of the following: (1) the opening of your last Franchise under your Development Schedule; or (2) the deadline for opening your last Franchise under your Development Schedule.
b. Renewal or extension of term	FA Section 6.1 and Sublease Section 1	If you are in good standing, you may renew or extend your franchise for periods matching the renewal or extension periods of your lease or sublease.
c. Requirements for franchisee to renew or extend	FA Section 6.1 and Sublease Section 1	“Renewal” means that you, upon the expiration of the original term of the Franchise Agreement, have the right to enter into an extension agreement or our then-current Franchise Agreement forms (that may have materially different terms and conditions than your original contract), at franchisor’s discretion. Additionally, you must give notice at least three and not more than six months before expiration of the initial term; faithfully perform under the initial agreement; refurbish, remodel, and replace the Franchise Premises, fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards; sign general release (subject to state law);

<u>Provision</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Summary</u>
	MFPA Section 8	pay a renewal fee; and go through retraining (if we require it). The MFPA is not renewable after its expiration.
d. Termination by franchisee	None	The Franchise Agreement, MFPA, and Sublease do not give you the right to terminate, but you may terminate for any grounds available at law. Your post-termination covenants in the Franchise Agreement will apply upon termination.
e. Termination by franchisor without cause	None	
f. Termination by franchisor with cause	FA Section 6.3; MFPA Section 8 Sublease Section 9	We can terminate only if you default. Any material violation or breach of the Franchise Agreement is deemed a material breach of the MFPA and any other franchise or other agreement between you and us. The non-breaching party then will be entitled to enforce the penalties of or to terminate the Franchise Agreement and any relevant addenda and any or all of such other Franchise Agreements. Our affiliate can terminate the Sublease if you default under the Sublease or master lease and do not cure within the prescribed period, if any.
g. “Cause” defined – curable defaults	FA Section 6.3.1 Sublease Section 9	You have 30 days to cure any default not listed in Section 6.3. Our affiliate can terminate the Sublease if you default under the Sublease and do not cure within 10 days after the date performance is due.
h. “Cause” defined – non-curable defaults	FA Section 6.3.2	Bankruptcy and insolvency, abandonment, repeated default, misrepresentations, levy of execution, criminal conviction,

<u>Provision</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Summary</u>
	MFPA (Exhibit 2 to the Franchise Agreement), Section 8 Sublease Section 9	noncompliance with laws, non-payment of fees, repeated under reporting of sales, disclosure of confidential information, violation of non-competition covenants, and other defaults listed in Section 6.3.2. We will have the right to terminate the MFPA if we have the right to terminate the Franchise Agreement or any other agreement between you and us (or our affiliate) in the future. If you do not comply with the MFPA, including the Development Schedule, we will have the right to reduce the size of (or change) your Development Area or terminate the Addendum and any of your Franchise Agreements representing Franchises that have not yet opened for business. You shall be immediately in default under the Sublease if any act or omission by you causes a default by our affiliate under the master lease.
i. Franchisee’s obligations on termination or nonrenewal.	FA Section 6.5 & 6.6 Sublease Section 9	De-identification, return of manuals, release of phone numbers and listings, de-identification of your franchise equipment and premises, payment of sums owed, confidentiality, and non-competition. Our affiliate shall have all rights against you that are available by law and those contained in the master lease arising from a breach or default by tenant thereunder, including, without limitation, our affiliate’s right to reenter and retake

<u>Provision</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Summary</u>
		possession of the Franchise Premises from you.
j. Assignment of contract by franchisor	FA Section 7.1 Sublease Section 13.d	There are no restrictions on our right to transfer. Our affiliate may freely assign its interest under the Sublease without your prior consent.
k. “Transfer” by franchisee – defined	FA Section 7.1 Sublease Section 13.d	Restrictions apply if you sell, transfer, assign, encumber, give, lease, or sublease (collectively called “transfer”) the whole or any part of the Franchise Agreement, substantial assets of the franchise, or ownership or control of you. You shall not assign or sublease your interest under the Sublease without the prior written consent of our affiliate (and the landlord if required by the master lease), which it may grant or withhold at its sole discretion.
l. Franchisor’s approval of transfer by franchisee	FA Section 7.1 Sublease Section 13.d	We have the right to approve all transfers. Our affiliate has the right to approve all assignments and subleases.
m. Conditions for franchisor approval of transfer	FA Section 7.1 Sublease Section 13.d	The transferee must qualify as a franchisee, assume your obligations, and successfully pay for and complete the mandatory training. You may not be in default, must sign a general release (subject to state law), and you or the transferee must pay the Transfer Fee. You or the transferee must refurbish, remodel, and replace the Franchise Premises (if commercial location), fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards. Our affiliate may grant or withhold its

<u>Provision</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Summary</u>
		consent to an assignment or sublease at its sole discretion.
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA Section 7.5	If you receive an offer, we will have the right to purchase on the same terms and conditions as offered to you, 30-day notice and right to decide.
o. Franchisor’s option to purchase franchisee’s business	FA Sections 6.5, 7.3 and 7.4	You will give us the right of first purchase before soliciting offers from a third party if you choose to sell your franchise business. We will have the right to purchase some or all of your franchise business assets upon expiration or termination of the Franchise Agreement. We will have the right of first purchase to purchase your franchise if a suitable transferee purchaser is not found within 180 days from the date of your death, disability or incapacity.
p. Death or Disability of franchisee	FA Section 7.3	Within 180 days, your heirs, beneficiaries, devisees or legal representatives may apply to continue to operate the franchise, or transfer Franchise interest.
q. Non-Competition Covenants During the Term of the Franchise	FA Sections 5.7	Subject to state law, you shall not disclose confidential information, divert business or customers, or compete.
r. Non-Competition Covenants After the Franchise is Terminated or Expires	FA Sections 5.7, 6.5 & 6.6	Subject to state law, you will not divert business or customers for a period of two years after expiration or termination of the Franchise Agreement. Subject to state law, no competition is allowed for two years at the former Franchise Premises, within a 20-mile radius of the former Franchise Premises, and within a 20-mile radius of any location where we operate or have granted the franchise to operate a Boba Arena business.

<u>Provision</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Summary</u>
s. Modification of the Agreement	FA Sections 5.5 and 9.7; Sublease Section 13.c	We may modify the Operations Manual. Modifications to the language of the Franchise Agreement, MFPA, and Sublease require the signed written agreement of the parties.
t. Integration/Merger Clause	FA Sections 5.1, 5.5, & 9.7; Sublease Section 13.c	Only the terms of the Franchise Agreement, MFPA, Sublease, and Operations Manual are binding subject to state law. Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable. Nothing in the Franchise Agreement is intended to disclaim the representations we made in the franchise disclosure document that we delivered to you.
u. Dispute Resolution by Arbitration or Mediation	FA Section 9.9 Sublease Section 13	Subject to state law, before taking any other legal action, the parties agree to mediate disputes. The mediation clauses do not apply to disputes based on your (1) improper use of the Marks or other intellectual property; (2) violation of restrictive covenants in the Franchise Agreement (e.g. confidentiality, non-disclosure, and non-competition); or (3) monetary and payment obligations. This also applies to the MFPA. The Sublease does not require mediation or arbitration.
v. Choice of Forum	FA Section 9.9	Subject to state law, mediation and litigation must be in the county in which our headquarters are then located (currently Washington County, Oregon). This also applies to the MFPA. Some states do not allow franchisees to give up their right to bring or defend lawsuits in the courts of their state. See the attached State Law Addendum for state-specific addenda to this Item.

<u>Provision</u>	<u>Section in Franchise Agreement (“FA”), Multiple Franchise Purchase Addendum (“MFPA”)*, and Sublease**</u>	<u>Summary</u>
	Sublease Section 13.f	The venue for any action or legal proceeding seeking to enforce any provision of, or based on any right arising out of, the Sublease will be in the county in which our affiliate’s headquarters are then located (currently Washington County, Oregon).
w. Choice of Law	FA Section 9.9	Oregon law applies except as otherwise provided in the Franchise Agreement and subject to state law. This also applies to the MFPA. See the attached State Law Addendum for state-specific addenda to this Item.
	Sublease Section 13.e	Oregon law applies.

* The MFPA is an addendum to, and part of, the Franchise Agreement. Therefore, Franchise Agreement provisions apply with equal force to the MFPA except as amended by the MFPA.

** References in this Item 17 to “Sublease” refer to the form of sublease attached to this disclosure document as Exhibit G-1.

See State Law Addendum for disclosures related to specific states.

Item 18 Public Figures

No public figure is involved in our franchise program.

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 only be given if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past

financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Isaac Xie, Member and Founder, BOBA ARENA FRANCHISE COMPANY LLC, 10088 SW 67th Ave., Tigard, Oregon 97223, (503) 851-3315, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20
Outlets and Franchisee Information

Table No. 1
Systemwide Outlet Summary
For Fiscal Years Ending September 30, 2021, 2022 and 2023

<u>Column 1</u> Outlet Type	<u>Column 2</u> Fiscal Year	<u>Column 3</u> Outlets at the Start of the Year	<u>Column 4</u> Outlets at the End of the Year	<u>Column 5</u> Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company or Affiliate Owned	2021	0	0	0
	2022	0	1	+1
	2023	1	5	+4
Total Outlets	2021	0	0	0
	2022	0	1	+1
	2023	1	5	+4

Table No. 2
Transfers Of Outlets From Franchisees To New Owners
(other than the Franchisor)
For Fiscal Years Ending September 30, 2021, 2022 and 2023

<u>Column 1</u> State	<u>Column 2</u> Year	<u>Column 3</u> Number of Transfers
All States	2021	0
	2022	0
	2023	0
Total	2021	0
	2022	0
	2023	0

Table No. 3
Status Of Franchised Outlets
For Fiscal Years Ending September 30, 2021, 2022 and 2023

<u>Column 1</u> State	<u>Col. 2</u> Year	<u>Col. 3</u> Outlets at the Start of the Year	<u>Col. 4</u> Outlets Opened	<u>Col. 5</u> Termin- ations	<u>Col. 6</u> Non- Renewals	<u>Col. 7</u> Reacquired by Franchisor	<u>Col. 8</u> Ceased Operations – Other Reasons	<u>Col. 9</u> Outlets at End of the Year
Oregon	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
All Other States	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

Table No. 4
Status of Company-Owned Outlets*
For Fiscal Years Ending September 30, 2021, 2022 and 2023

<u>Col. 1</u> State	<u>Col. 2</u> Year	<u>Col. 3</u> Outlets at the Start of the Year	<u>Col. 4</u> Outlets Opened	<u>Col. 5</u> Outlets Reacquired from Franchisees	<u>Col. 6</u> Outlets Closed	<u>Col. 7</u> Outlets Sold to Franchisees	<u>Col. 8</u> Outlets at End of Year
Oregon	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	4	0	0	0	5
All Other States	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0
	2022	0	1	0	0	0	1
	2023	1	4	0	0	0	5

* Owned and operated by our affiliate, BOBA ARENA, LLC

Table No. 5
Projected Openings
As of September 30, 2023 (Through September 30, 2024)

<u>Column 1</u> State	<u>Column 2</u> Franchise Agreements Signed But Outlet Not Opened	<u>Column 3</u> Projected New Franchised Outlets in the Next Fiscal Year	<u>Column 4</u> Projected New Company-Owned Outlets in the Current Fiscal Year
Arizona	0	2	0
Maryland	0	2	0
New York	0	1	1
Oregon	0	1	2
Washington	0	2	1
Total	0	8	4

Exhibit L includes the following:

- A list of our current franchisee outlets and the addresses and telephone numbers of all of their operations as of September 30, 2023.
- A list of our current franchisees who have signed franchise agreements but whose outlets are not yet opened as of September 30, 2023.
- A list of the name, city and state, and the current telephone number (or if unknown, the last known home telephone number) of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the date of this disclosure document.

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

During the last three fiscal years, we have not signed confidentiality clauses with any of our current or former franchisees that restrict such franchisees from communicating with prospective franchisees concerning their experience in the franchise system.

No trademark-specific franchisee organizations associated with the franchise system have been created, sponsored, or endorsed by us.

No independent franchisee organizations have asked to be included in this disclosure document.

Item 21 Financial Statements

We have not been in business for three years or more and cannot include all of the financial statements otherwise required under this Item. Attached in Exhibit A is our unaudited opening balance sheet as of January 11, 2024. Our fiscal year-end is September 30.

Item 22
Contracts

The following agreements are attached to this disclosure document as exhibits:

Agreement Name	Exhibit
Standard Franchise Agreement and Attachments	B
Conditional Assignment	D
Cancellation of Assumed Business Name	E
Authorization for Electronic Funds Transfer	F
Form of Sublease Agreement (with Personal Guaranty)	G-1
Sample Form of Attachment A to Walmart's Master Lease	G-2
Form of General Release	H
Personal Guaranty	I
Confidentiality and Non-Competition Agreement	J
State Law Addendum	M

Item 23
Receipts

Attached to this disclosure document are two Receipt pages. They are duplicates that evidence your receipt of this disclosure document – the first is to be retained by you, the other by us (Exhibit O).

FINANCIAL STATEMENTS

For the unaudited financial statements as of January 11, 2024: THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

BOBA ARENA FRANCHISE COMPANY LLC

Balance Sheet

January 11, 2024

CURRENT ASSETS:

Cash and cash equivalents	<u>\$10,100</u>
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TOTAL CURRENT ASSETS	<u>\$10,100</u>
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LIABILITIES AND MEMBER'S EQUITY:

Member's equity	<u>\$10,100</u>
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TOTAL MEMBER'S EQUITY:	<u>\$10,100</u>
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FRANCHISE AGREEMENT

BOBA ARENA FRANCHISE COMPANY LLC

**10088 SW 67th Ave.
Tigard, Oregon 97223**

(503) 851-3315

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FRANCHISE AGREEMENT

This Franchise Agreement (this “**Agreement**”) has been entered into effective _____ (the “**Effective Date**”). It is by and between BOBA ARENA FRANCHISE COMPANY LLC, an Oregon limited liability company, (“**Franchisor**” and “**we/us**”) and _____ (jointly and severally “**Franchisee**” and “**you**”).

RECITALS

A. For purposes of this Agreement “you” may include an individual, corporation, partnership, limited liability company or other legal entity. “You” includes any corporation, partnership, limited liability company, individual, combination of individuals, or other legal entity that owns a majority interest of you, or in which you own a majority interest. The term “you” will include all persons who succeed to your interest by transfer or by operation of law.

B. We have certain rights to, have registered in various jurisdictions, and intend to continue to develop names, trademarks, service marks, logos, commercial symbols, and styles. These include, but are not limited to, BOBA ARENA and related logos (the “**Marks**”). We own valuable goodwill and have valuable expertise, Confidential Information (defined below), methods, procedures, techniques, recipes and/or formulae, uniform standards, operations manuals, inventory control guidelines, systems, layouts, merchandise, and materials (the “**System**”). These are connected with the establishment and operation of businesses that offer or sell boba teas, smoothies, and iced teas with tapioca, fruit flavored bobas, and jellies; flavored french fries; and related food and beverage products and services to the public under the Marks.

C. As a franchisee, you are in an independent contractor relationship with us. You independently own and operate your Franchise. While we establish standards and recommendations for desired outcomes to protect our systems and brand, as an independent contractor franchisee, you generally determine the means to accomplish such outcomes. You are responsible for the day-to-day operation of your Franchise.

D. You desire us to train you and to authorize you to operate a high-caliber Boba Arena franchise and to use our System and Marks. We are willing to grant you such a franchise on the terms and conditions set forth in this Agreement.

AGREEMENT

THEREFORE, in consideration of the mutual promises and covenants contained in this Agreement, the parties agree as follows:

1 GRANT OF FRANCHISE

1.1 Grant of Franchise. We grant to you, and you accept from us, the right to use the Marks, the System, and merchandise bearing the Marks, for a term equal to the initial term of your lease or sublease for the Franchise Premises as will be indicated on Exhibit 1 (the “**Franchise**”). This grant is solely for the operation by you of one Boba Arena Franchise at an authorized location (the “**Franchise Premises**”). The Franchise Premises will be designated in Exhibit 1. Franchisor may adjust the initial term of this Agreement to match the initial term of your lease for the Franchise Premises at Franchisor’s

discretion.

1.1.1 No Exclusive 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. Also, we may purchase or be purchased by, or merge or combine with, competing businesses, wherever located.

1.1.2 Marketing and Providing Services. You must advertise and promote your Franchise within your market area. We reserve the right to designate specific boundaries for your market area for such purposes, in which case you must not place advertisements using our Marks in or originating from any area other than the designated market area.

You shall offer and sell authorized products and services from the Franchise Premises. With our prior written approval, you may also provide the following services: (1) catering; (2) delivery (using approved third-party delivery services); and (3) kiosk operations at fairs and other approved events. We reserve the right to designate specific boundaries for your market area for such purposes.

You may not use alternative distribution channels to make sales, except as otherwise allowed by us in the Operations Manual. Without limitation, this prohibition applies to e-commerce sales of products or services.

All internet marketing is part of our marketing programs described in the Operations Manual and defined in the Franchise Agreement, and must be coordinated through us and approved by us.

1.1.3 Additional Locations. You may not establish or operate any other Boba Arena establishment without executing a separate Franchise Agreement for that operation. Among other things, we may require as a condition to our approval of your purchase of an additional franchise that you sign a general release in a form we prescribe, following applicable law, to release us from any claims you may have against us.

1.1.4 Co-Branding. Some Boba Arena franchises may be placed at a location where another, separate business is operated under another business name. If the Franchise Premises is at that type of location, it will be deemed “co-branded” for the purposes of this Agreement. If the Franchise Premises is located in a co-branded location, the exact basis and calculation of gross revenue will follow the requirements and procedures we outline in the Operations Manual. If the Franchise Premises is in a co-branded location, you will obtain and keep, or make arrangements for us to have access to, a complete and accurate set of books and records of the operation of all businesses operated at and all business done through the co-branded location, although Gross Revenue will be limited to Boba Arena related receipts. If the Franchise Premises is located in a co-branded location, we may enter upon the Franchise Premises at reasonable times to interview co-branded partners and to inspect and copy any books, records and documents related to the co-branded location in order to verify your compliance with the terms of the Franchise Agreement. The Operations Manual may contain additional information about co-branded locations.

1.2 One Location for Franchise. You will operate the Franchise only at the Franchise Premises. If not determined when this Agreement is executed, you are responsible for selecting the site for the Franchise Premises within the Search Area defined in Exhibit 1 and in accordance with this Agreement.

1.3 **Assistance in Site Location.**

1.3.1 We may provide a list of available sites within Walmart facilities for you to evaluate. Otherwise, you are responsible for finding the location of the Franchise Premises subject to our approval. If you request assistance in selecting a site for the Franchise Premises, we may provide reasonable assistance in finding a location acceptable to you. If requested, you will pay for all reasonable out-of-pocket expenses related to any such site selection assistance, including travel and lodging expenses we incur to help you locate sites. Any on-site assistance is subject to our availability. You will bear all other site selection and lease negotiation expenses.

1.3.2 For a location within a Walmart facility, typically we (or our affiliate) will be the tenant on the master lease and will sublease the Franchise Premises to you. If this is the case for your Franchise, then you must sign our then-current form of sublease agreement.

1.3.3 It is your responsibility to investigate all applicable zoning, licensing, leasing and other requirements for any proposed site. You must ensure that the site you select complies with these requirements.

1.3.4 You acknowledge and agree that any location we select or approve, and any lease we approve, will be with the understanding that it only meets our minimum acceptable criteria based upon our general business experience. The location for the Franchise Premises must meet our minimum square footage requirements and comply with standards outlined in our Operations Manual.

1.3.5 Before you enter a lease or purchase agreement for the Franchise Premises, you will submit the lease or purchase documents to us for approval. However, you acknowledge that you are responsible for reviewing and determining the appropriateness and desirability of the lease and/or sublease. You will deliver to us a true copy of the lease and any additions or amendments to it promptly after they are executed.

1.3.6 Neither we nor any of our employees have special expertise in selecting sites. We make no guarantees or representations regarding any location you select or lease you sign. Any site recommendation or approval we make is not a representation that any particular site is available or legally appropriate for use as a franchise site. We will have no liability with respect to the selection or approval of a location or any lease for the Premises, nor liability with respect to any site recommendations we make.

1.3.7 If we cure any breach by you under the lease or sublease, the total amount of all costs and payments we incur in effecting the cure will be immediately due and owing by you to us.

1.4 **Franchise Development.**

1.4.1 You will be responsible to furnish and equip the Franchise. We will furnish to you a schedule of equipment packages for the Franchise. Any modifications you propose must be approved in writing by us. All approvals will be solely within our discretion to maintain a uniform image consistent with Boba Arena franchise system concepts.

1.4.2 You will comply with the standards and specifications we establish for design, layout, fixtures, furnishings, and equipment, among other things. Modifications or variations require our prior written consent.

1.4.3 You will comply within a time we deem reasonable with any requirement we impose to modify the layout, furnishings, fixtures, and equipment.

1.4.4 All equipment will conform to our equipment specifications. We may require reasonable changes in or additions to equipment. If we require any changes in or additions to equipment, you will modify, replace or add to your existing equipment at your sole expense.

1.4.5 You must utilize an architect designated by us to draft a full set of construction documents and required engineering for your Franchise Premises. This will ordinarily be an architect designated by Walmart if your Franchise Premises will be within a Walmart facility. You must submit construction plans and specifications to us for our review before you begin construction of your outlet, and you must submit all revised and “as built” plans and specifications to us during the course of construction. Our review is not designed to assist with compliance with local ordinances and building codes, including ADA standards and requirements, or obtaining any required permits and is limited to review of such plans to assess compliance with our design standards.

1.5 **Relocation of the Franchise.** You will not relocate the Franchise Premises without our prior written approval. Any relocation will be at your sole expense. This Agreement will govern your operations at any replacement Franchise Premises. Relocation will be subject to the following conditions:

- A. You are not in breach of this Agreement;
- B. You evidence to our satisfaction your ability to obtain and commence operations at the new location within a time we deem reasonable after you vacate the original location;
- C. You develop, furnish, and equip, at your sole expense, the new location according to our then-current specifications and standards;
- D. You pay all reasonable out-of-pocket expenses we incur because of the relocation. In this Agreement, “Franchise Premises” will include the new location;
- E. You sign a general release of claims against us; and
- F. You satisfy our then-current franchise placement and demographics criteria.

1.6 **Existence of Divergent Forms of Franchise Contracts.** You acknowledge that we have offered franchises to others in the past the terms of which may have varied materially from those set forth in this Agreement.

1.7 **Rights We Reserve.** We retain all rights not specifically granted to you under this Agreement. Without limiting the generality of the foregoing, we retain the rights to do the following (at our sole discretion and without granting any rights to you):

A. Use or license the use of the Marks or any other trademarks, service marks, logos or commercial symbols to anyone, and for any purpose, and at any location.

B. Sell products or services anywhere using the Marks or different marks through any channels of distribution. We will have no obligation to compensate you for any such sales. Without limiting the generality of the foregoing, we may place Boba Arena establishments in airport and mall food courts, stadiums, and similar limited access environments regardless of the location of other Boba Arena operations. We may place present and future Boba Arena products for sale in grocery stores and food markets at any location, regardless of the location of other Boba Arena operations. Additional examples of other channels of distribution include internet sales, telephone sales, catalogue sales, sales via online marketplaces, and sales by other means.

C. Reserve the exclusive right to use the internet to promote the Marks and to offer and sell products and services related to our Marks. You shall not independently market on the internet, conduct e-commerce, or make sales via online marketplaces except as otherwise allowed by us in the Operations Manual.

D. Locate Boba Arena company-owned and franchised locations anywhere regardless of proximity to your Franchise Premises

E. Solicit and service (and to grant to others the right to solicit and service) customers anywhere on such terms and conditions as we deem appropriate.

1.8 **Pricing.** We will be permitted, to the extent permitted by relevant law, to establish price ceilings or minimum or maximum allowable prices on the products and services you offer and sell.

2 **PAYMENT OF FEES AND OTHER FINANCIAL REQUIREMENTS**

2.1 **Initial Franchise Fee.** The “Initial Franchise Fee” is \$15,000 and is payable upon signing this Agreement. The Initial Franchise Fee is paid in consideration of our sales expenses, administrative overhead, return on investment, and start-up costs related to the execution of this Agreement and the opening of the Franchise and for our lost or deferred opportunity to sell franchises to others. The Initial Franchise Fee is deemed earned upon receipt and is non-refundable under any circumstances.

2.2 **Royalty Fee.** You will pay to us 5% of your Gross Revenue each month with a minimum fee of \$500 per month (the “Royalty Fee”). The minimum Royalty Fee is due on the first day of each calendar month and the difference between the percentage-based portion and the minimum fee is due by the 10th day of each month for the prior month. You must send us a report of your Gross Revenue (in a form we require) by the 5th day of each month for the prior month. If you do not open by the Opening Deadline (as defined in Section 4.1.1 below), then the minimum Royalty Fee will be payable on the day following the Opening Deadline. The minimum Royalty Fee will be prorated for any partial calendar month. We reserve the right to reasonably modify the due dates and method of payment for the Royalty Fee, and the due date for the Gross Revenue report, in our Operations Manual.

2.3 **Advertising Fee.** You will pay to us 1% of your total Gross Revenue each month for the preceding month as an “Advertising Fee.” If we are not charging this fee as of the Effective Date, then we reserve the right to begin charging this fee upon at least 60 days’ advance written notice to you. The precise timing and method of payment for the Advertising Fee will be as described in our Operations Manual.

2.3.1 Advertising Fees are in addition to and exclusive of any sums that you may decide to spend on local advertising and promotion. We have sole discretion over the creative ideas, materials, endorsements, media, placement, and allocation of monies related to use of the Advertising Fee.

2.3.2 You recognize the value of advertising and the importance of the standardization of advertising and promotion to the furtherance of the goodwill and the public image of the Boba Arena system and the System. We may use all contributions and any earnings from the Advertising Fees we receive from you in local, regional, national, internet, or international advertising for:

A. maintaining, administering, researching, directing, preparing and placing advertising and promotional activities (including, among other things, the costs

- of preparing and conducting internet pay-per-click campaigns; social media marketing; television; radio; magazine and newspaper advertising campaigns; public relations programs and press releases);
- B. marketing research and development;
- C. marketing surveys and public relations activities;
- D. development and maintenance of any internet or e-commerce programs;
- E. marketing materials;
- F. decor and promotional materials;
- G. artwork;
- H. advertising services;
- I. training related to marketing, customer service and sales augmentation;
- J. production and distribution of periodic newsletters to provide you with industry news, suggestions, and advice on franchise operations;
- K. maintaining and updating our website; and
- L. our reasonable salaries, accounting, collection, legal and other costs related to all of the above.

Our internal artwork, advertising, promotion and newsletter production costs and associated administrative costs are paid from the Advertising Fees. These will be calculated at our cost as established from time to time.

2.3.3 We will use your Advertising Fees to place advertising in geographic areas, in media, at times and using products and services we deem to be in the best interest of our franchisees and our franchise system.

2.3.4 We may spend in any fiscal year an amount greater or less than the aggregate Advertising Fees collected from all franchisees in that year, and we may apply contributions to past expenditures and carry over any surplus or deficit to future years.

2.4 **Automatic Withdrawal; Due Dates.** We shall have the right to designate the manner in which you shall make payments to us under this Agreement. We may require payments to be made by automatic account withdrawal, direct debit, or other automatic processes we specify. If we attempt a draw or other process that is returned unsatisfied for any reason, we may charge you a fee for each unsatisfied attempt (currently \$75, but subject to reasonable periodic increases).

We reserve the right to reasonably modify the due dates and method of payment for all fees we and our affiliates charge.

2.5 **Advertising Standards.**

2.5.1 **Your Obligation to Advertise Locally.** In addition to your obligation to pay Advertising Fees to us, each month you will expend in your local market at least 1% of your Gross Revenue to advertise and promote the Franchise (the “**Local Advertising Expenditure**”). You will report the nature, extent and amount of these local expenditures, in the form and at the times we require in the Operations Manual. If you do not spend your Local Advertising Expenditure within a calendar year on local advertising, you will contribute the difference between the amount expended and the amount you should have expended to our advertising fund. We reserve the right to designate specific boundaries for your market area for your local advertising and marketing, in which case you must not place advertisements using our Marks in or originating from any area other than the designated market area.

2.5.2 Approval of Your Local Advertising. We may provide to you an advertising packet with advertising templates we approve for you to use in your local advertising and promotional efforts. Otherwise, you will submit to us all advertising copy and other advertising and promotional materials, public relations programs and press releases, radio and television advertising, and specialty and novelty items, before you use them in your local advertising program. You will not use any advertising copy, public relations program, press release or other promotional material until we approve it. Your failure to conform to our provisions or requirements and subsequent non-action by us to require you to cure or remedy your failures and defaults will not be deemed a waiver of future or additional failures and defaults by you under this provision or any other provision of this Agreement.

2.5.3 Our Website. We have established and will maintain a website to advertise and promote our brand. We will provide you with a listing within our website. You must give us the information and materials we request to develop, update, maintain and modify the listing. Subject to the terms of use on our website, we may gather, develop and use in any lawful manner information about any visitor to the website, including your customers, franchisees or prospective franchisees regardless of whether they were referred to you via the website or were otherwise in contact with you. We retain the right to approve any linking or other use of our website.

2.5.4 Your Online Activities.

A. You shall not acquire an independent internet domain name or website that includes our Marks or promotes your franchise. You shall not sell products online via e-commerce.

B. Your use of social media and other online mediums using our brand or promoting your franchise must be in strict compliance with our standards as outlined in our Operations Manual. We reserve the right to require you to get our prior approval of proposed venues and content for social media and other online mediums. We reserve the right to restrict or completely prohibit your use of social media and other online mediums using our brand or promoting your franchise.

C. Any domain name, site, address, account, and other online platform or presence you create or use in connection with your Franchise will be at your expense, but we will be deemed to own the rights to them. Upon termination or expiration of this Agreement for any reason, at our discretion, you must take all action, and sign all documents, necessary to transfer all ownership rights and control of all such domain names, sites, addresses, accounts, and other online presence to us. This clause does not grant you the right to acquire or use domains, sites, accounts, etc. contrary to our standards. See Sections 2.5.4.A and B above.

D. At your sole expense, you will maintain and update as needed all computer systems and services necessary to access the internet and any intranet or similar communication system we establish in the manner we require. You are required to have high-speed internet service to your business where you will be able to access downloads from us of advertising materials, operations manual revisions, training materials, and system news, and other communications.

2.5.5 Internal Communications Systems. You must use any intranet or other online communications systems we establish or designate. You must use such system(s) in the manner we require. You understand and agree that we may elect to provide certain assistance, deliver information and materials, or otherwise communicate with you via such system(s).

2.5.6 Trademark and Copyright Notices. You will use the Marks in strict conformity to the Operations Manual, and will include in any advertisement, or promotional materials which use the Marks,

trademark notices as are required by the Operations Manual. All copyrighted materials we supply to you or otherwise used by you in connection with the Franchise will contain copyright notices as required by the Operations Manual.

2.5.7 Establishment of Regional Advertising Programs. At any time, we will have the right to create or modify advertising regions for the purpose of establishing regional advertising, marketing and promotional programs. We will promptly notify you and our other franchisees, of the establishment, modification and geographical boundaries of regional advertising regions. We may require all franchisees located within each geographic region to meet periodically for the purpose of creating and establishing regional advertising programs. Each franchise unit, and each unit we own and operate, will be entitled to one vote at these meetings. For the purpose of this subsection, each unit we own will be deemed to be a franchise.

If at any meeting of the franchisees in an advertising region, 75% of the franchisees vote to contribute to a regional advertising program, all franchisees within that region will be obligated to make a contribution to a regional advertising fund in the amount established by the vote (the “**Regional Advertising Fund**”). No advertising region may require any franchisee in that region to make a contribution to a Regional Advertising Fund in excess of 1% of that franchisee’s Gross Revenue.

Each Regional Advertising Fund will be administered pursuant to standards and procedures outlined in the Operations Manual by representatives elected by each region, at a meeting we call for this purpose.

2.5.8 Limited-Time Offers. In national or regional advertising programs, we may include “suggested retail prices” or offer price-specific limited-time offers for the goods or services sold by you and our other franchisees. We will include within all such advertising the phrase “available at participating locations only” or other cautionary language to advise the consumer that the prices may not be adhered to by all our franchisees.

2.5.9 Discount Programs. We may develop and market special discount or free coupon programs. You will have the right, but not the obligation, to participate in these programs. We will notify you of the creation and provisions of a discount or coupon program. Within five days after receipt of the notice, you will advise us whether or not you wish to participate in that program. If you notify us that you wish to participate, you will adhere to all provisions of the program. If you elect to be excluded from a program, we will have the right to advise consumers, by advertising, sales solicitation or otherwise, that you are not a participant. You will not be entitled to the benefits of that program. We will establish the discount or coupon programs in our sole discretion, and will not have any obligation to consult or confer with you or any other of our franchisees with respect to the nature, content or amount of any discount or coupon established pursuant to any program. Except as otherwise required by law, any discount or coupon programs or other promotions you desire to offer will be subject to our prior written approval (which we may withhold at our discretion).

2.6 “Gross Revenue” Defined. “Gross Revenue” means all receipts generated by the Franchise from any source, including sales, exchanges, services, any other type of remuneration, gift, barter of products or services, charity, payment in kind, sales from delivery services (including direct delivery and delivery via third-party delivery services, *without* deducting third-party delivery service fees), or any other benefit or value that is received or deferred to be received, and excludes discounts, refunds, and sales taxes. Credit transactions will be included in Gross Revenue as of the date of the transaction without deduction for uncollected credit accounts. The proceeds from any business interruption insurance you receive for lost revenue will be included in Gross Revenue.

2.7 You Will Pay Taxes and Indebtedness.

2.7.1 You will pay all taxes, assessments, liens, encumbrances, accounts, and other debts, regardless of their nature, assessed against you, the Franchise Premises, or inventory, materials, fixtures, and equipment used in the Franchise. Payment will be made when due and before delinquent except when being contested in good faith by appropriate proceedings. If we are charged with any tax by the authorized taxing authority of any state or political subdivision, including taxes on sales made to or licenses granted to you, or sales made by you, you will pay these taxes. You will pay to us promptly and when due the amount of all sales taxes, personal property taxes and similar taxes imposed upon, required to be collected, or on account of collection by us of the Initial Franchise Fee, the Royalty Fee, or any other payments you make to us pursuant to this Agreement.

2.7.2 You acknowledge that one of the benefits accruing to you and all of our other franchisees is the economy of mass purchasing power made available through us. Your failure to pay or repeated delay in making prompt payment in accordance with the terms of the invoice or statements rendered to you for payments due, or misdirection of supplies or other abuses will result in a loss of credit standing and goodwill and a loss of benefits derived to us and other franchisees using the System. You expressly agree to promptly make all product purchase payments on invoices and statements rendered to you in accordance with the terms of the invoices and statements and to make timely remittances of rent as required on your lease.

2.8 Set-Offs and Late Charges.

2.8.1 You will not set off any claim for damages or money due to you from us against any payments to be paid by you to us under this Agreement or any related agreement between the parties. No endorsement or statement on any check or payment of any sum less than the full sum due from you to us will be construed as an acknowledgment of payment in full or as an accord and satisfaction. We will have the right to accept any check or payment without prejudice to our rights to recover the balance due or to pursue any other remedy available to us.

2.8.2 A late charge will be added to any sums to be paid under this Agreement that remain unpaid after the date due. The late charge will equal 1.5% per month. In addition, late payments will be subject to a late payment penalty of 5% of the amount due. These late charges and late payment penalties will not exceed any limits placed upon late charges and late payment penalties by applicable local laws.

Our acceptance of late charges will not constitute a waiver of the breach created by your non-payment of any amount when due. Notwithstanding the payment of any late charges, we may exercise any rights or remedies granted by this Agreement upon your breach or any rights or remedies otherwise granted by law.

Nothing contained in this Agreement obligates us to accept any payments after due or to commit to extend credit to or otherwise finance your operation of the Franchise. You acknowledge that failure to pay all amounts when due will constitute grounds for termination of this Agreement.

2.8.3 Upon your failure to pay us as and when due, we may, at our election, deduct the unpaid sums from any monies or credit we hold for your account. You agree that you will not withhold payment of any amounts due to us on the grounds of any alleged non-performance by us, or in the event of any dispute or a claim by you, or for any other reason whatsoever.

2.9 **Records and Reports.**

2.9.1 You will keep a complete and accurate set of books and records of the operation of the Franchise, produce monthly financial statements in accordance with generally accepted accounting principles and practices for each calendar month and furnish copies of these statements to us within 30 days after the end of each quarter (or more frequently upon our request).

2.9.2 You will furnish to us as outlined in the Operations Manual, an itemized report of the Gross Revenue for the prior month. This report must be certified by you to be true and correct. The report will be in the form and will include such supporting documentation as we may reasonably demand.

2.9.3 You will keep records of all business done and Revenue received through the Franchise. These records will include, but are not limited to, order sheets, sales and rental agreement forms, daily sales summaries, tax returns, financial statements, and invoices. You will date, file in consecutive order, retain for a period of five years, and make available to us for inspection and audit all of your records. Without limiting the foregoing, you must send us copies of your tax returns and any other records upon our written request.

2.9.4 Our right to inspect will include the right to examine your books, tax returns and records of other businesses owned, in whole or in part, or operated by you to determine whether all revenue to be reported by you has been properly reported and that appropriate fees and contributions have been paid. We may establish a uniform list of accounts and a uniform bookkeeping system for all of our franchisees. You agree to maintain your books and records in the manner we require.

2.9.5 You will submit to us a list of all shareholders, members, partners or other owners of the franchise business and the respective interests held by each as of the end of each fiscal year. Provided, however, if your shares are publicly traded, the list of shareholders required will include only those owning 5% or more of the shares outstanding. The required report will be submitted to us within 90 days after the end of your fiscal year.

2.9.6 If Franchisee fails, for any reason, to timely deliver to Franchisor any required report with all required information, Franchisor is authorized, without further notice, to assess Royalty Fees and Advertising Fees for each relevant period and effect an electronic funds or other transfer of such funds calculated as Franchisee's average monthly Royalty Fees and Advertising Fees over the prior twelve months (or shorter period if Franchisee has been in operation for less than 12 months). Franchisee hereby authorizes Franchisee's bank to make such transfers upon Franchisor's request. No action taken under this sub-paragraph shall constitute a cure of any breach by Franchisee, an election of remedies by Franchisor or act, in any way, to limit Franchisee's liability to pay fees under this Agreement.

2.10 **Audits.** We may audit your reports, books, statements, business records, cash control devices, bank and credit card accounts, and tax returns at any time during normal business hours. Audits will be conducted at our expense unless you understate the Gross Revenue for any reported period or periods by more than 2% or unless you fail to deliver any required report of Gross Revenue or any required financial statement in a timely manner. In the event of an understatement or failure to deliver, you will reimburse us for all audit costs. These will include, among other things, the charges of any independent accountant and the travel expenses, room, board, and compensation of our employees incurred in connection with the audit. You will immediately pay all Royalty Fees, Advertising Fees, all other fees and late payment charges that the audit determines are owed. These payments will not prejudice any other remedies we may have under this Agreement or by law. Our right to audit will include the right to examine the books, tax returns and records of other businesses that you own or operate, in whole or in part, to determine whether all revenue to be reported by you has been properly reported and

that appropriate fees and contributions have been paid.

2.11 **You are to Pay all Franchise Costs.** All the costs of the Franchise, including opening and operating costs, will be your sole obligation. We will have no other costs, liability or expense whatsoever with respect to your opening and operation of the Franchise. You will not use or employ the Marks in performing any activity or incurring any obligation or indebtedness in a manner that could result in making us liable for them.

2.12 **Technology Fee.** We reserve the right to charge a recurring Technology Fee at reasonable amounts for software and other technology products and/or services we may provide or require. We will give you advance written notice (email will be sufficient) before charging this fee. If instituted, we anticipate that this fee will be charged monthly, but we may choose a different payment frequency.

2.13 **Application of Payments.** We have the right, in our sole discretion, to apply any payment from you to any past due indebtedness you owe to us or our affiliates, whether from monthly fee payments, purchases, late payment charges, or for any other reason. This section will apply regardless of how you designate a particular payment is to be applied.

2.14 **Gift Cards and Loyalty Cards.** Franchisee shall sell or otherwise issue gift cards or certificates (together “**Gift Cards**”) and loyalty cards (“**Loyalty Cards**”) that have been prepared utilizing the standard form of Gift Card and Loyalty Card provided or designated by Franchisor, and only in the manner specified by Franchisor in the Operations Manual. We may choose to restrict the use of Gift Cards and Loyalty Cards you issue only at locations you own and operate.

3 **TRAINING**

3.1 **Mandatory Initial Training.**

3.1.1 We will provide a mandatory initial training course for you and the Franchise manager you choose (if applicable) at one or our affiliated-owned outlets or another location we choose. We reserve the right to provide some or all of the training via webcast, pre-recorded videos, or other technology. This training course will cover various aspects of the operation of the Franchise, which may include topics such as financial controls, marketing techniques, service methods, and maintenance of quality standards. We will have no obligation to provide franchise training to you at our expense except for the first Franchise you open.

3.1.2 You and your manager (if applicable) must complete the course at least two weeks before opening the Franchise for business. You must ask us to schedule a training session for you or the manager at least 30 days before the session is to start. Training is scheduled and held on an “as needed” basis depending on the number of franchisees requesting training in a particular time frame and our training personnel’s availability.

3.1.3 You must complete this mandatory training program to our exclusive satisfaction or we may terminate this Agreement. You are encouraged to participate in the training before incurring any costs or expenses related to the planned opening of the Franchise. We will not be liable for any costs or expenses you incur if we terminate this Agreement because you fail to satisfactorily complete the mandatory training course.

3.1.4 You will pay the transportation, board and lodging expenses you and your manager incur related to this training. Training and training materials may be delivered in the formats or media we

choose (which may include digital and online media). You will participate in and pay for the costs of training, including costs of computer equipment and internet services needed to participate.

3.1.5 We may at any time during initial training inform you that an individual attending training on your behalf is not suitable due to criminal activities, disruptive behavior or other reasons. Upon that notice, our obligations to train that individual will be deemed to have been discharged.

3.1.6 If the Franchise is managed by any persons other than you, you will notify us of these managers. Each manager you hire must complete the mandatory training program before assuming management duties (this training program will be conducted by us or by you in accordance with our specifications, at our discretion). You will bear all costs of the training, including a reasonable training fee at our then-current rates. Each of your employees will complete a training program under the direction of you or your designated manager who has successfully completed our mandatory training course. At all times, your franchise must be operated and supervised by an individual who has completed our mandatory initial training program.

3.2 **Additional Training.**

3.2.1 Requested By You. At your option and upon not less than 30 days' prior written notice to us, you may receive additional training at our training center or at other agreed upon locations (subject to our availability). The timing and duration for this training is negotiable and depends upon your needs and our availability. All expenses of this training will be borne by you, including your transportation, lodging, meals, compensation, and our reasonable costs and expenses including a reasonable training fee at our then-current rates. You will not receive any compensation for services rendered by the trainee during this or any other training.

3.2.2 Required or Offered by Us. We may provide refresher training programs or seminars and may require that you or your managers attend and complete them to our satisfaction. These programs and seminars will be held at locations we designate. We may charge a reasonable training fee at our then-current rates. You will be responsible for your transportation, meals and lodging, and wages for your employees.

3.2.3 Additional Training Required by Franchisor Based on Franchisee's Deficiency. We may require you to participate in additional training if you breach this Agreement, fail to pass or achieve a reasonable minimum score (as franchisor may determine) from a health or food safety inspection by a government agency, or fail to meet our standards and specifications in the opening or operation of your Franchise as we determine at our discretion. This training will typically be held at our headquarters or your location at our discretion. We will charge a reasonable training fee at our then-current rates. You will be responsible for your and our transportation, meals and lodging, and wages for your employees.

3.2.4 Optional Opening Assistance. We may make available to you optional onsite opening assistance at your Franchise Premises in connection with the opening of your Franchise. You will pay our then-current fees for additional training and our out-of-pocket costs for travel, meals, and lodging.

3.2.5 Who Will Provide Training. We may provide training through our staff and/or one or more designees or third-party service providers, which may include, for example, qualified franchisees, master franchisees, and/or representatives of our approved suppliers.

4 COMMENCEMENT OF OPERATIONS

4.1 Opening Deadline.

4.1.1 You must commence full and continuous operation of the Franchise within four months of the Effective Date (the “**Opening Deadline**”).

4.1.2 Before commencing operations, you must (1) complete to our exclusive satisfaction the mandatory training program described above; (2) have your initial manager (if applicable) complete the training program; (3) find a site for the Franchise Premises acceptable to you and approved by us; (4) procure all necessary licenses, permits and improvements and purchase initial equipment, supplies and inventory (as applicable); and (5) get our written consent to open.

4.1.3 If you do not open by the Opening Deadline, then we may terminate this Agreement.

5 FRANCHISE STANDARDS OF OPERATION

5.1 Operations Manual.

5.1.1 Operations Manual. The development of the System is an important and beneficial aspect of the relationship you want to have with us. We agree to lend to you a copy of the Operations Manual (the “**Operations Manual**”) once you have paid to us the Initial Franchise Fee, in full. In general, the Operations Manual is intended to establish standards and recommendations for outcomes to protect our systems and brand while giving you the flexibility, as an independent contractor franchisee, to determine the means to accomplish such outcomes. You are responsible for the day-to-day operation of your Franchise.

The Operations Manual describes the System, which may include specifications, standards, operating procedures, accounting and bookkeeping methods, marketing ideas, equipment requirements and control techniques, plans, specifications, and requirements, public relations guidelines and other rules that we may prescribe periodically and identify as part of the Operations Manual.

5.1.2 Formats of Operations Manual. The Operations Manual includes materials in whatever form (including electronic) we provide to you that describe the guidelines, advice, and requirements regarding the operation of your franchise, including user manuals and related instruction materials. It includes amendments, supplements, and new documents made and identified by us as part of the Operations Manual. The Operations Manual may be delivered to you by hard paper copy; digital copy; videos; or by any other medium we choose at our discretion.

5.1.3 Confidentiality of Operations Manual. The Operations Manual is and will remain confidential and our exclusive property. You will not disclose, copy or duplicate any part of the Operations Manual for any reason. You agree to return to us the Operations Manual and any updated or amended pages immediately upon written demand. Nothing in this Agreement may be construed as an incorporation of the terms of the Operations Manual or as making the Operations Manual part of this Agreement. The Operations Manual, in part, may consist of confidential:

- A. manual or manuals;
 - B. any Intranet or password protected portion of an internet site;
 - C. any other embodiment of the System, including notices of new standards and procedures;
- and

D. any amendments, supplements, derivative works, and replacements.

5.1.4 Amending Operations Manual. We may amend the Operations Manual, including changes which may affect minimum requirements for your franchise operations. At all times you will ensure that your copy of the Operations Manual and any other manuals given to you are kept current and up to date with the amendments and updates we provide to you. In the event of any dispute as to the contents of the Operations Manual, the terms of our master copies maintained at our principal place of business will be controlling.

You will strictly adhere to the requirements of the Operations Manual as we amend it periodically. You will implement immediately all changes at your cost, unless we otherwise specify. We may reasonably restrict you from producing, stocking, and selling certain services and goods as may be specified in the Operations Manual.

5.1.5 Forms and Templates and Your Compliance with Laws. To the extent we provide you forms and templates for you to use in the operation of your Franchise (in the Operations Manual or otherwise), such forms and templates are provided as samples only (unless expressly stated otherwise in this Agreement or the Operations Manual). It is solely your responsibility to ensure that all forms, templates, handbooks, documents and agreements you use in the operation of your Franchise are appropriate for their intended purposes and comply with all applicable laws. It is your responsibility to consult with your own independent lawyer and other professional advisors for more information. This is especially important with respect to employment-related matters. For example, it is your responsibility to develop an employee handbook for use with your employees with the assistance of an employment lawyer or other human resources professional of your own choosing. We shall not be responsible or liable for your use of forms and templates we provide to you. The indemnities described in Section 8.1 shall include Claims related to or arising from your use of such forms or templates.

5.2 Standards to Be Maintained. You will follow the System and maintain standards of product and service that we prescribe.

5.2.1 You will operate the Franchise in a clean, orderly, and respectable manner in strict compliance with this Agreement and the Operations Manual. You will only use signs, equipment, materials, products, inventory, and services that conform to our specifications to conduct the franchise.

5.2.2 If you maintain any signs at the Franchise Premises, these signs must comply with local sign ordinances, regulations and laws and must be approved by us.

5.2.3 We may enter the Franchise Premises at reasonable times to verify your compliance with the terms of this Agreement. Without limitation, we may do the following:

- A. Inspect the Franchise;
- B. Observe your operation of the franchise business for any consecutive or intermittent periods we deem necessary;
- C. Select items, products and other materials, services, equipment, operations and supplies for test of content and evaluation purposes to make certain that they are satisfactory and meet our quality control provisions and performance standards;
- D. Interview your personnel, customers, and vendors; and
- E. Inspect and copy any books, records and documents related to the operation of the franchise and any other franchise information we may require.
- F. Use mystery shopper evaluators at your Franchise Premises.

If any inspection of your Franchised Premises by us or our designee indicates any deficiency or unsatisfactory condition at the Franchised Premises, then we may notify you in writing of the deficiencies and you must promptly correct, remedy or repair such deficiency or unsatisfactory condition. In addition, if any inspection indicates any deficiency or unsatisfactory condition that requires a re-inspection of the Franchised Premises, you shall pay us, upon demand, our then-current re-inspection fee for each re-inspection of the Franchised Premises. In addition, you will reimburse us for our out-of-pocket expenses for the re-inspection, including for transportation costs, food, lodging and similar expenses.

In addition, you must participate in any quality control programs we establish for the benefit of the franchise system, such as mystery shopper evaluators. You shall pay the portion we allocate to your franchise of the actual costs incurred by us or third-party mystery shopper evaluators. Such payments will be made directly to us or to the third-party mystery shopper program provider as we designate.

You and anyone acting as your agent will cooperate fully with us and our agents in connection with these inspections, observations, and interviews. You expressly waive any rights of privacy or confidentiality you have with your personnel, customers, and vendors in reference to these inspections, observations and interviews. Despite the foregoing, our reviews and inspections of your operations do not replace your duty to supervise your own business operations and workers.

5.2.4 You will comply with all applicable ordinances, regulations, bylaws, laws, and statutes. You will not permit unlawful activities in the Franchise and will not sell, exchange, offer, hold, show, rent, or permit to be sold, exchanged, offered, held, shown, or rented any material or service you know or reasonably suspect to have been obtained in violation of law or to be otherwise illegal.

5.2.5 You will secure and maintain in force all required licenses, permits and certificates relating to the operation of the Franchise and will operate the Franchise in full compliance with all applicable ordinances and regulations, including all government laws and regulations relating to occupational hazards and health, EEOC laws, Americans with Disabilities Act, copyright laws protecting owners of artistic works, consumer protection, trade regulations, workers compensation, unemployment insurance and withholding, and payment of federal and state income taxes, social security taxes and sales, use and property taxes. You will furnish to us within 120 days after the receipt of equipment, a copy of a receipt for the payment of all use taxes, personal property taxes, and like taxes or assessments.

5.2.6 You will comply with the following additional standards:

- A. You will not offer, sell or dispense any products or services or activities other than those we specifically recognize and approve in writing.
- B. You, at your expense, will maintain the Franchise and equipment and furnishings in good repair, attractive appearance, and sound operating condition in compliance with the Operations Manual. At our reasonable request, you will refurbish, remodel, and replace the Franchise Premises, fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards. You will commence all repairs and changes within a reasonable time after notice from us, and you will proceed with due diligence until completion. You will complete all such upgrades and changes at your sole expense. If you do not maintain the Franchise as required, after notice to you, we at our option, may make the necessary maintenance and repairs and charge the cost to you. If we make or direct the making of repairs, we will not incur any liability to you, including liability for interruption of your business during the course of making the maintenance and repairs.

- C. You will keep your Franchise open for business every day of the year, except as outlined in our Operations Manual, or as we designate or approve in writing, or as otherwise mandated by government order or applicable law.
- D. You must use your best efforts to promote the Franchise.
- E. You must maintain sufficient staff to fulfill your obligations under this Agreement.

5.2.7 We may, at our sole discretion, contract with a third party to conduct sanitation and food safety audits of your Franchise Premises and franchise operations periodically throughout the term of this Agreement. You will reimburse us for our actual costs of such audits upon demand.

5.3 **Our Intellectual Property.**

5.3.1 You agree that the Marks, Operations Manual, System, and other intellectual property are our sole and exclusive property. Except for the Franchise granted to you by this Agreement, nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to the Marks, Operations Manual, or System. Your license to use the Marks is non-exclusive. We, in our sole discretion, may operate under the Marks and may grant licenses to others to use the Marks on any terms and conditions we deem appropriate. In those states and nations where applicable, you agree to execute on request all documents necessary to record you as a registered user of the Marks. Except for any legally required assumed business name (*aka* doing business as or fictitious business name) filings, you shall not apply to register the Marks with any governing body. You will not use the Marks as part of any electronic mail address or in any electronic mail message except in accordance with the Operations Manual and only for purposes of the franchise.

5.3.2 You will immediately notify us of any infringement of, or challenge to, your use of the Marks or any marks identical to or confusingly similar to the Marks (or any of our other intellectual property), including any claims of infringement or unfair competition. While we anticipate making reasonable efforts to protect your rights to use the Marks (and other intellectual property), we will have sole discretion to take or not to take action, as we deem appropriate. We will not be required to participate in your defense or indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving the Marks (or other intellectual property) or if the proceeding is resolved unfavorably to you. If we undertake the defense or prosecution of any litigation or administrative action involving you, the Marks, other intellectual property, or the System, you agree to execute any and all documents and to do all acts and things that in the opinion of our counsel are necessary or advisable to carry out the defense or prosecution. This may be done either in our name or in your name, as we will elect.

5.3.3 You will modify or discontinue use of any franchise names or Marks (or other intellectual property), or will use one or more substitute names or marks (or other intellectual property), if we so direct in writing at any time at your sole expense. Under no circumstances will we be liable to you for any damages, costs, losses, rights, or detriments related to any modification, discontinuance, or substitution. All obligations or requirements imposed upon you relating to the Marks (or other intellectual property) will apply with equal force to any modified or substituted names or marks (or other intellectual property).

5.3.4 You will not contest, directly or indirectly: our ownership, title, right, or interest in the Marks, the Operations Manual, other intellectual property, or the System; or our exclusive right to register, use, or license others to use the Marks, Operations Manual, other intellectual property, and System. You will not advertise or use the Marks without following our then-current guidelines and requirements. These may include, but will not be limited to, the placement of appropriate © or ® copyright and registration marks, or the designations TM or SM, where applicable.

5.3.5 Any and all goodwill associated with the Marks (or our other intellectual property), including any goodwill that might be deemed to have arisen through your activities, will accrue directly and exclusively to our benefit, except as otherwise provided by applicable law. You appoint us as your agent and attorney-in-fact to amend or cancel any registered user or business name filings obtained by you or on your behalf that involve or pertain to the Marks.

5.3.6 You will not use the Marks on products or services that come from any source other than us or sources we approve in writing except for products you prepare or produce pursuant to the Operations Manual and the System.

5.3.7 We make no representation or warranty, express or implied, as to the use, exclusive ownership, validity or enforceability of the Marks or our other intellectual property.

5.3.8 We and you will use reasonable best efforts to continuously improve the products, processes and services used in the System and to develop new products, processes and services for use as part of the System. All the improvements, inventions and developments you make, develop or create for use in the System will be our property (or that of our parent or an affiliate) and we alone (or our parent or an affiliate) will hold any patent, trademark registration or other form of protection for those improvements, inventions, developments, processes, methods and practices.

5.3.9 Your use of the Marks shall constitute active use by Franchisor or its relevant affiliates for purposes of common law use and use required for trademark registrations by Franchisor or its relevant affiliates.

5.4 **You Will Not Use Names or Marks in Combination.** Except as provided in this Agreement, you will not use or give others permission to use the Marks, or any colorable imitation of them, combined with any other words or phrases. You and your owners, officers, and agents will not form or participate in the formation of any company, firm, corporation, or other entity having a name containing the words of the Marks. You may not combine or associate any name or symbol of the Marks with any other name or word in any advertisement or sign. The Marks must be used in exact conformity with specifications we set in the Operations Manual.

5.5 **Marks, Operations Manual, and System May Be Changed.**

5.5.1 You acknowledge that the Marks, Operations Manual, and System, including any future amendments or modifications to them, have substantial value, and that the conditions, restrictions, covenants not to compete, and other limitations imposed by this Agreement are necessary, equitable, and reasonable for the general benefit of you, us, and others enjoying any lawful economic interest in the Marks, Operations Manual, and System.

5.5.2 We may change or modify any part of the Marks, Operations Manual, or System periodically at our sole discretion. You will accept, use, and protect, for the purposes of this Agreement, all changes and modifications as if they were a part of the Marks, Operations Manual, and System at the time this Agreement is executed. You will bear all costs and expenses which may be reasonably necessary as a result of such changes or modifications. Under no circumstances will we be liable to you for any damages, costs, losses, or detriments related to of these changes or modifications.

5.5.3 Complete and detailed uniformity of the Marks, Operations Manual, and System under the varying conditions to be experienced by our franchisees may not be possible or practicable. Therefore

we reserve the right, at our discretion, to accommodate your special needs, or those of any other of our franchisees. These needs may result from the peculiarities of a particular site or location, density of population, business potential, populations of trade area, existing business practices, requirements of local law or local customers, landlord requirements, or any other condition which we deem to be important to the successful operation of the franchisee's business. We may allow certain franchisees to depart from normal system standards and routines to experiment with or test new products, equipment, designs, and procedures. In no event will any variance or testing be deemed a waiver of any of our rights, or an excuse for you to not perform any of your duties under this Agreement. We may require you at any time to commence full compliance with the Operations Manual and the System. We will not be required to grant any variance to you under any circumstances. You will not require us to disclose or grant to you a like or similar variation.

5.6 Confidential Information.

5.6.1 You specifically acknowledge that we will provide to you valuable information regarding our System for the operation of your Franchise, which may include information regarding our operational, sales, promotional and marketing methods and techniques, operating procedures, recipes and/or formulae, processes, practices, lists of suppliers, customer lists, manuals, communications methods, accounting and reporting methods, use of proprietary software, marketing and sales techniques and strategies (“**Confidential Information**”). Any and all information, knowledge and know how, not generally known about the System will be deemed Confidential Information.

5.6.2 You acknowledge that unauthorized disclosure or use of our Confidential Information would harm our goodwill associated with our Marks and System, and would harm our other franchisees. Unless the Franchisor otherwise agrees in writing, during the term of this Agreement and forever after its expiration, transfer or termination, you will not use or disclose any Confidential Information except as required for the establishment and operation of your Franchise as authorized by us.

5.6.3 Confidential Information loses that status if: (1) You can demonstrate that such information has become generally known or easily accessible other than by your breach of this Agreement; or (2) You are legally compelled to disclose such information in judicial or administrative proceedings, provided you have notified the Franchisor prior to disclosure and shall have used your best efforts to obtain and shall have afforded the Franchisor the opportunity to obtain an appropriate protective order or other assurance satisfactory to the Franchisor of confidential treatment for the information required to be so disclosed.

5.6.4 You acknowledge and agree that our System and Confidential Information are and shall continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement or any other agreement will give you or others any right, title, or interest whatsoever in or to them. Our Confidential Information shall be considered our trade secrets and shall be entitled to all protections provided by applicable law to trade secrets.

5.6.5 You agree to hold our Confidential Information in the strictest confidence. You agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure. You agree to fully and strictly adhere to all security procedures we prescribe for maintaining the confidentiality of the information.

5.6.6 You will not reverse engineer, decompile, disassemble, or otherwise attempt to discover the components of any items embodying the System, our Confidential Information, our proprietary software (if any), or any of our other intellectual property, or permit or induce the foregoing. Without

limiting the generality of the foregoing, Franchisee will not attempt to decode or decrypt, or derive the source code, techniques, processes, algorithms, know-how or other information from the proprietary software (if any).

5.6.7 The Operations Manual may contain guidelines to protect Confidential Information and trade secrets, including limited access to the information on a need to know basis, locking of offices and computer files, placement of appropriate legends on materials, limited access for copying and scanning, pass-word protection, and encryption. You will conduct periodic meetings with your managers and employees to instruct them on their responsibilities to maintain the confidentiality of our information.

5.6.8 If Franchisee is a business entity, all of Franchisee's owners shall either sign this Agreement directly or sign a Confidentiality and Non-Competition Agreement in the form we specify.

5.6.9 You shall require all of your officers, directors, beneficiaries, independent contractors, agents, representatives, and employees - who may obtain or who are likely to obtain knowledge concerning our Confidential Information and who do not directly sign this Agreement - to sign confidentiality and non-disclosure agreements with provisions similar to those provided in this Agreement (and a non-competition agreements with provisions similar to those provided in this Agreement to the extent permitted by applicable law). We may provide a sample form of agreement for your use, but it is solely your responsibility to ensure that such agreement complies with applicable law in your jurisdiction. We must be described as a third-party beneficiary on such agreements so that we may enforce such agreements (unless we specify otherwise).

5.6.10 If you become aware of any actual or threatened unauthorized use or disclosure of our Confidential Information, then you will promptly and fully advise us in writing of all related facts known to you. You will cooperate with us in all ways we reasonably request to prevent or stop any such unauthorized use or disclosure.

5.6.11 We may disclose financial performance information regarding your Franchise operations in our franchise disclosure documents, with prospective purchasers of your franchise or franchise assets, and with others at our discretion. This may include, for example, information about your gross sales and ongoing expenses. You hereby consent to the disclosure of such information. You agree to provide such information to us promptly upon request.

5.7 In-Term Non-Competition Covenant.

5.7.1 In express consideration for and during the term of this Agreement, neither you nor your owners, directors, officers, successors, agents, or representatives will directly or indirectly (such as through another individual or entity or otherwise) participate as an owner, director, officer, employee, consultant, franchisor, licensor, franchisee, licensee, distributor, advisor or agent, or serve in any other capacity in any business that offers or sells boba teas, smoothies, or iced teas (including but not limited to those with tapioca, fruit flavored bobas, and jellies); flavored french fries; or related food and beverage products and services; or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System. We may waive this covenant only in writing.

5.7.2 You will ensure that you and your owners, directors, officers, successors, agents, and representatives, during the term of this Agreement and for a period of two years after expiration or termination of this Agreement do not divert or directly or indirectly attempt to divert any of our business or any of our customers to any competing establishment.

5.7.3 The provisions relating to interests in any other business will not apply to your ownership of outstanding securities of any corporation whose securities are publicly held and traded; provided that you hold these securities for investment purposes only and that your total holdings do not constitute more than 5% of the outstanding securities of the corporation.

5.8 **Participation in the Actual Operation of the Business.**

5.8.1 You will diligently, faithfully, and honestly perform your obligations pursuant to this Agreement. You will use your best efforts to develop, promote, and enhance your Franchise. You will not engage in any activity or business enterprise that conflicts with these obligations.

5.8.2 You will not be required to participate directly in the day-to-day operation of the Franchise, but it must be under your general supervision as it is ultimately your responsibility to comply with this Agreement. You may designate a manager to assume responsibility for day-to-day operations.

5.9 **Computer Systems.**

5.9.1 You must purchase and use computer hardware and software (including software as a service subscriptions and point of sale system) (collectively “**Computer Systems**”) we require from our designated or approved supplier(s) (unless we specify otherwise). If we do not designate approved or designated supplies, then your Computer Systems must comply with our minimum standards and specifications. You must comply with any separate software or other license agreement that we or our designee uses in connection with providing services to you.

5.9.2 You are required to have high-speed internet service where you will be able to access downloads from us of advertising materials, operations manual revisions, training materials and corporate news (as applicable). You must have telephone hardware and software that complies with our standards and specifications.

5.9.3 We will have full ability to access your data, Computer Systems and related information by means of direct access whether in person or by electronic means.

5.9.4 We may require reasonable changes, replacements, or additions to the Computer Systems. If we require any such changes, replacements, or additions, you must comply with such requirements within a reasonable period at your sole expense.

5.9.5 You acknowledge your understanding that Computer Systems are vulnerable in varying degrees to computer viruses, bugs, power disruptions, communication line disruptions, internet access failures, internet content failures, and attacks by hackers and other unauthorized intruders. We do not guarantee that information or communication systems that we or others supply will not be vulnerable to such issues, and it is your responsibility to protect your business from such issues. You should also take reasonable steps to verify that others with whom you communicate and do business have reasonable protection from such issues. This may include taking reasonable steps to secure your Computer Systems (including firewalls, password protection, and anti-virus systems) and to maintain backup systems.

5.10 **Working Capital Requirements.** At all times during the term of this Agreement, you must maintain and employ as much working capital as may be required to enable you to properly and fully perform all your duties, obligations, and responsibilities.

5.11 **Notice of Court Action.** You will notify us in writing within five (5) days of the commencement of any action, suit or proceeding, or of the issuance of any order, writ, injunction, award or decree of any court, agency or government instrumentality that may adversely affect your operation of or the financial condition of the Franchise.

5.12 **Products and Suppliers.**

5.12.1 You must purchase all goods and services needed for the operation of your Franchise either from us, our affiliates, one or more mandatory suppliers, our approved suppliers, or subject to our standards and specifications, as we will designate. You must purchase items that bear the Marks from us or designated suppliers. We may private label proprietary items and supplies. We retain the right to make a reasonable profit on any items, supplies and materials you buy from us or our affiliates. We may also make a reasonable profit on supplies we purchase in bulk quantities and sell to you.

5.12.2 You must sell, offer for sale, distribute or deliver only such services or products that meet the specifications and standards of quality and quantity in the Operations Manual. You must sell or offer to sell all approved items and services. You must refrain from deviating from our standards and specifications and must discontinue selling or offering for sale any such items as we may, at our discretion, disapprove in writing at any time. You will use commercially reasonable efforts and good faith to promote and sell the products and services.

We may, at our discretion, permit you to make minor adjustments to the menu for geographical consumer preferences. Such changes are subject to our prior written approval.

5.12.3 We may require you to use approved suppliers, or we may designate a single source of supply, for any goods or services for your Franchise. All specifications that we require of you and lists of approved and mandatory suppliers will be included in the Operations Manual. We will use our best judgment to set and modify specifications in order to maintain the integrity and quality of the franchise system.

5.12.4 EXCEPT AS EXCLUSIVELY SET FORTH IN WRITING AND SIGNED BY US OR AN AFFILIATE, WE AND OUR AFFILIATES MAKE NO EXPRESS OR IMPLIED WARRANTIES WITH RESPECT TO THE PRODUCTS AND SERVICES WE OR OUR AFFILIATES PROVIDE. ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING BUT NOT RESTRICTED TO, THE IMPLIED WARRANTY OF TITLE AND THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, ARE EXPRESSLY DISCLAIMED. UNDER NO CIRCUMSTANCES WILL OUR OR OUR AFFILIATES' LIABILITY IN CONNECTION WITH ANY PRODUCTS OR SERVICES EXCEED THE DOLLAR AMOUNT OF THE PURCHASE PRICE, LICENSE FEE, OR SUBSCRIPTION FEE PAID BY YOU FOR THE PRODUCTS OR SERVICES. IN NO EVENT WILL WE OR OUR AFFILIATES BE LIABLE TO ANY PARTY, INCLUDING BUT NOT LIMITED TO, YOU AND YOUR CUSTOMERS, FOR ANY TORT DAMAGES OR INDIRECT, SPECIAL, GENERAL, INCIDENTAL, OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOSS OF PROFITS OR ANTICIPATED PROFITS AND LOSS OF GOODWILL, ARISING IN CONNECTION WITH THE USE (OR INABILITY TO USE) THE PRODUCTS OR SERVICES FOR ANY PURPOSE WHATSOEVER, EVEN IF WE OR OUR AFFILIATES ARE AWARE OR HAVE BEEN ADVISED OF THE POSSIBILITY OF POTENTIAL LOSS OR DAMAGES.

5.12.5 Except for items and services that we require you to purchase from us, our affiliates, or our mandatory suppliers:

With advance written notice, you may request our approval to obtain products, supplies or materials from sources that we have not previously approved. We may require you to give us sufficient information, photographs, drawings, samples, and other data to allow us to determine whether the items from these other sources meet our specifications and standards. These specifications and standards will relate to quality and the suppliers' capacity and facility to supply your needs in the quantities, at the times, and with the reliability necessary for efficient operation. We may require that samples from any supplier be delivered to a designated independent testing laboratory for testing prior to approval and use. You will reimburse us for the actual cost of the tests. We will license any supplier that can meet or exceed our quality control and confidential requirements and standards, for a reasonable license fee, to produce and deliver products to you but to no other person. Our confidential manufacturing requirements, equipment, designs, and systems will be disclosed to potential suppliers only after we have received reasonable evidence that the proposed supplier is trustworthy and reputable; has the capacity to consistently adhere to our standards, requirements and testing procedures; will maintain the confidentiality of the designs and systems; and will adequately supply your reasonable needs. We may require a confidentiality and non-disclosure agreement signed by the proposed supplier prior to release of any Confidential Information. We will not unreasonably withhold approval of a supplier you propose. We will notify you in writing of the approval or disapproval of any supplier you propose within 30 days of our receipt from you of your written notice of request for approval.

5.12.6 You acknowledge that while you may propose alternate suppliers for products and services, the proposed suppliers may not qualify. You further acknowledge that our approved suppliers may be the only source of supply for products and services required in the Franchise.

5.12.7 We or our agents may inspect any proposed or approved manufacturer's, supplier's or distributor's facilities and products to ensure proper production, processing, storing, and transportation. Permission for inspection will be a condition of our continued approval of any manufacturer, supplier or distributor. Should we determine from any inspection that a manufacturer, supplier or distributor fails to meet our specifications and standards, we will give written notice describing this failure to you and to the manufacturer, supplier or distributor, together with a notice that unless the failure or deficiency is corrected within 30 days, the manufacturer, supplier or distributor will no longer be approved.

5.12.8 One of the potential benefits that may accrue to you and all our other franchisees is the economy of mass purchasing power potentially made available through us. Your failure to pay or repeated delay to make prompt payment in accordance with the terms of the invoices and statements for payments due on your purchases of any items, or your misdirection of supplies or other abuse of our approved suppliers, distributors and manufacturers, will result in a loss of credit standing and goodwill and benefits otherwise available to us and our other franchisees. You expressly agree to promptly pay all such invoices and statements in accordance with their terms.

5.12.9 We may obtain money, goods, services, or other benefits from persons and entities with whom you do business, on account of that business with you. These may include rebates, refunds, commissions, co-operative payments, or discounts.

5.12.10 There are no required quotas as to quantity of purchases you must make from us or from approved vendors. You must only have enough equipment, supplies, and inventory on hand to meet customer demand.

5.12.11 You must comply with all of the obligations and requirements imposed upon you by the manufacturers or distributors of the products.

5.12.12 If you purchase items or services from us or our affiliates, then you must make payment when you place your order. Any items or services goods sold, licensed, or leased by or through us or our affiliates to you will be sold, licensed, or leased in accordance with the terms expressly set forth in subsection 5.12.13 below or as such terms may be modified by us in the Operations Manual at any time.

5.12.13 Subject to subsection 5.12.12 above, the following terms and conditions apply to your purchase of products from us or our affiliate(s).

- A. To receive products, you must deliver to us a purchase order that specifies the products. All orders you submit are subject to acceptance at our corporate headquarters. We reserve the right to reject any order that is not credit approved or does not conform to the provisions of this Agreement. All orders accepted for delivery will be governed exclusively by the terms and conditions of this Agreement. Unless we agree in writing, no additional or different terms and conditions appearing on the face or reverse side of any order you issue will become part of that order. Our acknowledgment of your purchase order will not be acceptance of any additional or different terms and conditions.
- B. Shipments are subject to availability. Upon notice to you, we may schedule and reschedule any order, at our discretion. We may decline any order for credit reasons or because the order specifies an unreasonably large quantity or makes an unreasonable shipment request.
- C. We will use commercially reasonable efforts to meet any scheduled shipment date. However, we will not be liable for delays in meeting a scheduled shipment date for any reason. If products are scarce, we will allocate them equitably, at our discretion, among our customers.
- D. Unless otherwise agreed, the products will be shipped only to your approved facility and only after receipt of an order from you.
- E. We may refuse to ship or delay the shipment of any products on order if you become delinquent in payment of your obligations, exceed established credit lines, fail to meet our other credit or financial requirements or fail to provide financial information when we request. No cancellation, refusal or delay will terminate this Agreement.
- F. All products will be delivered to you F.O.B. origin upon transfer to a common carrier. You will pay all transportation, insurance, rigging and drayage charges.
- G. On delivery of products to carrier, title will pass to you and you will assume responsibility for promptly advising the carrier and insurer of the loss, for filing a claim and for recovery of any sums owed by them to you. Upon request, we will cooperate with you to establish a claim.
- H. You grant to us a security interest in the products and proceeds as security for your obligations under this Agreement. You agree that we may prepare and file all instruments or documents necessary to perfect any security interest, including a UCC Financing Statement. Upon request, you will execute and file such instruments or documents as needed. You acknowledge that we may file a copy of this Agreement as a financing statement for that purpose.
- I. You will comply with all of the obligations and requirements imposed upon you by the manufacturers or distributors of the products.
- J. Upon our request, you will provide to us forecasts of your projected purchases of products.

5.13 **Non-Disparagement**. You will ensure that you and your owners, directors, officers,

successors, agents, and representatives, during the term of this Agreement and thereafter, do not (1) do or perform, directly or indirectly, any act injurious or prejudicial to our goodwill associated with the Marks and/or System; or (2) disparage or defame us, our Marks, or our franchise system in any manner (orally, in writing, or otherwise).

6 RENEWAL, TERMINATION AND INTERIM MANAGEMENT

6.1 Renewal of Franchise.

6.1.1 Renewal Franchise Agreement. If you are not in breach, you may renew the Franchise for periods equal to the renewal or extension terms of your lease or sublease for the Franchise Premises. Renewal of the Franchise will be conditioned upon you signing an extension of this Agreement (in a form we prescribe) or signing a new form of franchise agreement (and exhibits), which form may vary materially from this Agreement, as Franchisor will determine. Your failure or refusal to execute the forms Franchise requires within 30 days after delivery to you may be regarded as an election by you not to renew. We will not be required to renew your Franchise after the first renewal term if we are no longer actively offering franchises.

6.1.2 Additional Conditions for Renewal. To renew, you must comply with the following additional conditions:

- A. You will exercise your renewal option by giving written notice to us. The notice must be given at least three months, but no earlier than six months, before the end of the franchise term established by this Agreement.
- B. You will pay us a \$2,500 renewal fee to help defray our time and expenses related to the renewal.
- C. You must execute a general release, in a form we prescribe, following applicable law, to release us from any claims you may have against us.
- D. Before renewal, you and your designated manager will attend and successfully complete any retraining program we prescribe in writing. This will be done at your expense, including transportation, meals, lodging, and our then-current training fee.
- E. You will refurbish, remodel, and replace the Franchise Premises, fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards.
- F. We may refuse to renew this Agreement if you fail to satisfactorily comply with this Agreement. The determination of satisfactory compliance will be within our exclusive discretion in good faith. If we refuse to renew, you must continue to perform under this Agreement until its expiration.

6.2 Continuation. You have no automatic right to continue operation of the Franchise following expiration or termination of this Agreement. If you continue to operate the Franchise with our express or implied consent following the expiration or termination of this Agreement, the continuation will be a month-to-month extension of this Agreement. This Agreement will then be terminable by either party upon 30 days' written notice. Otherwise, all provisions of this Agreement will apply while operations continue. Upon termination of this Agreement under this section, all post-termination covenants and obligations in this Agreement will apply.

6.2 Termination by Us.

6.3.1 Default with Opportunity to Cure. You agree that it will be a **default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus**

establishing good cause for termination of this Agreement and any other franchise and related agreements between the parties if you (or your owners, officers, or key employees) breach any term or provision of this Agreement and do not cure the breach (or reasonably begin to cure and diligently pursue the cure until the breach is remedied) within 30 days after receipt of our written notice to cure. Termination will occur immediately upon delivery to you of our written notice of termination for failure to cure within the allowed time frame.

6.3.2 Termination Without Opportunity to Cure. You agree that it will be a **default constituting a substantial breach of a material provision of this Agreement pursuant to relevant law, thus establishing good cause for us to immediately terminate this Agreement** and any other franchise and related agreements between the parties without other cause, and without giving you an opportunity to cure, if you (or your owners, officers, or key employees):

- A. Become insolvent, make a general assignment for the benefit of creditors, make a formal or informal proposal to creditors to restructure debts because of insolvency, have a receiver appointed to administer or take possession of any part of the franchise or your assets, admit to not being able to meet your obligations as they become due, file a voluntary petition of bankruptcy, become subject to any chapter of the United States Bankruptcy Code, or are adjudicated bankrupt or insolvent.
- B. Fail to pass the initial training program. (See Section 3.1 above).
- C. Fail to open the Franchise for business by the Opening Deadline. (See Section 4.1 above).
- D. Fail to operate the Franchise continuously and actively for five or more consecutive days or any period for which it would be reasonable under the facts and circumstances for us to conclude that you do not intend to continue the Franchise.
- E. Receive three or more notices to cure defaults during any consecutive 12-month period whether or not you cured such defaults.
- F. On three or more occasions fail to report monthly Gross Revenue on time, understate monthly Gross Revenue by more than 2%, or distort other material information.
- G. Falsify data in reports or intentionally understate Revenue or other information reported to the Franchisor.
- H. Make or have made any material misrepresentation or misstatement on the franchise application or with respect to ownership of the Franchise. If you misrepresented yourself and are a competitor of ours or a competitor of an affiliate of ours, we may keep your entire initial franchise fee, cancel training and terminate this Agreement.
- I. Allow the Franchise, Franchise Premises or franchise assets to be seized, taken over, or foreclosed by a creditor, lien holder, or lessor; let a final judgment against you to remain unsatisfied for 30 days (unless a supersedeas or other appeal bond is filed); or allow a levy of execution upon the Franchise or upon any property used in the Franchise, that is not discharged by means other than levy within five days of the levy.
- J. Are convicted of or plead guilty or no contest to a felony, or any other crime that is reasonably likely to adversely affect the System, the Franchise, or the goodwill associated with the Marks or the franchise system (as we determine at our sole discretion).
- K. Within a period of 10 days after notification of noncompliance, fail to comply with any federal, state or local law or regulation applicable to the operation of the Franchise.
- L. Fail to pay any Initial Franchise Fee, Royalty Fee, Advertising Fee or any other fees or amounts owed pursuant to this Agreement within five days after receipt of written notice that the fees or amounts are overdue.
- M. Operate the Franchise in a manner that creates an imminent danger to public health or safety.
- N. Fail to comply with any of the confidentiality, non-disclosure, non-diversion of business, or non-competition covenants of this Agreement, including but not limited to obligations

- and restrictions described in Sections 5.6 and 5.7.
- O. Attempt to transfer all or any portion of this Agreement, the Franchise Premises, substantial assets of the Franchise business, or ownership or control of you or to fractionalize any of the rights granted to you pursuant to this Agreement in violation of Section 7.1.
 - P. Deny us the right to audit your books and records, inspect the Franchise, or access your computer systems and information, as permitted under this Agreement.
 - Q. Engage in any conduct that is reasonably likely, at our sole opinion, to adversely affect the System, the Franchise, or the goodwill associated with the Marks or the franchise system.
 - R. Attempt to unilaterally repudiate this Agreement or the performance or observance of any of its terms, conditions, covenants, provisions or obligations by any conduct evidencing your intention to no longer comply with or be bound by this Agreement.

Termination under this Section 6.3.2 will be effective immediately upon delivery to you of our written notice of termination with a summary of your default.

6.3 **Time Frames Subject to Applicable Laws.** The provisions of this Agreement may state periods of notice less than those required by applicable law. They may provide for termination, cancellation, non-renewal or the like other than according to applicable law. They will be extended or modified to comply with applicable law. Also, Franchisor may reinstate or extend the term of this Agreement for the purpose of complying with applicable law by submitting a written notice to Franchisee without waiving any of Franchisor's rights under this Agreement.

6.4 **Certain Post-Termination Obligations.** Substantial damages that are difficult to determine at the date of execution of this Agreement will accrue to us if you do not comply with any of the following requirements upon expiration or termination of this Agreement. Upon expiration or termination of this Agreement, you will:

6.5.1 Immediately cease using the Marks (or any names or marks deceptively similar to them), the Operations Manual and the System.

6.5.2 Completely de-identify the Franchise Premises (unless we exercise our option to purchase the franchise under Section 6.5.7 below). De-identification will consist of removal of all signs; modification or remodeling of all identifying architectural features; repainting as necessary to no longer use the color scheme used in our franchise system; and any other steps necessary (at our reasonable discretion) to effectively distinguish the Franchise Premises from our Marks and proprietary designs, trade dress, and other intellectual property.

6.5.3 Return to us all copies of the Operations Manual. Return to us all records, files, instructions, correspondence, and materials in your possession or control related to the System. You will give us a complete and accurate summary of your advertisers, customers and leads, including their names, addresses, telephone numbers and related file records. You will assist us in every way possible to bring about a complete and effective transfer of your franchise business to us or to our designated franchisee.

6.5.4 Grant to us (at no cost to us) first option to take over your Franchise-related email addresses, telephone and facsimile numbers and any other numbers used in the franchise, websites, social media accounts, directories, and listings (subject to any necessary third party consents). You shall notify the providers of the foregoing services of the termination of your right to use the Franchise names and Marks. You appoint us as your agent and attorney-in-fact to effect the transfer of these telephone numbers

and directory listings and domain names and internet directory listings to us. You agree that we will be treated as the subscriber for the telephone numbers and directory listings. We will have full authority to instruct the applicable telephone, directory and listing companies on the use and disposition of the telephone listings and numbers. You release and indemnify these companies from any damage or loss because they follow our instructions.

6.5.5 Pay to us within seven days all Royalty Fees, Advertising Fees, and other sums you owe. These sums will include all damages, costs and expenses, including reasonable attorneys' fees and collection costs, we incur because of your breach. These sums will include all costs and expenses, including reasonable attorneys' fees, we incur in obtaining injunctive, appellate, or other relief to enforce the provisions of this Agreement.

6.5.6 Abide by all provisions of this Agreement that expressly or by reasonable implication are intended to apply after expiration or termination of this Agreement, including provisions related to non-use and non-disclosure of Confidential Information and non-competition. You will immediately return to us all of our Confidential Information you have received, including any items that embody the Confidential Information. You acknowledge that you have no continuing ownership interest in the Confidential Information.

6.5.7 At our option, do some or all of the following:

- A. Remove all Franchise-related equipment, furnishings, and inventory from the Franchise Premises.
- B. Assign to us ownership and control of any domain name, website, online presence or account you own or control related to the Franchise (without cost to us).
- C. Sell to us all (or such portion as we designate) of your Franchise-related equipment, trade fixtures, furnishings, supplies, and other personal property (collectively "**Equipment**") and inventory, free and clear of all liens, restrictions, or encumbrances. The purchase price will be fair market value for Equipment, and your invoice cost for inventory less a 10% restocking charge. We will not be liable for payment to you for intangibles, including goodwill. If we elect this option, then the parties will make good faith efforts to agree on a purchase price and payment terms within 10 days after such notice. If the parties cannot agree within the 10-day period, then fair value will be determined by appraisal as provided in Section 7.6 (entitled "Appraisals"). We will be entitled to all customary warranties and representations in connection with our asset purchase, including, without limitation, representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.
- D. Assign to us your leasehold interest in the Franchise Premises (at no additional cost to us beyond lease payment obligations from and after the date of assumption) and without our assumption of any liabilities arising before the date of assumption, and free and clear of all liens, restrictions, or encumbrances.
- E. As an alternative to D above, we may choose to require you to enter into a sublease with us for the remainder of the lease term on the same terms (including renewal options) as the prime lease.
- F. If you own the Franchise Premises, give us a reasonable and good faith opportunity to lease the Franchise Premises and to continue business operations there if we so choose. If we elect this option, then the parties will make good faith efforts to agree on fair lease terms within 10 days after such notice. If the parties cannot agree within the 10-day period, then fair terms for the lease will be determined by appraisal as provided in

Section 7.6 (entitled “Appraisals”).

- G. Assign to us such equipment leases as we may choose (at no additional cost to us beyond lease payment obligations from and after the date of assumption) and without our assumption of any liabilities arising before the date of assumption, and free and clear of all liens, restrictions, or encumbrances;

We will have the right to elect one or more of the options described in Section 6.5.7.A through 6.5.7.G by written notice to you within 30 days of expiration or termination of this Agreement. We will have the unrestricted right to assign any of the options to any designee we choose.

6.5.8 Upon termination for any reason, you will return to us all proprietary and confidential materials, including customer lists and data, keys, codes, signage, advertising and marketing materials, service agreements and other forms, printed files, security codes, and the like as may be described in the Operations Manual. If you fail to return or cease use of any of these items, we may enter your business premises without being guilty of trespass or any other tort to remove and retain the items. You will pay to us, on demand, any expenses we incur in trying to remove or collect such items or in attempting to have you cease use of them.

6.5.9 Damages and Liquidated Damages. If Franchisee terminates (or attempts to terminate) this Agreement other than as permitted by applicable law or as agreed in writing by the parties, or if Franchisor terminates this Agreement pursuant to its terms, then Franchisee shall pay to Franchisor within fifteen (15) days of such termination as liquidated damages (and not as a penalty) an amount equal to Royalty Fees and Advertising Fees Franchisee should have paid, had this Agreement not be terminated, for the number of months remaining on the term of this Agreement. Such payment will be calculated based on the average Royalty Fees, Advertising Fees, and other ongoing fees Franchisee paid (or if unpaid, payable) during the immediately preceding 12-month period (or shorter period if you will have operated for less than 12 months).

The parties hereby acknowledge and agree that the actual damages that would be incurred by Franchisor in the event of any breach or early termination of this Agreement by Franchisee would be difficult to calculate and that the liquidated damages provided for in this Agreement are fair and reasonable under the circumstances. The parties further acknowledge and agree that the liquidated damages specified in this Section are only intended to compensate Franchisor for the early termination of this Agreement and Franchisor’s loss of revenue resulting therefrom, but not for any other breach of this Agreement by Franchisee or any other damages incurred by Franchisor, and all remedies applicable thereto remain available to Franchisor.

6.6 Post-Term Non-Competition Covenant. This covenant will apply for two years after termination or expiration of this Agreement or upon a “Transfer” as defined in Section 7.1 below. In express consideration for this Agreement, you will ensure that you and your owners, LLC managers, directors, officers, successors, agents, and others occupying similar positions will not directly or indirectly (such as through another individual or entity or otherwise) participate as an owner, director, officer, employee, consultant, franchisor, licensor, franchisee, licensee, distributor, advisor or agent, or serve in any other capacity in any business that offers or sells boba teas, smoothies, or iced teas (including but not limited to those with tapioca, fruit flavored bobas, and jellies); flavored french fries; or related food and beverage products and services; or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System. This covenant applies at the former Franchise Premises, within a 20-mile radius of the former Franchise Premises, and within a 20-mile radius of any location where we operate or have granted the franchise to operate a Boba Arena business.

6.7 **Interim Management.** To protect the System, the Marks, the Confidential Information, and the goodwill associated with the same, Franchisor may (but is not obligated to) assume interim management of the Franchise for any of the following reasons: (a) after Franchisor has given Franchisee written notice that Franchisee is in default under this Agreement and during the pendency of any cure period or in lieu of immediately terminating this Agreement; (b) you are absent or incapacitated because of illness (c) your business activities are having, or are likely to have, a negative impact upon the value of our Marks, goodwill, or the franchise system (as we determine at our sole discretion); (d) we determine that significant operational problems require us to temporarily operate the Franchise; (e) while your Franchise is not being managed by a competent and trained manager after your Death or Incapacity (as defined in Section 7.3 below); or (f) after termination or expiration of your Franchise Agreement while we are deciding whether to exercise our right to assume your lease and/or purchase any or all of your assets pursuant to Section 6.5 above, or while such a purchase or assumption is pending. If Franchisor elects to assume interim management of the Franchise, then: (i) Franchisor's election will not relieve Franchisee of Franchisee's obligations under this Agreement; (ii) Franchisor will not be liable for any debts, losses, costs or expenses incurred in the operation of the Franchise during any interim management period; (iii) Franchisor will have the right to charge a reasonable fee for the management services; (iv) Franchisee hereby agrees to indemnify, defend and hold harmless Franchisor and its interim manager(s) from and against any and all claims, demands, judgments, fines, losses, liabilities, costs, amounts paid in settlement and reasonable expenses (including, but not limited to attorneys' fees) incurred in connection with the interim management of the Franchise, other than those arising solely from the gross negligence or willful misconduct of Franchisor; and (v) our operation or appointment of a manager to operate the Franchised Business will not be deemed an assignment to us of your commercial lease or sublease. We will have no responsibility for payment of any rent or other charges owing on any lease.

7 **TRANSFER**

7.1 **Transfer by You.**

7.1.1 We enter this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of you (or your owners if you are a business entity). Your rights and obligations under this Agreement are exclusive to you. Except as expressly permitted by this Agreement, you, your owners and others claiming an interest in the Franchise shall not voluntarily or involuntarily sell, transfer, assign, encumber, give, lease, or sublease, or allow any other person to conduct business in or through (collectively called "**Transfer**") the whole or any part of: (1) this Agreement; (2) the Franchise Premises; (3) substantial assets of the Franchise business; (4) ownership or control of Franchisee. Any attempted Transfer without our prior written consent will be a breach of this Agreement.

7.1.2 We need not consent to any proposed Transfer before the date the Franchise opens for business; or to a competitor of ours; or if we reasonably believe the purchase price is excessive or if we believe based upon a review of the transferee's operational and business plans that the transferee's business operations might not be beneficial on a cash flow or financial basis (because we will have a strong and vested interest in the financial viability and ongoing management abilities of the transferee).

7.1.3 You recognize that there are many subjective factors that comprise the process by which we select a suitable franchise owner. While we will exercise our discretion reasonably, our consent to a Transfer by you will remain a subjective determination and will include, but not be limited to, the following conditions. Before the effective date of a Transfer we approve:

- A. The transferee must assume your Franchise obligations. You will remain bound by all covenants in this Agreement that expressly or by reasonable implication are intended to apply after Transfer of your Franchise rights, including covenants related to non-use and non-disclosure of Confidential Information, post-term non-competition, non-use of the Marks, and similar covenants.
- B. You will pay all ascertained or liquidated debts concerning the Franchise.
- C. You may not be in breach of this Agreement or any other agreement between the parties.
- D. The transferee will pay for and complete to our exclusive satisfaction the training programs we then require of new franchisees or otherwise show to our satisfaction sufficient ability to successfully operate the Franchise.
- E. You or the transferee will pay a Transfer Fee of \$7,500 (or \$2,500 if the owners of an entity franchisee are transferring less than 20% of the ownership interest in the entity). This fee will reimburse us for our reasonable legal, accounting, credit check, and investigation expenses that result from the Transfer, as well as the mandatory training program for the transferee (as applicable).
- F. You will pay us a 10% commission on the gross Transfer price (excluding the price of real property) if we obtain the transferee for you.
- G. The transferee will execute all documents we then require of new franchisees. This includes a new franchise agreement in the form we are then using. The new franchise agreement may contain economic and general terms that are materially different from those contained in this Agreement. The term of the new agreement will be for the unexpired term of this Agreement or for a new full term as we will elect. You must ask us to provide the prospective purchaser with our current form of disclosure document required by the applicable federal or provincial/state registration and disclosure laws. We will not be liable for any representations you make apart from those contained in our disclosure document.
- H. The transferee will meet our standards for quality of character, financial capacity, and experience required of a new or renewing franchisee. You will provide information we require to prove the transferee meets our standards.
- I. If permitted by applicable law, you and your owners, LLC managers, officers, directors, and individuals occupying similar positions will execute a general release in our favor. The release will be in a form we prescribe, following applicable law, to release any claims you may have against us and our parent, subsidiaries, affiliates, owners, officers, directors, agents, representatives, and employees. This will include claims arising under federal, state and local laws, rules and ordinances arising out of, or connected with, the offer, sell and performance of this Agreement or any other agreement between the parties.
- J. If the Initial Franchise Fee has not yet been paid in full, it must be paid in full prior to the date of Transfer.
- K. If the lease or sublease for the Franchise Premise requires, the lessor or sublessor must have consented to the assignment or sublease of the Franchise Premises to the transferee. All fixtures, furnishings and equipment at the Franchise Premises must be in good working order and free of operational defects. It will be your responsibility to bring all fixtures, furnishings and equipment to proper working order before the date of Transfer.
- L. You will enter into an agreement to subordinate, to the transferee's obligations to us (including the payment of all franchise fees), any obligations of the transferee to make installment payments of the purchase price to you. The form of this subordination is subject to our approval.
- M. You will deliver to the purchaser the Operations Manual and all other manuals and materials we provided to you for use in the Franchise, including all materials bearing the

- Marks and our advertising, promotional and training materials.
- N. You or the transferee will refurbish, remodel, and replace the Franchise Premises, fixtures, equipment, and signage to conform to the then-current Operations Manual and System standards.

7.1.4 Upon our granting of approval for the Transfer, you will ensure that the Transfer is effected in compliance with the requirements of all federal, state, and local laws, including applicable tax and bulk sales legislation, and with the applicable requirements of the lease of the Franchise Premises.

7.1.5 With our prior written consent, you may Transfer your rights and obligations under this Agreement to a business entity in which you continuously own 100% of the issued and outstanding shares of each class of stock or other evidence of ownership. The entity must be newly organized with its activities confined exclusively to act as the Franchisee under this Agreement. The entity must agree in writing to be bound by the terms of this Agreement. You will remain a party to this Agreement and therefore personally, jointly and severally liable in all respects under this Agreement.

7.1.6 You may offer your securities or partnership interests to the public, by private offering, or otherwise, only with our prior written consent. Consent may not be unreasonably withheld. All materials required for the offering by federal or state law will be submitted to us for review before filing with any government agency. Any materials to be used in any exempt offering will be submitted to us for review prior to their use. No offering by you will imply (by use of the Marks or otherwise) that we are participating in an underwriting, issuance, or offering of your securities. You and all other participants in the offering must fully indemnify us concerning the offering. For each proposed offering, you will pay to us the amount necessary to reimburse us for our reasonable costs and expenses associated with reviewing the proposed offering, including legal and accounting fees. You will give us at least 60 days' written notice before the effective date of any offering or other transaction covered by this subsection.

7.1.7 You may not grant sub-franchises or similar franchise rights to others.

7.1.8 Our consent to a proposed Transfer will not be a waiver of any claims we may have against you or your owners, or a waiver of our right to demand exact compliance with this Agreement. Our consent to a Transfer will not constitute or be interpreted as consent for any future Transfer.

7.1.9 You will comply with and help us to comply with any laws that apply to the Transfer, including state and federal laws governing the offer and sale of franchises.

7.1.10 If you are a business entity, your ownership certificates and/or operating agreements will clearly state that assignment or transfer of ownership interests is subject to the restrictions imposed upon assignments by this Agreement.

7.2 **Transfer by Us.**

7.2.1 We shall have the right to sell all or any part of our assets, including the Marks or other intellectual property, and our interest in, and rights and obligations under this Agreement in our sole discretion. Without limiting the generality of the foregoing, we may sell the System to one or more third parties, may go public, may engage in a placement of some or all of our securities, may merge, acquire other entities or be acquired by other entities, or may undertake a refinancing, recapitalization, reorganization, leveraged buyout or other economic or financial restructuring. We will not be required to remain in any particular form of business.

7.2.2 As for any or all of these sales, assignments and dispositions, you waive any claims, demands or damages arising from or related to the loss of the Marks (or any variation of them) or the loss of association with or identification as part of our franchise system.

7.3 **Your Death or Incapacity.**

7.3.1 In the case of your death or permanent disability or incapacity (such that you are unable to perform your functions as franchisee as determined by Franchisor at its reasonable discretion) if you are an individual, or of any general partner of you if you are a partnership, or of any member or shareholder owning 50% or more of you if you are a limited liability company or corporation or other entity (your “**Death or Incapacity**”), the executor, administrator, conservator, or other personal representative of the deceased or permanently disabled person, or the remaining owners, must appoint a competent manager within a reasonable time, not to exceed 30 days after the date of Death or Incapacity. The appointment of this manager is subject to satisfactory completion of our required training program(s).

7.3.2 In addition to the right to appoint a temporary manager as described in Section 6.7 (entitled “Interim Management”), the following will apply in case of Death or Incapacity. Within 180 days of the event, the heirs, beneficiaries, devisees or legal representatives of that individual may:

- A. Apply to us for the right to continue to operate the Franchise for the duration of the term of this Agreement. The right to continue will be granted upon the fulfillment of all of the conditions set forth in Section 7.1, except that no transfer fee will be required; or
- B. Transfer your interest according to the provisions of Section 7.1. If a proper and timely application for the right to continue to operate has been made and rejected, the 180 days within which to transfer will be computed from the date of rejection.

7.3.3 If a suitable transferee purchaser is not found within 180 days from the date of Death or Incapacity, we may at our sole option enter into a contract to purchase the Franchise. We will have the right to elect this option by written notice to you (or one or more of your heirs, beneficiaries, devisees or legal representatives) within 60 days of the expiration of the 180-day period. If we elect this option, then the parties will make good faith efforts to agree on a purchase price and payment terms within 10 days after such notice. If the parties cannot agree within the 10-day period, then fair value will be determined by appraisal as provided in Section 7.6 (entitled “Appraisals”).

7.3.4 If the provisions of this Section 7.3 have not been fulfilled within the time provided, at our option, all rights licensed to you under this Agreement will immediately terminate and revert to us.

7.4 **First Right of Purchase.**

7.4.1 Before soliciting offers from others, you will notify us in writing if you desire to effectuate a Transfer (defined in Section 7.1). You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We will notify you of our election or waiver of our option to purchase within 30 days after our receipt of your written notification and due diligence information. Our failure to notify you within the 30-day period will be deemed a waiver of our option. If we offer you an amount that you do not agree to, you may try to sell to a third party but on no better terms for the purchaser than we offered to you. If you later receive an offer from a third-party purchaser on better terms than we offered to you, you are obligated to re-offer to us pursuant to Section 7.5 (Right of First Refusal). Before any Transfer, you must comply with Section 7.1 (Transfer by You) and Section 7.5 (Right of First Refusal). If you do not complete a transaction with a third party within six months, you agree we will again have the right of first purchase before any subsequent contemplated transaction

(notwithstanding any prior waiver).

7.4.2 We may elect to purchase all of the franchise business regardless of your intent to sell, assign or transfer a lesser interest. We can choose to pay the purchase price in cash up front or by industry-standard monthly payments that amortize the principal amount with interest calculated at the prime rate as of the date of purchase.

7.5 **Right of First Refusal.**

7.5.1 If you receive a bona fide offer from a third party acting at arm's length to purchase the Franchise, a majority interest in ownership of you, or substantially all of the assets of the Franchise, which offer is acceptable to you or to your owners, we will have the right of first refusal to purchase at the bona fide price on the same terms and conditions as offered to you. We may substitute cash for any other form of consideration contained in the offer. Our credit will be deemed to be equal to the credit of any proposed purchaser. At our option, we may pay the entire purchase price at closing. Within 10 days after receipt by you of an acceptable bona fide offer, you will notify us in writing of the terms and conditions of the offer. You will give us sufficient information and documentation to allow us to analyze the status and value of your business. We may exercise this right of first refusal within 30 days after receipt of notice from you and due diligence information.

7.5.2 If the interest which is the subject of the third party's offer involves less than all of the ownership interest, then in our sole option, our right of first refusal will apply to the entire ownership interest. In such case, the consideration to be received, as set forth in the offer shall be divided by the percentage interest subject to the offer and the resulting quotient shall be the price to be paid for the entire ownership interest. Terms and conditions for the purchase of the entire ownership interest shall be as similar to the terms and conditions set forth in the offer as practicable, except for the substitute provisions noted above in this subsection.

7.5.3 If we do not exercise our right of first refusal within the 30-day period, you may make the proposed transfer to a third party. The transfer will not be at a lower price nor on more favorable terms than disclosed to us. Any transfer will be subject to Section 7.1 (Transfer by You). If the Franchise is not transferred by you within six months from the date it is offered to us, or if any material change is made in the terms of the proposed sale, then you must re-offer to transfer to us before a transfer to a third party.

7.6 **Appraisals.**

7.6.1 This Section 7.6 will apply to any other provisions of this Agreement that require determination of value by appraisal. The fair value of the relevant asset(s) will be determined by a single appraiser selected by you from a list of two appraisers provided by us. Franchisor and Franchisee will equally share the cost of the appraisal. The parties may then present evidence of the value of the relevant asset(s). For purposes of Section 6.5.7 (our rights upon termination or expiration), the appraiser must *exclude* from its decision any amount or factor for the "goodwill" or "going concern" value. For purposes of Section 7.3.3 (our right to acquire your franchise upon your Death or Incapacity), the appraiser may *include* in its decision a factor for the "goodwill" or "going concern" value of the franchise.

7.6.2 Any time within 30 days after receiving the appraiser's decision, at our option we may enter into the transaction at the price determined by the appraiser.

7.6.3 For purposes of Section 6.5.7 (our rights upon termination or expiration) and Section 7.3.3 (our right to acquire your franchise upon death or permanent disability or incapacity), terms of

payment will be 10% of the purchase price payable upon contract signing, the balance payable in 60 equal monthly installments of principal and interest, with interest calculated at the prime rate published by our principal bank at time of execution of the purchase contracts.

8 INDEMNIFICATION, INSURANCE, CONDEMNATION AND CASUALTY

8.1 Indemnification.

8.1.1 Franchisee shall defend, hold harmless and indemnify Franchisor, its officers, directors, owners, agents, representatives, employees, landlords, related companies, and assigns (each an “**Indemnified Party**” and collectively “**Indemnified Parties**”) from any and all losses, claims, damages, liabilities, or expenses of any kind or nature, including fines, penalties, interest, attorneys’ fees, and all other types of costs or expenses (collectively “**Claims**”), arising directly or indirectly from the establishment or operation of the franchise business, the Franchise Premises, and the acts or omissions (whether or not negligent or wrongful) of Franchisee or of any of Franchisee’s manager(s), employees, agents, or representatives, including but not limited to acts or omissions in connection with the performance or breach of any obligation under this Agreement. Without limiting the foregoing, this indemnity will apply to claims that we (or one or more other Franchisor Indemnified Parties) were negligent or failed to train, supervise or discipline you, and to claims that you, your owners, employees, brokers or your independent contractors are our (or another Indemnified Party’s) employees or agents, or are part of a common enterprise with us (or another Indemnified Party), including claims regarding violations of labor or employment laws or regulations. The obligations under this Section shall survive the expiration or termination of this Agreement.

8.1.2 You will defend the Indemnified Parties at your own expense in any legal or administrative proceeding subject to this Section 8.1. The defense will be conducted by attorneys we approve. Our approval will not be unreasonably withheld. You will immediately pay and discharge any liability rendered against any Indemnified Party in any proceeding, including any settlement that we approve in writing. You will not settle any claim against any Indemnified Party without our prior written approval. In our sole discretion and upon prior written notice to you, we may settle or defend any claims against any Indemnified Party at your expense, including attorneys’ fees that we pay or incur in settling or defending. Promptly upon demand, you will reimburse us for any and all legal and other expenses we reasonably incur in investigating, preparing, defending, settling, compromising or paying any settlement or claim, including monies that we pay or incur in settling or defending such proceeding.

8.2 Insurance.

8.2.1 During the term of this Agreement, you shall, at your own cost and expense, acquire and maintain sufficient insurance to adequately protect the respective interests of the parties to this Agreement, including your indemnity obligations under this Agreement. At a minimum, you must maintain in force policies of insurance consistent with minimum insurance required by the lease and/or sublease for the Franchise Premises.

8.2.2 Franchisee shall also maintain such additional insurance as is necessary to comply with all legal requirements concerning insurance. Each insurance policy shall: (1) name Franchisor and each of its affiliates, owners, officers, directors, agents, and employees (as may be specified by Franchisor) as additional insureds (except for worker’s compensation, employer’s liability insurance, employment practices liability insurance, and other employer-related insurance coverage) on a primary, non-contributory basis and provide a waiver of subrogation rights against Franchisor; (2) provide for 30 days’ prior written notice to us of any material modification, cancellation, or expiration of the policy; and

(3) provide that coverage applies separately to each insured. In the case of property insurance, the Franchisor parties shall be named as their interests may appear. Insurance carriers must be authorized to do business in the state where your Franchise Premises is located. Upon request, you must provide us with proof of insurance in compliance with this Agreement.

8.2.3 Certificates shall provide 30 days' notice prior written notice to Franchisor of any material modification, cancellation, or expiration of the policy, and due in our office 30 days prior to expiration and coverages listed above.

8.2.4 Franchisee shall provide Franchisor with evidence of the insurance required at least fifteen (15) days before the Franchise opens. Franchisee shall provide Franchisor with a complete copy of each insurance policy no later than thirty (30) days after delivery of the original proof of insurance, if required by Franchisor. Prior to the expiration of each insurance policy term, Franchisee shall furnish Franchisor with evidence of each renewal or replacement insurance policy to be maintained by Franchisee for the immediately following term and evidence of the payment of the premium thereof. If Franchisee fails or refuses to maintain required insurance coverage or to furnish satisfactory evidence thereof and the payment of the premiums thereof, Franchisor may, at Franchisor's option, and in addition to Franchisor's other rights and remedies hereunder, obtain such insurance coverage on Franchisee's behalf and Franchisee shall fully cooperate with Franchisor in its effort to obtain such insurance policies, promptly execute all forms or instruments required to obtain or maintain any such insurance, allow any inspections of the Franchise Premises which are required to obtain or maintain such insurance and pay to Franchisor on demand any costs and premiums incurred by Franchisor. If Franchisee fails to purchase or maintain any insurance required by this Agreement or fails to reimburse Franchisor for its purchase of insurance on Franchisee's behalf within fifteen (15) days of delivery to Franchisee of Franchisor's written demand for reimbursement, then Franchisor may terminate this Agreement upon notice of termination without opportunity to cure.

8.2.5 The maintenance of sufficient insurance coverage shall be Franchisee's responsibility. Nothing contained in this Agreement will be construed as a representation or warranty by us that the minimum insurance coverage we specify will insure you against all insurable risks or amounts of loss that may or can arise out of or in connection with the operation of your franchise business.

8.2.6 Franchisee's obligations to maintain insurance coverage as herein described shall not be affected in any manner by reason of any separate insurance maintained by Franchisor nor shall the maintenance of such insurance relieve Franchisee of any indemnification obligations under this Agreement.

8.3 **Condemnation.** You will give us notice of any proposed taking through the exercise of the power of eminent domain within 10 days of your first knowledge of the proposed taking. If the Franchise Premises or a substantial part of it is to be taken, the Franchise Premises may be relocated with our prior written approval. The relocated premises may not infringe on the protected rights of any other franchisee pursuant to our specifications and contractual obligations. Relocation must be completed and franchise business operations recommenced within a reasonable time after the closing of the initial Franchise Premises (but in any event, within one year after closing of the Franchise Premises). The new franchise location will become the Franchise Premises licensed under this Agreement. If a condemnation takes place and a new franchise location does not open within the timeframe prescribed above, then Franchisor may terminate this Agreement effective 30 days after written notice to you.

8.4 **Casualty.**

8.4.1 If the Franchise Premises is damaged by fire or other casualty, you will repair the damage as soon as commercially practicable. If the damage or repair requires the closing of the Franchise, you will:

- A. immediately notify us;
- B. repair or rebuild the Franchise Premises following our specifications; and
- C. re-open the Franchise for continuous business operations as soon as commercially practicable (but in any event, within one year after closing of the Franchise Premises). You will give us not less than 30 days advance notice of the date of reopening.

8.4.2 If the Franchise Premises does not re-open within one year, then Franchisor may terminate this Agreement effective 30 days after written notice to you.

9 **MISCELLANEOUS**

9.1 **Notices.**

9.1.1 All notices required by this Agreement will be in writing. They may be sent by certified or registered mail, postage prepaid and return receipt requested. They may be delivered by Federal Express, or other reputable air courier service, requesting delivery with receipt on the next business day. They may be sent by e-mail (provided that the sender confirms the e-mail by sending an original confirmation copy by expedited delivery service or certified or registered mail within three business days after transmission). Notices will be delivered to you at the Franchise Premises, to us at our headquarters or to other locations specified in writing. Notices may be delivered and receipted to you personally at any location.

9.1.2 Notices sent by certified or registered mail will be deemed to have been delivered and received three business days following the date of mailing. Notices sent by Federal Express, or other reputable air courier service will be deemed to have been received one business day after placement requesting delivery on the next business day. Notices sent by e-mail will be deemed to have been delivered upon transmission (provided confirmation is sent by expedited delivery service or registered or certified mail as provided above).

9.2 **Business Name.** You will execute any documents we may direct, to be retained by us until this Agreement ends, to evidence that you abandon, relinquish, and terminate your right or interest you may claim in or to the Marks.

9.3 **Relationship of the Parties.**

9.3.1 **Independent Contractor Relationship.** You are and will remain an independent contractor. You and we are not and will never be considered joint venturers, partners, employees, or agents one for the other. Neither will have the power to bind nor obligate the other except as otherwise outlined in this Agreement. No representation will be made by either party to anyone that would create any apparent agency, employment, or partnership. Each will hold the other safe and harmless from each other's debts, acts, omissions, liabilities, and representations. You acknowledge that you are not in a fiduciary relationship with us.

9.3.2 **Display.** In all public and private records, documents, relationships, and dealings, you will show that you are an independent owner of the Franchise. You will prominently indicate on your letterheads, business forms, business cards, email signatures and similar mediums that you are our

licensed franchisee by using language saying that you operate an independently owned Franchise. You will prominently display, by posting of a sign within public view, on or in the Franchise Premises a statement that clearly indicates that your franchise business is independently owned and operated by you as a franchisee and not as our agent.

9.3.3 Your Employees.

- A. We will not directly control (hire, fire, schedule, direct, supervise, discipline, or set wages for) your employees.
- B. Franchisee agrees to be solely responsible for all employment decisions and to comply with all state, federal, and local labor laws and functions of the franchise business, including without limitation, those related to hiring, firing, training, wage and hour requirements, compensation, promotion, record-keeping, scheduling, supervision, and discipline of employees, paid or unpaid, full or part-time, and its independent consultants.
- C. You will maintain employee records to show clearly that you and your employees are not our employees.
- D. You are responsible for any employee wages and compensation, payroll taxes and other required withholding, worker's compensation and benefits. You must display your entire business entity's name, not just the licensed brand, on your payroll checks.
- E. You will indemnify, defend, and hold us legally harmless from any of your violations of federal, state or local labor laws or similar laws. You acknowledge that you have had ample opportunity to investigate these and other laws applicable to your business with your own independent legal counsel before signing this Agreement.
- F. You must place a prominent, boldface statement at the top of your employee applications that the applicant is applying to work for you, not for us. We do not provide sample employment applications for your use with your employees. You should acquire such forms from independent sources of your choice.
- G. We do not post job openings at your franchise on our website or otherwise. We do not coordinate the sharing of employees among franchisees.
- H. We do not provide sample employee handbooks for your use with your employees. You should develop these with independent sources of your choice.

9.3.4 Email Accounts. You acknowledge that you will have no expectation of privacy in your business email accounts. If we do access such email accounts and their contents, it is solely for our benefit and not for your benefit. Such access is not for the purpose of assisting you with, or supervising, your business operations or workers. We will not have any obligation to monitor any of your email activity. You must include in your email signature in each email communication the following language or similar language as we may direct: “[*your corporate entity or individual name*] independently owns and operates this Boba Arena franchise.”

9.4 Waiver. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition. Any waiver of any provision of this Agreement must be set forth in writing and signed by the party granting the waiver. Customs or practices of the parties in variance with the terms of this Agreement will not constitute a waiver of our right to demand exact compliance with the terms of this Agreement. Our delay, waiver, forbearance, or omission to exercise any power or rights arising out of any breach or default by you of any of the terms, provisions, or covenants of this Agreement, will not affect or impair our rights and will not constitute a waiver by us of any right or of the right to declare any subsequent breach or default. Our subsequent acceptance of any payment due to us will not be deemed to be a waiver by us of any preceding breach by you of any terms, covenants or conditions of this

Agreement.

9.5 **Time Is of the Essence.** Time is of the essence of this Agreement.

9.6 **Documents.** You and your owners, officers, and directors agree to execute and deliver any documents that may be necessary or appropriate during the term and upon expiration or termination of this Agreement to carry out the purposes and intent of this Agreement. Upon the expiration, termination or transfer of this Agreement, if you do not execute any document necessary in our judgment to comply with the requirements of this Agreement, then by this Agreement, you irrevocably nominate, constitute and appoint the person then serving as our President, Managing Member, LLC Manager or similar position as your attorney-in-fact to so execute that document in your name and on your behalf.

9.7 **Construction.**

9.7.1 **Entire Agreement.** This document, including any exhibits attached to this Agreement and the documents referred to in this Agreement, will be construed together and constitute the entire agreement between the parties. Except as expressly and otherwise provided in this Agreement, this Agreement may be modified only by a written instrument signed by the parties. No previous communications, negotiations, course of dealing or usage in the trade not specifically set forth in this Agreement will be admissible to explain, modify, or contradict this Agreement. Nothing in the Agreement or in any related agreement is intended to disclaim the representations made in the franchise disclosure document.

9.7.2 **Format.** All words in this Agreement include any number or gender as the context or sense of this Agreement requires. The words “will” and “must” used in this Agreement indicate a mandatory obligation. In this Agreement, “including” means “including but not limited to” unless expressly stated otherwise. All captions and headings are for reference purposes only and are not part of this Agreement. The recitals set forth in this Agreement are specifically incorporated into and constitute a part of the terms of this Agreement.

9.7.3 **Interpretation.**

9.7.3.1 The rule of construction that a written agreement is construed against the party preparing or drafting such agreement will specifically not be applicable to the interpretation of this Agreement.

9.7.3.2 If applicable law implies a covenant of good faith and fair dealing in this Agreement, the parties agree that covenant will not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement.

9.7.3.3 If there is any typographical, word processing, printing or copying error in this Agreement, the error will be interpreted and corrected consistent with the following order of interpretation:

- A. The content and expressed intent and exhibits of our franchise disclosure document previously delivered to you.
- B. The content and expressed intent of franchise agreements we have executed with our other franchises within the same reasonable timeframe to this Agreement.

9.7.4 **Severability.** If any part of this Agreement is declared invalid, that declaration will not

affect the validity of the remaining portion, which will remain in full force and effect as if this Agreement had been executed with the invalid portion omitted. Provided, however, that if Franchisor determines that the finding of invalidity materially and adversely affects the basic consideration of this Agreement, Franchisor may, at its option, terminate this Agreement.

9.7.5 Definition of “Including.” In this Agreement, *including* means “including but not limited to” unless expressly stated otherwise.

9.8 **Additional Provisions Regarding Covenants.**

9.8.1 Your Acknowledgments. You acknowledge the following regarding the covenants in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), and 6.7 (Post-Termination Non-Competition Covenant): (1) the time, content and geographical restrictions are fair and reasonable; (2) your observance of the covenants will not cause you any undue hardship or impair your ability to obtain employment commensurate with your abilities; and (3) your knowledge of the System would cause our franchise system serious injury and loss if you use the knowledge to the benefit of a competitor or to compete with us or our franchisees.

9.8.2 Lawful Scope. If, for any reason, any provision set forth in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), 6.7 (Post-Termination Non-Competition Covenant), or any similar covenant in this Agreement exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law. The duration, geographic coverage and scope allowable by law or court of law shall apply to such Sections as if the resulting covenant were separately stated in this Agreement. You further acknowledge and agree that we will have the right, at our sole discretion, to reduce the scope of any of the aforementioned covenants. We may do so without your consent, effective immediately upon our written notice to you. You must comply with any covenant that pertains to you as we so modify it.

9.8.3 Damages. Liquidated Damages. The parties agree that Franchisor would not have an adequate remedy at law for any breach or nonperformance of the terms of the covenants (each a “**Covenant**”) in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), 6.7 (Post-Termination Non-Competition Covenant) or other similar covenants in this Agreement. Therefore, upon violation of a Covenant, Franchisee agrees to pay Franchisor \$50,000 for each violation as fair and reasonable liquidated damages, but not as a penalty. The parties acknowledge and agree that: (1) it would be difficult to calculate with certainty the amount of damage that Franchisor will incur upon the violation of a Covenant; (2) the liquidated damages specified in this subsection are only intended to compensate Franchisor for the damage that Franchisor will incur upon the violation of a Covenant, but not for any other breach of this Agreement by Franchisee or any other damages incurred by Franchisor, and all remedies applicable thereto remain available to Franchisor; and (3) if a court determines that this liquidated damages clause is unenforceable, then Franchisor may pursue all remedies available at law or in equity, including consequential damages.

9.9 **Dispute Resolution and Enforcement.**

9.9.1 Disputes. The mediation provisions of this Agreement do not apply to controversies, disputes, or claims related to or based on (1) improper use of the Marks [including those based on the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.)] or any of the Franchisor’s other intellectual property; (2) the violation by Franchisee (or any related individual or entity) of any of the restrictive covenants in this Agreement, which include but are not limited to

restrictive covenants under the following sections of this Agreement: Section 5.6 (Confidential Information); Section 5.7 (In-Term Non-Competition Covenant); and Section 6.6 (Post-Term Non-Competition Covenant); or (3) collection of delinquent payments from you. The mediation provisions of this Agreement shall apply to all other controversies, disputes, or claims between the parties (and/or their respective affiliates, owners, officers, directors, LLC managers, agents, guarantors, and/or employees) arising out of or related to: (a) this Agreement or any other agreement between Franchisee and Franchisor; (b) the franchise relationship between Franchisor and Franchisee; (c) the offer and sale of the Franchise; (d) the validity of this Agreement or any other agreement between Franchisee and Franchisor; or (e) any System standard (referred to herein as “**Disputes**”).

9.9.2 Mediation. Before taking any other legal action, the parties agree to participate in good faith mediation in accordance with the mediation procedures of Arbitration Service of Portland, Inc. or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

9.9.4 Injunctive Relief and Specific Performance. No provision in this Agreement will limit either party’s right to seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement. Without limiting the generality of the foregoing, you acknowledge that any violation by you of the covenants in Section 5.6 (Confidential Information), Section 5.7 (In-Term Non-Competition Covenant), Section 6.6 (Post-Termination Non-Competition Covenant), or similar covenants in this Agreement would result in irreparable injury to us for which no adequate remedy at law may be available. Accordingly, you consent to the issuance of an injunction prohibiting any conduct by you in violation of the terms of such covenants. We will not be required to post a bond as a condition for the granting of injunctive relief.

9.9.5 Governing Law. This Agreement is accepted by us in the State of Oregon and will be governed by the substantive laws of Oregon without regard to Oregon choice of law provisions. Following are exceptions to this choice of laws provision:

- A. Oregon laws will not prevail to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.).
- B. Any law of the State of Oregon that regulates the sale of franchises or business opportunities or governs the relationship of a franchisor and its franchisee will not apply unless its jurisdictional requirements are met independently without reference to this Section.
- C. No antitrust, implied covenant, unfair competition, fiduciary, or any similar doctrine of law statute, law or regulation of Oregon (or any other state) is intended to be made applicable to this Agreement unless it would otherwise apply absent this paragraph.

The foregoing will not be construed as a waiver of any of your rights under any applicable franchise registration, disclosure or relationship law of another territory, state or commonwealth.

Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the

laws of that state but not of Oregon, will be construed and enforced according to the laws of that state.

9.9.6 Venue. All controversies, disputes, or claims related or arising from this Agreement or the relationship between the parties will be mediated, arbitrated, tried, heard, and decided (as applicable) in the county in which our headquarters are then located (currently Washington County, Oregon) or the nearest Federal District Court, which the parties agree is the most convenient venue for these purposes. The parties acknowledge and agree that this location for venue is reasonable and the most beneficial to the needs of, and best meets the interest of, all of the members of Franchisor's franchise system.

9.9.7 Attorneys' Fees. The prevailing party in any insolvency proceeding, bankruptcy proceeding, suit, proceeding, or action to enforce this Agreement will recover its proceeding and court costs and reasonable attorneys' fees. These will be set by the proceeding or court, including costs and attorneys' fees on appeal or review from the proceeding, suit, or action. Prevailing party means the party who recovers the greater relief in the proceeding.

9.9.8 Waivers of Certain Kinds of Damages. YOU HEREBY WAIVE ANY AND ALL CLAIMS FOR PUNITIVE, INDIRECT, SPECIAL, GENERAL, INCIDENTAL, CONSEQUENTIAL, OR SIMILAR TYPES OF DAMAGES AGAINST US OR ANY OF OUR OWNERS, OFFICERS, DIRECTORS, LLC MANAGERS, AGENTS, REPRESENTATIVES, AFFILIATES, PARENTS, SUBSIDIARIES, AND EMPLOYEES.

9.9.9 Waiver of Jury Trial. Each party irrevocably waives any right to a jury trial, with respect to any dispute arising out of or relating to this Agreement to the fullest extent permitted by applicable law.

9.9.10 Remedies. No right or remedy conferred upon us is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy. The following provisions are in addition to all other remedies available to us at law or in equity:

- A. We may employ legal counsel or incur other expense to collect or enforce your obligations or to defend against any claim, demand, action or proceeding because of your failure to perform your obligations. Legal action may be filed by or against us and that action or the settlement of it may establish your breach of this Agreement. If either event occurs, we may recover from you the amount of our reasonable attorneys' fees and all other expenses we incur in collecting or enforcing that obligation or in defending against that claim, demand, action or proceeding.
- B. You agree that the existence of any claims you may have will not constitute a defense to the enforcement by us of any of the covenants of this Agreement related to confidentiality and non-competition.
- C. If you materially breach any of the terms of this Agreement, we have the right to appoint a receiver to take possession, manage and control assets, collect profits, and pay the net income for the operation of the Franchise as ordered by a court of jurisdiction. The right to appoint a receiver will be available regardless of whether waste or danger of loss or destruction of the assets exists, and without the necessity of notice to you.
- D. If you materially breach any of the terms of this Agreement, you irrevocably nominate, constitute and appoint the person serving as our President, Managing Member, LLC Manager or similar position to be your attorney-in-fact so to act in your name and on your behalf.
- E. If you materially breach any of the terms of this Agreement, or upon expiration or termination of this Agreement, at our election and without waiving any claims for default

or breach and without prior notice to you or resort to legal process, we may enter upon any premises using the reasonable force as is necessary in the circumstances, without being guilty of trespass or liable to you or the property owner for the entry, for the purposes of securing the return of our property, the performance of your obligations of discontinuance and the protection of our rights.

- F. We will have the option (but not the obligation) to cure your breaches at your expense.
- G. If Franchisee breaches any of the terms of this Agreement, and Franchisor delivers to Franchisee a notice of default, Franchisor has the right to suspend its performance of any of its obligations under this Agreement including, without limitation, the sale or supply of any products or services for which Franchisor is an approved supplier to Franchisee, until such time as Franchisee corrects the breach.
- H. If any payments to us, our affiliates or approved vendors are late by more than 15 business days, we may order all product deliveries withheld from you until the payments are received.

9.10 **Cross-Defaults.** If you, any of your owners, officers or key employees, any entity with majority common ownership to you (if you are an entity), or any entity you own violate any material provision of any other franchise or similar agreement with us, that breach will be considered a breach of this Agreement and of the other agreements. We then may terminate or otherwise enforce this Agreement and the other agreements.

9.8 **Successors and Assigns.** This Agreement benefits and binds the respective heirs, executors, administrators, successors, and permitted assigns of the parties. Except as provided in the immediately preceding sentence, the parties intend to confer no benefit or right on any person or entity not a party to this Agreement and no third party will have the right to claim the benefit of any provision of this Agreement as a third-party beneficiary of that provision.

9.9 **Counterparts and Electronic Signatures.** This Agreement may be executed in any number of counterparts, each of which, when so executed and delivered, will constitute an original. Execution of this Agreement via DocuSign or another reputable e-signature services shall constitute valid and legally binding execution.

9.13 **Withholding Consent.** Our consent, whenever required by this Agreement, will be at our sole and absolute discretion unless expressly stated otherwise herein and may be withheld if you are in breach of this Agreement. In this Agreement, the phrase “at our discretion” or similar wording shall mean “at our sole and absolute discretion.”

9.14 **Joint and Several Liability.** If, at any time during the term of this Agreement, the Franchisee consist of two or more persons or entities (whether acting in partnership or otherwise and whether or not all have signed this Agreement), the rights, privileges and benefits granted to Franchisee in this Agreement may only be exercised and enjoyed jointly, and Franchisee’s obligations, liabilities and responsibilities under this Agreement will be joint and several obligations of each such person and entity. However, Franchisor may, at its option, rely on the direction, consent, waiver or other action of any one such person or entity and any such direction, consent, waiver or other action will bind all such persons and entities.

You will be responsible for any breach of this Agreement by your owners, board of directors, LLC managers, employees and agents. Such a breach will be deemed a breach by you.

9.15 **Personal Guaranty.** If you are a business entity, all of your owners (and principal

officers, if we so require) must either sign this Agreement as direct parties or sign a personal guaranty in a form we specify at the time this Agreement is signed. This constitutes a material obligation under this Agreement.

9.16 **Force Majeure.** In the event that either party shall be delayed, hindered in, or prevented from the performance of any act required under this Agreement by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of utilities, restrictive governmental laws or regulations, riots, insurrection, war, epidemic or pandemic, Acts of God, or any reason of a like nature, not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then performance of such act shall be excused for the period of such delay; provided that the provisions of this section shall not operate to excuse you from timely payment of any monetary obligations under this Agreement.

9.17 **We May Investigate.** We may conduct investigations and make inquiries of any person or persons we, in our reasonable judgment, believe appropriate concerning the credit standing, character, and professional and personal qualifications of you and your owners, officers, directors, LLC managers, and persons occupying similar positions or performing similar functions. You authorize us to conduct these investigations and to make these inquiries. We agree to comply with the requirements of laws that apply to these investigations and inquiries.

9.18 **Your Additional Representations and Acknowledgments.** You make the following representations and acknowledgments to us:

9.18.1 **Receipt of Disclosure Documents.** You have received our franchise disclosure document at the earlier of (1) the first personal meeting with us (if required in your state); or (2) 14 calendar days before signing any franchise or related agreement or making any payment with the franchisor or an affiliate in connection with the franchise sale (or 10 business days if required in your state). In addition, you acknowledge either:

- A. Receipt of this Agreement containing all substantive terms at the time of delivery of the franchise disclosure document; or
- B. If we unilaterally and materially altered the terms and conditions of our standard franchise agreement or any related agreements attached to the franchise disclosure document (in connection with properly amending our franchise registration in the relevant state(s)), you acknowledge that you received a complete and final copy of this Agreement and its exhibits not less than seven calendar days before you signed this Agreement.

9.18.2 **You Have Read and Understand this Agreement.** You have read and understand this Agreement. You understand and accept the terms, conditions and covenants contained in this Agreement. They are necessary to maintain our high standards of quality, service and uniformity at all franchises. They protect and preserve the goodwill of the Marks and the confidentiality and value of the System. You have received advice from advisors of your own choosing regarding all pertinent aspects of this Franchise and the franchise relationship created by this Agreement. You believe you have made a good decision for yourself (or your partners or your business entity) based upon what you believe is your ability to run and control a business of your own.

9.18.3 **Speculative Success.** The success of your franchise is speculative and depends, to a large extent, upon your ability as an independent businessperson. You recognize that the business venture contemplated by this Agreement involves business risks. We do not make any representation or warranty,

express or implied, as to the potential success of the Franchise.

9.18.4 Independent Investigation, No Projections or Representations. You have entered this Agreement after conducting an independent investigation of us and of the franchise we offer. You have not relied upon any representation as to gross revenues, volume, cost savings, potential earnings or profits which you in particular might realize. Except as outlined in Item 19 of our franchise disclosure document, we expressly disclaim the making of, and you acknowledge that you have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business venture contemplated by this Agreement. You acknowledge that neither we, nor any of our officers, directors, shareholders, employees, agents or servants, made any other representation about the business contemplated by this Agreement or that are not expressly set forth in this Agreement or our franchise disclosure document to induce you to accept this Franchise and execute this Agreement. Any oral representations made by our representatives to you, whether or not set forth in earlier versions of our standard form franchise agreement, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this Agreement.

9.18.5 No Review of Business Plans or Loan Applications. Prior to your execution of this Agreement, we have not given you any advice or review of any of your business plans or third-party loan applications related to your purchase of and proposed operation of the Franchise. We do not receive or review business plans and loan applications before a franchisee signs the relevant franchise agreement. We have strongly recommended that you retain and work with your own independent accountant and financial advisors to fully review all financial aspects of your potential franchise investment for you. You acknowledge that we will not provide financial assistance to you and that we have made no representation that we will buy back from you any products, supplies, or equipment you purchase in connection with your franchise.

9.18.6 Health and Full-Time Participation. You acknowledge that a Boba Arena business involves hard work and sometimes long hours, similar to most small businesses that are owner-operated. We have not represented that this business is going to be easy for you, your partners, officers or directors. You represent that you or your principals are in good health and able to devote your best efforts in the operations of your Franchise and/or that you have the business management skills necessary to successfully hire a general manager to run the day-to-day operations of your Franchise (to the extent permitted by this Agreement).

9.18.7 Investigate Applicable Laws. You have had ample opportunity to investigate laws applicable to your business with your own independent legal counsel before signing this Agreement.

9.18.8 No Representations, Projections, or Warranties by Franchisor. WE HAVE NOT MADE ANY REPRESENTATIONS, PROMISES, GUARANTEES, PROJECTIONS, OR WARRANTIES OF ANY KIND TO YOU, YOUR OWNERS, OR THE GUARANTORS TO INDUCE THE EXECUTION OF THIS AGREEMENT OR CONCERNING THIS AGREEMENT EXCEPT AS SPECIFICALLY SET FORTH IN WRITING IN THIS AGREEMENT AND IN OUR FRANCHISE DISCLOSURE DOCUMENT THAT WE DELIVERED TO YOU. YOU ACKNOWLEDGE THAT NEITHER WE NOR ANY OTHER PARTY HAS GUARANTEED YOUR SUCCESS IN THE BUSINESS CONTEMPLATED BY THIS AGREEMENT. Without limiting the generality of the foregoing:

Except as outlined in Item 19 of our franchise disclosure document, we expressly disclaim the making of, and you acknowledge that you have not received, any representation, warranty, or guarantee, express or implied, concerning the potential revenues, cost savings, volume, profits, or success of the business

venture contemplated by this Agreement. You acknowledge that neither we, nor any of our officers, directors, shareholders, employees, agents or servants, made any other representation about the business contemplated by this Agreement or that are not expressly set forth in this Agreement or our franchise disclosure document to induce you to accept this Franchise and execute this Agreement.

Any oral representations made by our representatives to you, whether or not set forth in earlier versions of our standard form franchise agreement, have either been ratified by us by including the representations in this document or have been disavowed by excluding them from this Agreement.

9.19 **Security Interests.** Subject to applicable state law, you grant to us a security interest in all tangible and intangible assets of the Franchise (and products and proceeds of them) as security for your obligations under this Agreement. This includes, without limitation, furniture, fixtures, equipment, supplies, inventory, leasehold interests, leasehold improvements, appliances, contract rights, accounts receivable, deposit accounts, customer lists/information/accounts, telephone numbers, websites, domain names, social media accounts, books and records, general intangibles, money, instruments, chattel paper, documents, business name and other intellectual property, together with all after-acquired property, accessories, substitutions, additions, replacements, parts and accessions affixed to or used in connection therewith and the proceeds, products, rents, and profits of all the foregoing, and under any other business name you may use and wherever you may locate the assets of the business. (To clarify, the foregoing sentence does not: (1) permit you to do business in connection with your Franchise using any marks other than the Marks licensed to you hereunder; (2) relocate the Franchise Premises or assets without our prior approval as required hereunder; or (3) permit you to operate a competing business during or after the term of this Agreement in violation of any covenants hereunder.)

If you own the Franchise Premises, you will not mortgage, pledge, or otherwise assign as security the premises during the term of this Agreement without our prior written approval.

You agree that we may prepare and file all instruments or documents necessary to consummate or perfect any such security interest, including a UCC Financing Statement. Upon request, you will execute and file such instruments or documents as needed. You acknowledge that we may file a copy of this Agreement as a financing statement for that purpose.

9.20 **Terrorism, Convictions, Immigration Status.** You represent to us, unconditionally without reservation, that:

- A. Neither you, nor any of your owners, officers or employees, nor any of their respective spouses, children, or parents, nor anyone who has an interest in or who will manage the franchise, nor any of your affiliated entities (“**Interested Party(ies)**”): supports terrorism; provides money or financial services to terrorists; receives money or financial services from terrorists; or is engaged in terrorism, or any activity, organization, or plan with a terrorist. For purposes of this Agreement, “terrorist(s)” includes any person or organization on any current U.S. government list of persons and organizations that support terrorism as provided by law. You represent that neither you nor any Interested Party is on any such list(s).
- B. Neither you nor any Interested Party has engaged in or been convicted of fraud, corruption, bribery, money laundering, narcotics trafficking or other crimes, and each is eligible under applicable U.S. immigration laws to communicate with, lawfully reside in, and travel to the United States to fulfill your obligations under your agreements with us.
- C. You and all Interested Parties are in the United States lawfully, have legal residence in the United States, and are lawfully permitted to work in the United States.

9.21 **No Guarantee of Income or Refund if Not Satisfied.** Without limiting the generality of the foregoing, you acknowledge that we have not guaranteed that you will derive income from the Franchise that exceeds the price you paid for the Franchise; or that we will refund all or part of the price you paid for the Franchise, or repurchase any of the products, equipment, supplies or chattels supplied by us (as applicable), if you are unsatisfied with the Franchise.

9.22 **Varying Forms of Agreement.** You are aware that our present and future franchisees may operate under different forms of agreement and, consequently, that our obligations and rights in respect to our various present and future franchisees may differ materially in certain circumstances.

[Signatures appear on the next page.]

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

Franchisor: BOBA ARENA FRANCHISE COMPANY LLC

By: _____

Print Name: _____

Title: _____

Franchisee:

IF YOU ARE A CORPORATION, LIMITED LIABILITY COMPANY OR OTHER ENTITY: THIS AGREEMENT MUST BE SIGNED BY A COMPANY OFFICER OR OWNER AUTHORIZED TO SIGN ON BEHALF OF THE COMPANY. ADDITIONALLY, THE AGREEMENT OR A SEPARATE PERSONAL GUARANTY MUST BE SIGNED BY ALL OWNERS (AND PRINCIPAL OFFICERS, IF WE SO REQUIRE) OF THE COMPANY AS INDIVIDUALS.

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

EXHIBIT 1
to
FRANCHISE AGREEMENT

FRANCHISE PREMISES

Franchise Premises. The Franchise Premises is located at the following address *(this blank will be completed by us once the Franchise Premises has been approved if not approved at the time of signing the Franchise Agreement)*:

_____.

Search Area. If the Franchise Premises has not been determined when this Agreement is executed, you are responsible for selecting the site for your Franchise Premises within the following “**Search Area**”:
_____. Franchisor does not grant territorial
protections or exclusivity in the Search Area.

Miscellaneous. The Franchise Premises must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of outlets by any party and concerning any territory protections granted to you.

EXHIBIT 2
to
FRANCHISE AGREEMENT

MULTIPLE FRANCHISE PURCHASE ADDENDUM

This Multiple Franchise Purchase Addendum (“**Addendum**”) is entered into as of _____, 20__ (“**Effective Date**”), between BOBA ARENA FRANCHISE COMPANY LLC, an Oregon limited liability company (“**we/us**” or “**Franchisor**”), and _____ and _____ (“**you**”).

1. **Simultaneous Multiple Franchise Purchase.** The parties have contemporaneously executed [#] franchise agreements (“**Franchise Agreements**”), including this Agreement, as part of a multiple franchise purchase.

2. **Development Area.** You are responsible for selecting the sites for your Franchise Premises within the following “**Development Area**”:

There will be no restrictions on our right to establish or license to others the right to establish Boba Arena businesses in your Development Area.

Upon termination or expiration of this Addendum (under Section 8 below), your rights with respect to the Development Area will automatically terminate.

3. **Franchise Premises.** Your Franchise Premises must be in the United States of America, legally available pursuant to state and federal franchise and business opportunity disclosure and registration laws and pursuant to our contractual commitments (including those with our other franchisees) and in compliance with our franchise placement, market development and demographic criteria.

4. **No Other Understandings.** Except as specifically outlined or forbidden in the relevant Franchise Agreement, there are no understandings oral or written concerning the future placement of outlets by any party and concerning any territory protections granted to you.

5. **Franchise Opening Schedule.** You will commence in good faith to perform your obligations under the relevant franchise agreements and commence full and continuous operation of the relevant Franchise within the following time periods after execution of this Agreement (the “**Development Schedule**”):

END OF DEVELOPMENT PERIOD	NEW FRANCHISES TO BE OPENED DURING DEVELOPMENT PERIOD	CUMULATIVE NUMBER OF FRANCHISES TO BE OPENED AND CONTINUOUSLY OPERATED
First Franchise: Within 4 Months of Effective Date	1	1
Second Franchise: Within 10 Months of Effective Date	1	2
Third Franchise: Earlier of 16 Months of Effective Date	1	3

Time is of the essence of this Development Schedule. The Development Schedule set forth above replaces the Opening Deadlines in the Franchise Agreements.

6. **Payment of Initial Franchise Fees.** You shall pay 100% of the Initial Franchise Fee for the first Franchise and 50% of the Initial Franchise Fees for each additional Franchise at the time you contemporaneously sign the multiple Franchise Agreements. You will pay the 50% unpaid balance of the initial franchise fees under the relevant franchise agreements before signing a lease (or sublease) for each relevant Franchise Premises. If you sign all leases up front, then you will pay all Initial Franchise Fees up front. The Initial Franchise Fees we collect are not refundable under any circumstances.

7. **Training for First Franchise.** We will have no obligation to provide franchise training to you at our expense except for the first Franchise you open.

8. **Termination and Expiration.** Unless earlier terminated in accordance with its terms, this Addendum will expire at the earlier of the following: (1) the opening of your last Franchise under your Development Schedule; or (2) the deadline for opening your last Franchise under your Development Schedule. We will have the right to terminate this Addendum if we have the right to terminate any of your Franchise Agreements or any agreement between you and us (or our affiliate) in the future. If you do not comply with this Addendum, including but not limited to the Development Schedule, we will have the right to reduce the size of (or change) your Development Area or terminate this Addendum and any of your Franchise Agreements representing Franchises that have not yet opened for business. Such termination will be effective upon written notice to you. However, your Franchise Agreement(s) for each of your operating Franchises will remain in force. Any failure to meet the Development Schedule caused by a war or civil disturbance, a natural disaster, a labor dispute, shortages or other events beyond your reasonable control (not including financial circumstances) will be excused for a period of time that we deem reasonable under the circumstances.

9. **Defined Terms.** All capitalized terms contained in this Addendum that are not defined in this Addendum will have the meaning ascribed to them in the Franchise Agreement.

("we/us"): BOBA ARENA FRANCHISE COMPANY LLC

By: _____

Print Name: _____

Title: _____

(jointly and severally “you”):

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Exhibit C to Boba Arena Franchise Disclosure Document

LIST OF STATE AGENTS FOR SERVICE OF PROCESS AND STATE ADMINISTRATORS

The following table reflects our agents for service of process and the relevant state franchise authorities. We may not be registered to offer and sell franchises in all of these states:

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
CALIFORNIA	California Commissioner of Financial Protection and Innovation: Los Angeles: 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 Sacramento: 2101 Arena Boulevard Sacramento, California 95834-2036 San Diego: 1455 Frazee Road, Suite 315 San Diego, CA 92108 San Francisco: One Sansome Street, Suite 600 San Francisco, CA 94105-2980 <u>Toll-Free Number: 1-866-275-2677</u>	California Commissioner of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013-2344 <u>Toll-Free Number: 1-866-275-2677</u>
CONNECTICUT	Connecticut Department of Banking 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232	Banking Commissioner 260 Constitution Plaza Hartford, CT 06103 (860) 240-8233 or (860) 240-8232
FLORIDA	[Not Applicable]	Senior Consumer Complaint Analyst Department of Agriculture and Consumer Services Division of Consumer Services Mayo Building, Second Floor Tallahassee, Florida 32399-0800 (850) 922-2770
HAWAII	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722	Commissioner of Securities of the Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813-2921 (808) 586-2722
ILLINOIS	Illinois Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Chief, Franchise Bureau Illinois Attorney General 500 South Second Street Springfield, IL 62706 (312) 814-3892

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
INDIANA	Secretary of State Administrative Offices of the Secretary of State 201 State House Indianapolis, IN 46204 (317) 232-6681	Securities Commissioner Securities Division Room E-111 302 West Washington Street Indianapolis, IN 46204 (317) 232-6681
IOWA	[Not Applicable]	Director of Regulated Industries Unit Iowa Securities Bureau 340 East Maple Des Moines, Iowa 50319-0066 (515) 281-4441
MARYLAND	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Commerce, Corporations and Securities Bureau 525 W. Ottawa 670 Law Building Lansing, MI 48913 (517) 373-7117	Franchise Administrator Consumer Protection Division Antitrust and Franchise Unit Michigan Department of Attorney General 670 Law Building Lansing, MI 48913 (517) 373-7117
MINNESOTA	Minnesota Commissioner of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1600
NEBRASKA	[Not Applicable]	Staff Attorney Department of Banking and Finance 1200 N Street Suite 311 P.O. Box 95006 Lincoln, Nebraska 68509 (402) 471-3445
NEW YORK	Secretary of State 99 Washington Avenue Albany, NY 12231	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8222
NORTH DAKOTA	North Dakota Securities Commissioner Fifth Floor 500 East Boulevard Bismarck, ND 58505	Franchise Examiner Office of Securities Commissioner 600 East Boulevard, 5th Floor Bismarck, ND 58505 (701) 328-4712
OREGON	Director of Oregon Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, OR 97310 (503) 378-4387	Department of Consumer and Franchise Services Division of Finance and Corporate Securities Labor and Industries Building Salem, OR 97310 (503) 378-4387

STATE	REGISTERED AGENTS	REGULATORY AUTHORITIES
RHODE ISLAND	Director of Rhode Island Department of Franchise Regulation Division of Securities Suite 232 Providence, RI 02903 (401) 222-3048	Associate Director and Superintendent of Securities Division of Securities 233 Richmond Street, Suite 232 Providence, RI 02903-4232 (401) 222-3048
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563
TEXAS	[Not Applicable]	Secretary of State Statutory Document Section P.O. Box 12887 Austin, TX 78711 (512) 475-1769
UTAH	Ryan C. Combe Registered Agent 2181 Combe Road Ogden, Utah 84403	Division of Consumer Protection Utah Department of Commerce 160 East Three Hundred South P.O. Box 45804 Salt Lake City, Utah 84145-0804 (801) 530-6601
VIRGINIA	Clerk of the State Corporation Commission 1300 E. Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733	State Corporation Commission Division of Securities and Retail Franchising 1300 E. Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051
WASHINGTON	Department of Financial Institutions 150 Israel Rd. SW Tumwater, WA 98501-6456 (360) 902-8760	Department of Financial Institutions PO Box 41200 Olympia, WA 98504-1200 (360) 902-8760
WISCONSIN	Wisconsin Commissioner of Securities P.O. Box 1768 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555	Franchise Administrator Securities and Franchise Registration Wisconsin Securities Commission 345 W. Washington Avenue, 4 th Floor Madison, WI 53703 (608) 261-9555
FEDERAL TRADE COMMISSION		Franchise Rule Coordinator Division of Marketing Practices Bureau of Consumer Protection Pennsylvania Avenue at 6th Street, NW Washington, D.C. 20580 (202) 326-3128

Exhibit D to Boba Arena Franchise Disclosure Document

CONDITIONAL ASSIGNMENT

_____ (“you”) operate your franchise business at _____. In consideration of the granting of a franchise to you and other valuable consideration given by BOBA ARENA FRANCHISE COMPANY LLC, an Oregon limited liability company (“we/us”), you assign to us all of the following to the extent they relate to the franchise or include our brand: business telephone numbers; business telephone and internet listings; websites, website addresses, and domain names; social media accounts and content; and business email addresses and accounts. The immediately preceding sentence does not grant you rights beyond those expressly granted by the franchise agreement or our franchise operations manual. We will hold this assignment, and will deliver it to interested third parties, only upon expiration or termination of the Franchise Agreement between us and you dated _____.

DATED this ____ day of _____, 20 ____.

(“we/us”): BOBA ARENA FRANCHISE COMPANY LLC

By: _____

Title: _____

(jointly and severally “you”): _____

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Exhibit E to Boba Arena Franchise Disclosure Document

CANCELLATION OF ASSUMED BUSINESS NAME

Pursuant to the provisions of relevant state laws concerning the registration and use of assumed or fictitious business names, the undersigned applicant, being a franchisee of BOBA ARENA FRANCHISE COMPANY LLC, submits the following to evidence its intent to abandon, relinquish and terminate its right to use the business name “**Boba Arena**”:

1. Name of Applicant who is Using the Assumed or Fictitious Business Name:

a(an) individual/partnership/corporation organized and doing business under the laws of the State of

2. Date When Original Assumed or Fictitious Business Name was Filed by Applicant:

3. Address of Applicant’s Registered Office in the State of: _____

4. Please cancel the Applicant’s registration to use the name **Boba Arena**.

DATED: _____

Applicant:

Company Name: _____

By: _____

Name: _____

Title: _____

Date: _____

Exhibit F to Boba Arena Franchise Disclosure Document

AUTHORIZATION FOR ELECTRONIC FUNDS TRANSFER

BOBA ARENA FRANCHISE COMPANY LLC

10088 SW 67th Ave.
Tigard, Oregon 97223
(503) 851-3315

I (we) hereby authorize BOBA ARENA FRANCHISE COMPANY LLC (the “Company”) to initiate Electronic Funds Transfer charges to my (our) bank account (indicated below) for payment of my (our) monthly Royalty and Advertising fees owed by me (us) to the Company on the due dates prescribed by the franchise agreement or the Company’s operations manual. This Authorization will remain in full force and effect until Company receives written confirmation of termination of this Authorization via certified letter.

Financial Institution Name: _____

Account Number: _____

Branch Name: _____

Address: _____

City:_____ State:_____ ZIP:_____

I further certify that I have received a copy of the Authorization for my files.

Company Name: _____

By: _____

Name: _____

Title: _____

Individuals:

Signature: _____

Print Name: _____

Signature: _____

Print Name: _____

Effective Date: _____

[FORM CONTINUES ON THE FOLLOWING PAGE.]

Please attach a voided blank check for verification purposes.

[VOIDED CHECK]

Exhibit G-1 to Boba Arena Franchise Disclosure Document

The Franchise Agreement requires you to sign a sublease agreement with Franchisor (or our affiliate) for any Franchise Premises within a Walmart facility. The following form of Sublease Agreement (with Personal Guaranty) is subject to change at Franchisor's discretion. It is your responsibility to ensure the sublease agreement complies with applicable laws in your jurisdiction.

FORM OF SUBLEASE AGREEMENT

THIS SUBLEASE AGREEMENT ("**Sublease**") is effective as of _____, 20__ (the "**Sublease Commencement Date**") between BAFC Realty, LLC, an Oregon limited liability company ("**Sublessor**"), whose address is 10088 SW 67th Ave., Tigard, Oregon 97223 and _____, a(n) _____ formed in the State of _____ ("**Sublessee**"), whose address is _____, as a sublease under that certain master lease agreement dated _____ (including any attachments, amendments, and extensions) (the "**Lease**") entered into by Walmart Inc., a Delaware corporation, as landlord ("**Landlord**") and Sublessor, as Tenant. Terms using initial capital letters herein that are not otherwise defined shall have the meanings set forth in the Lease.

1. **RECITALS.** This Sublease is made with reference to the following facts and objectives:
 - a. This Sublease is subject to all the terms and conditions of the Lease. Sublessee shall assume and perform Tenant's obligations in the Lease, and Sublessor shall assume and perform all obligations of Landlord in the Lease to the extent said terms and conditions are applicable to the Premises subleased pursuant to this Sublease. Sublessee shall not commit or permit to be committed on the Premises any act or omission that shall violate any term or condition of the Lease. In the event of the termination of Sublessor's interest as Tenant under the Lease for any reason, then this Sublease shall terminate coincidentally therewith.
 - b. All the terms and conditions contained in the Lease are incorporated herein as terms and conditions of this Sublease (with each reference therein to Landlord and Tenant to be deemed to refer to Sublessor and Sublessee) and, along with all the following Sections set out in this Sublease, shall be the complete terms and conditions of this Sublease.
 - c. Landlord and Sublessor are parties to that certain Attachment A to the Lease dated _____, 20__, which outlines certain specific deal terms between Landlord and Tenant for the Premises (defined below). In this Sublease, the defined term "Lease" shall include Attachment A.
 - d. Landlord shall consent to this Sublease by execution of this Sublease below unless Sublessor determines that Landlord has already consented to this Sublease by consenting to subleasing in general.
 - e. Sublessor shall deliver possession of the Premises to Sublessee on or before _____, 20__ ("**Possession Date**").
 - f. Sublessee is a franchisee of Boba Arena Franchise Company LLC pursuant to a franchise agreement dated _____, 20__ ("**Franchise Agreement**"). In the event of the termination of the Franchise Agreement for any reason, then this Sublease shall terminate coincidentally therewith.

2. **PREMISES.** Sublessor leases to Sublessee and Sublessee leases from Sublessor the premises situated in the city of _____, county of _____, state of _____, commonly known as _____ [address] (“**Premises**”) together with all fixtures, improvements, and appurtenances located thereon or attached thereto.

3. **RENTAL.**

a. Sublessor’s Administrative Fee. plus an administrative fee of \$_____ per month (“**Sublessor’s Administrative Fee**”), in advance in lawful money of the United States of America, commencing on the date of possession and expiring upon the date of expiration of the Lease.

b. Base Rent and Percentage Rent. Sublessee shall pay to Sublessor without deduction, setoff, prior notice, or demand, Base Rent and Percentage Rent (as applicable) scheduled in Attachment A to the Lease as summarized below. In the event of conflict, Attachment A to the Lease shall control.

i. Base Rent. Commencing on the Sublease Commencement Date, Sublessee shall pay Sublessor the following as “Base Rent”:

_____.

ii. Percentage Rent. Commencing on the Sublease Commencement Date, Sublessee shall pay Sublessor the following as “Percentage Rent”:

_____.

c. Payment Terms; Reports. Base Rent and Percentage Rent (if any) shall be paid five (5) days earlier than the date Sublessor owes the same to Landlord or, at Sublessor’s direction, Sublessee shall pay the Base Rent and Percentage Rent (if any) directly to Landlord for and on behalf of Sublessor. Sublessee shall provide to Sublessor a report of Sublessee’s Gross Sales (as defined in attachment A to the Lease) by the 5th day of each calendar month for the prior calendar month. Sublessor’s current report form, which is subject to change, is attached to this Sublease as Appendix B. Base Rent for any partial month shall be prorated based on the actual number of days this Sublease is in effect. Base Rent, Percentage Rent (if any), Additional Rent, the Administrative Fee, and all other amounts payable by Sublessee hereunder shall be paid to Sublessor at its address indicated at the beginning of this Sublease or at such other place or places as Sublessor may from time to time direct unless Sublessor has directed Sublessee to pay the Base Rent, and Percentage Rent (if any), and/or Additional Rent Directly to Landlord at the address provided in the Lease.

4. **ADDITIONAL RENTAL.** In addition to the Base Rent, Percentage Rent (if any), and Sublessor’s Administrative Fee referenced in Section 3 above, Sublessee shall pay to Sublessor any other charges that Sublessor is required to pay to Landlord under the Lease (“**Additional**

Rent”). Base Rent, Percentage Rent (if any), Sublessor’s Administrative Fee, and Additional Rent shall be referred to collectively herein as “**Rent**.”

5. **PREPAID RENT; SECURITY DEPOSIT.** The parties acknowledge that Landlord now holds the sum of \$_____ as *[prepaid Base Rent and as a security deposit]*. Upon execution of this Sublease, Sublessee shall reimburse Sublessor for that sum. Upon such payment, Sublessor releases all claims to that sum, and the sum shall be held by Landlord for the benefit of Sublessee subject to the provisions of the Lease.
6. **TERM.**
 - a. The term of this Sublease shall commence on the Sublease Commencement Date, and shall terminate on the last day of the term of the Lease (unless earlier terminated as provided herein).
 - b. If Sublessor fails to deliver possession of the Premises to Sublessee on or before the Possession Date, Sublessor shall not be liable for any damage caused thereby, nor shall this Sublease be void or voidable, but Sublessee shall be entitled to terminate this Sublease by written notice to Sublessor given prior to the date possession is delivered to Sublessee, and in any event, Sublessee shall not be liable for rent until such time as Sublessor delivers possession of the Premises to Sublessee, but the term hereof shall not be extended by such delay. If Sublessee, with Sublessor’s consent, takes possession prior to the Possession Date, Sublessee shall do so subject to all of the covenants and conditions hereof and shall pay Rent to Sublessor for such period on a prorated basis.
7. **USE.** Sublessee shall use the Premises only for the permitted uses allowed under the Lease and for no other purpose. Sublessee shall not do or suffer anything to be done upon the Premises that will cause structural damage to the Premises or the building of which the same forms a part. The Premises shall not be overloaded and no machinery, apparatus, or other appliance shall be used or operated upon the Premises that will in any manner damage the Premises or the building of which it is a part. No use shall be made of the Premises that will cause unreasonable interference with the use of the building by other tenants, or their guests or invitees. Sublessee shall not use or permit the use of the Premises or any part thereof for any purpose that will increase the existing rate of insurance upon the building in which the Premises are located, or cause a cancellation of any insurance policy covering the building or any part thereof.
8. **SUBLESSEE TO HOLD SUBLESSOR HARMLESS.** Sublessor warrants that as of the Sublease Commencement Date, there will be no uncured breach or default under the Lease. If Sublessee causes a breach or default under the Lease, Sublessee shall defend, indemnify and hold Sublessor harmless from all loss, cost, damages, and expenses, including reasonable attorney fees, resulting from such breach or default.
9. **DEFAULT**
 - a. **Sublessor’s Remedies Against Sublessee.** If Sublessee is in breach or default of any obligation under this Sublease and such breach or default is not cured within ten (10) days after date performance is due, Sublessor shall have all rights against Sublessee that are available by law and those contained in the Lease arising from a breach or default by Sublessor thereunder, including, without limitation, Sublessor’s right to reenter and retake possession of the Premises from Sublessee.

- b. **Late Fees.** Sublessor may at Sublessor's option in addition to all other remedies that might be available, impose a late charge equal to the greater of five percent (5%) of the amount owing or Two Hundred and Fifty Dollars (\$250) for each payment of Rent made more than five (5) days late. Such charges shall not exceed any limits imposed by applicable laws. Sublessee acknowledges late payment by Sublessee to Sublessor of any Rent or other sums due under this Sublease will cause Sublessor to incur costs not contemplated by this Sublease, the exact amount of such costs being extremely difficult and impracticable to ascertain, and that such late charge represents a fair and reasonable estimate of the costs Sublessor will incur by reason of any such late payment and is not a penalty. Neither imposition, collection nor failure to impose or collect such late charge shall be considered a waiver of any other remedies available for default. In addition to such late charge, an additional charge of Seventy-Five Dollars (\$75) shall be recoverable by Sublessor for any returned checks.
- c. **Default Under Lease.** Notwithstanding the foregoing or any other term or provision of this Sublease, Sublessee shall be immediately in default under this Sublease if any act or omission by Sublessee hereunder causes a default by Sublessor under the Lease. In that event, Sublessor shall be entitled to all rights and remedies against Sublessee that are available by law and those contained in the Lease arising from a breach or default by Sublessor thereunder, including without limitation, Sublessor's right to reenter and retake possession of the Premises from Sublessee.
- d. **Cumulative Remedies.** The remedies hereunder are cumulative and are in addition to any and all other remedies available under the Lease and applicable law.
10. **AMENDMENT OF LEASE.** Landlord and Sublessor shall have the right to amend the Lease without Sublessee's consent. Sublessor shall notify Sublessee of any amendment of the Lease. Any amendment of the Lease shall be binding upon the Sublessee.
11. **GUARANTY.** This Sublease is contingent upon _____ and _____ *[names of individual owners]* executing the Guaranty of Lease in the form attached hereto as Appendix A.
12. **INSURANCE.** Sublessee shall assume and perform Tenant's obligations in the Lease, including but not limited to maintaining insurance required by the Lease. For ease of reference, the primary insurance clause from the Lease is included in the attached Appendix C. In the event of conflict, the Lease shall control.
13. **MISCELLANEOUS.**
- a. **Attorney Fees.** In the event a suit, action, or other proceeding of any nature whatsoever, including without limitation, any proceeding under the U.S. Bankruptcy Code, is instituted, or the services of an attorney are retained, to interpret or enforce any provision of this Sublease, or with respect to any dispute relating to this Sublease, the prevailing party shall be entitled to recover from the losing party its attorney, paralegal, accountant, and other expert fees, and all other fees, costs, and expenses actually incurred and reasonably necessary in connection therewith. In the event of suit, action, or other proceeding, the amount thereof shall be determined by the judge or arbitrator, shall include fees and expenses incurred on any appeal or review, and shall be in addition to all other amounts provided by law.

- b. **Notice.** Any notice, demand, request, consent, approval, or communication that either party desires or is required to give to the other party or any other person shall be in writing and either served personally or sent by overnight service, or by certified mail, return receipt requested. Any notice, demand, request, consent, approval, or communication that either party desires or is required to give the other party shall be addressed to the other party at the address set forth in the introductory Section of this Sublease. Either party may change its address by notifying the other party of the change of address. Notice shall be deemed communicated forty-eight (48) hours from the time of mailing if mailed as provided in this Section, or upon actual receipt if personally delivered or one (1) day after sending by overnight service with a reputable courier.
- c. **Entire Agreement.** This Sublease contains the entire agreement between the parties with respect to its subject matter. It incorporates and supersedes all prior understandings and agreements, both written and oral. This Sublease may only be modified by a written instrument signed by both parties.
- d. **Assignment.** Sublessee shall not assign or sublease its interest under this Sublease without the prior written consent of Sublessor (and Landlord if required by the Lease), which it may grant or withhold at its sole discretion. Sublessor may freely assign its interest under this Sublease without Sublessee's prior consent.
- e. **Governing Law.** This Sublease shall be governed by the laws of the State of [Oregon] without regard to conflict of laws principles.
- f. **Venue.** The venue for any action or legal proceeding seeking to enforce any provision of, or based on any right arising out of, this Sublease will be in [the county in which Sublessor's headquarters are then located (currently Washington County, Oregon)]. Each of the parties waives any objection to this venue provision.

SUBLESSOR: BAFC Realty, LLC

By: _____

Name: _____

Title: _____

SUBLESSEE: _____

By: _____

Name: _____

Title: _____

[IF APPLICABLE:] LANDLORD HEREBY CONSENTS TO THIS SUBLEASE:

The undersigned Landlord under the Lease hereby consents to the foregoing Sublease.

Walmart Inc.:

By: _____

Name: _____

Title: _____

Date: _____

APPENDIX A TO SUBLEASE AGREEMENT

PERSONAL GUARANTY OF SUBLEASE

_____, whose address is _____
 (“**Guarantor**”) as a material inducement to and in consideration of BAFC Realty, LLC, an Oregon limited liability company (“**Sublessor**”), entering into a written sublease agreement (the “**Sublease**”) with _____, a(n) _____ formed in the State of _____ (“**Sublessee**”), of even date herewith, pursuant to which Sublessor subleased to Sublessee and Sublessee subleased from Sublessor, premises situated in the city of _____, county of _____, state of _____, commonly known as _____ [address], unconditionally, absolutely and irrevocably guarantees and promises to and for the benefit of Sublessor that Sublessee shall punctually perform the provisions of the Sublease that Sublessee is to perform.

If Guarantor is more than one person, Guarantor’s obligations are joint and several and are independent of Sublessee’s obligations. A separate action may be brought or prosecuted against any Guarantor whether the action is brought or prosecuted against any other Guarantor or Sublessee, or all, or whether any other Guarantor or Sublessee, or all, are joined in the action.

The provisions of the Sublease may be changed (including, but not limited to, renewal, extension or modification of the Sublease) by written agreement between Sublessor and Sublessee at any time, without the consent of or without notice to Guarantor. This Guaranty shall guarantee the performance of the Sublease as changed. Assignment of the Sublease by either Sublessor or Sublessee (as permitted by the Sublease) shall not affect this Guaranty.

This Guaranty shall not be affected by Sublessor’s failure or delay in enforcing any of Sublessor’s rights.

If Sublessee defaults under the Sublease, Sublessor can proceed immediately against Guarantor or Sublessee, or both, or Sublessor can enforce against Guarantor or Sublessee, or both, any rights that it has under the Sublease, or pursuant to applicable laws. If the Sublease terminates and Sublessor has any rights it can enforce against Sublessee after termination, Sublessor can enforce those rights against Guarantor without giving previous notice to Sublessee or Guarantor, or without making any demand on either of them.

Guarantor waives the right to require Sublessor to (1) proceed against Sublessee; (2) proceed against or exhaust any security that Sublessor holds from Sublessee; or (3) pursue any other remedy in Sublessor’s power. If Guarantor becomes insolvent, becomes the subject of any bankruptcy or insolvency proceeding, or makes an assignment for the benefit of creditors, Sublessor may, without notice or demand, accelerate all of Guarantor’s obligations so that they are immediately due and payable.

Guarantor waives any claim or other right now existing or hereafter acquired against Sublessee, or any other person who is primarily or contingently liable on the Sublease, that arises from the performance of Guarantor’s obligations under this Guaranty, including, without limitation, any right of contribution, indemnity, subrogation, reimbursement, exoneration, and the right to participate in any claim or remedy of Sublessor against Sublessee or any collateral security therefore which Sublessor now has or hereafter acquires, whether or not such claim, right or remedy arises under contract, law or equity. Guarantor agrees to indemnify Sublessor and hold it harmless from and against all loss and expense, including legal fees, suffered or incurred by Sublessor as a result of claims to avoid any payment received by Sublessor from Sublessee, or for its account or from collateral, with respect to obligations of Sublessee guaranteed herein. Guarantor agrees that the obligations of Sublessee guaranteed herein shall be automatically reinstated if and to the extent that for any reason any payment by or on behalf of Sublessee is rescinded or must be otherwise restored by any holder of any of the guaranteed obligations, whether as a result of any proceedings in bankruptcy or reorganization or otherwise, and Guarantor agrees that Guarantor will indemnify the Sublessor on demand for all reasonable payments, costs, and expenses, including legal fees, incurred by Sublessor in connection with such rescission or restoration.

Guarantor waives Guarantor's right to enforce any remedies that Sublessor now has, or later may have, against Sublessee. Guarantor waives any right to participate in any security now or later held by Sublessor. Guarantor waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor, and notices of acceptance of this Guaranty, and waives all notices of the existence, creation, or incurring of new or additional obligations.

If Sublessor disposes of Sublessor's interest in the Sublease, "**Sublessor**" as used in this Guaranty, shall mean Sublessor's heirs, successors and assigns.

If Sublessor is required to enforce Guarantor's obligations by legal proceedings, Guarantor shall pay to Sublessor all costs incurred, including, without limitation, reasonable attorneys' fees as detailed in Section 12(a) of the Sublease.

Guarantor's obligations under this Guaranty shall be binding on Guarantor's heirs, successors and assigns.

DATED: _____

GUARANTOR:

Signed: _____

Print Name: _____

Signed: _____

Print Name: _____

Signed: _____

Print Name: _____

APPENDIX B TO SUBLEASE AGREEMENT

SALES REPORT FORM

Lease Number	Walmart Store Number	City, State	Month	Gross Sales	Percentage Fee Rate	Total License Fees	Less Base License Fee (already paid)	Balance Due
						\$ -		
						\$ -		

APPENDIX C TO SUBLEASE AGREEMENT

LEASE INSURANCE CLAUSE

ARTICLE XIV INSURANCE

- 14.1 **Insurance Required.** Tenant shall procure and maintain, at Tenant's own expense, the insurance policies described herein. All insurance policies required by this Master Lease must be obtained from an insurance company with a rating of A+ or better and a financial Size Category rating of VII or better as rated in the A.M. Best Key Rating Guide for Property and Casualty Insurance Companies ("Insurer"), unless self-insured as discussed in Section 14.3 below.
- 14.2 **Requirements.**
- A. Tenant shall procure and maintain the "primary" insurance policies described below in accordance with the below conditions:
- (1) Worker's Compensation insurance with statutory limits, or if no statutory limits exist, with minimum limits of \$500,000 per occurrence, and Employer's Liability coverage with minimum limits of \$1,000,000, for each employee for bodily injury by accident and for each employee for bodily injury by disease. Tenant shall cause Insurer to issue an endorsement providing stopgap insurance in monopolistic states in which a Leased Premises under this Master Lease may be located.
 - (2) Commercial General Liability insurance with a \$3,000,000 minimum limit per occurrence for each Leased Premises leased under the Master Lease or with per location aggregate limits for each Leased Premises leased under the Master Lease.
 - i. The Commercial General Liability policy required under this Paragraph 2 should contain neither exclusion for contractual liability assumed by Tenant in a lease nor any Absolute Pollution exclusion, unless these coverages are provided by a separate policy with minimum limits equal to the Commercial General Liability policy limits required by this Paragraph 2.
 - ii. Any policy obtained to satisfy the obligations of this Paragraph 2 must list as Additional Insureds the parties described below in Paragraph 5.
 - iii. Tenant shall submit to Landlord, no later than thirty (30) days after the actual Rent Commencement Date, Certificates of Insurance and endorsements evidencing Tenant's compliance with this Paragraph 2.
 - (3) Business Automobile Liability insurance with minimum combined single limits of \$500,000 covering liability arising out of the operation of owned, hired, and non-owned vehicles.
 - (4) Tenant may satisfy the minimum limits required in Paragraphs 1 and 2, above, by procuring and maintaining Umbrella/Excess Liability insurance on an umbrella basis, in excess over, and no less broad than the primary liability coverage; with the same inception and expiration dates as the primary liability coverage it is in excess of; with minimum limits necessary to satisfy the required primary minimum limits; and which "drop down" for any exhausted aggregate limits of the primary liability coverage. Tenant shall cause Insurer to issue an endorsement to any policy Tenant procures in satisfaction of its obligations in this paragraph providing per location per occurrence limits or per location aggregate limits for each Leased Premises leased under this Master Lease and listing as Additional Insured the parties described below in Paragraph 5.

- (5) Where permitted by law, list as Additional Insureds Walmart Inc., its subsidiaries and its affiliates, and the directors, officers, shareholders, employees, agents, and representatives, and the respective successors and assigns of each, and any party Landlord has a contractual obligation to indemnify for Claims in connection with the Store or the Leased Premises.
- B. Tenant and its Sublessees bear the responsibility of insuring for fire and all risks, including risk of flood, earthquake, and terrorism, associated with the merchandise, Trade Fixtures, and Improvements related to the operation of the Leased Premises. At no time is Landlord liable for any Damage or Injury to Tenant's business property, Improvements, betterments, or Trade Fixtures or other property of Tenant within any of the Leased Premises due to fire or any other risk covered under a Causes of Loss – Special Form Insurance Policy or due to flood, earthquake, or terrorism.
- C. Tenant shall submit to Landlord a Certificate of Insurance for each insurance policy required under this Article XIV naming "Walmart Inc., Attn: Asset Management, 2001 S.E. 10th Street, Bentonville, AR 72716-5525" as the Certificate Holder. Additionally, each Certificate of Insurance must:
 - (1) Be submitted to Landlord at the address provided in the preceding sentence;
 - (2) Show the name and address of the Insurer;
 - (3) Show the policy number and date(s) of coverage for each policy procured by Tenant in satisfaction of its obligations under this Master Lease;
 - (4) Include the name, address, telephone number, and signature of the authorized person providing the Certificate of Insurance;
 - (5) Verify the insurance coverage required in this Article XIV;
 - (6) Verify that Insurer waives subrogation in favor of Landlord and Landlord's affiliates and subsidiaries;
 - (7) Verify the insurance policies are primary, non-contributory, and not in excess of any insurance the Additional Insured has available to it; and
 - (8) Where permitted by law, provide coverage for punitive damages.

Exhibit G-2 to Boba Arena Franchise Disclosure Document

Our affiliate, BAFC Realty, LLC, is (or will become) the tenant party to a master lease (“Master Lease”) with Walmart Inc. Our affiliate will sublease franchise premises to our franchisees operating within Walmarts. Our current form of sublease is attached as Exhibit G-1. Attached below as Exhibit G-2 is a sample form of Attachment A to the Walmart Master Lease, which typically will be used to describe some specific deal terms for the specific premises. This is only a sample; it is subject to change. The sublease will bind you to the Master Lease, including the applicable Attachment A.

**SAMPLE FORM OF ATTACHMENT A
TO WALMART’S MASTER LEASE**

Walmart Inc. (“Landlord”) and **BAFC Realty, LLC**, a Limited Liability Company (“Tenant”) entered into a Master Lease Agreement effective _____, 20____ (“Master Lease”) and now desire to lease the below-described Leased Premises subject to the terms and conditions of the Master Lease, to which this Attachment A attaches and incorporates into upon full execution of this Attachment A by Landlord and Tenant (the “Effective Date”). All capitalized terms used in this Attachment A have the meanings set forth in the Master Lease unless otherwise specifically stated in this Attachment A.

Article I LEASED PREMISES

The Leased Premises consists of approximately _____ square feet of floor space in the Store commonly referred to by Landlord as **Wal-Mart #_____ in the City of _____ State of _____**. The Leased Premises is further depicted on Exhibit A, attached hereto.

Article II DELIVERY WINDOW

The Delivery Window is between _____ and _____. This Leased Premises will be delivered to Tenant "as is."

**Article III
LEASE TERM, EXTENSION, EXPIRATION AND SURRENDER**

1. Lease Term. The Lease Term for the Leased Premises shall expire and this Attachment A shall terminate on the _____ anniversary of the Rent Commencement Date, subject to any extension as described below.
2. Extension Option. Tenant and Landlord shall have the option (the “Extension Option”), subject to Landlord’s consent (which may be withheld in Landlord’s sole discretion), to extend the Lease Term as to the Leased Premises for _____ additional _____-year period(s) (each, an “Extension Term”), subject to the terms and conditions of the Master Lease and this Attachment A.
3. Notice to Landlord. Tenant, at least _____ days prior to the Expiration Date, Tenant shall notify Landlord of its desire to exercise an Extension Option. Such notice must be in writing and Tenant may not be in Default at the time of such notice or as of the date of the commencement of the Extension Term. In order to be effective, any Extension Term must be consented to by Landlord (as determined in its sole discretion) and evidenced by the signing of a new Attachment A for the Leased Premises. Any new Attachment A for

which an Extension Term is entered into supersedes and replaces any previous Attachment A for the Leased Premises that Landlord and Tenant entered into. Any period for which an Extension Option is not exercised by Tenant shall be forfeited.

4. Landlord Buyout Provision. Landlord may, without cause, terminate this Attachment A, with prior, written notice effective ____ days after Tenant receives such written notice. In the event such termination occurs during the initial lease term of the lease, Landlord shall reimburse Tenant for the initial unamortized portion of the cost of Tenant's Improvements to the applicable Leased Premises, calculated on a straight-line depreciation basis over said initial Lease Term. Landlord may require Tenant to provide proof of such costs if this provision is exercised. If so, such documentation shall be provided within fifteen (15) days upon written request by Landlord. It is expressly understood and agreed by the parties that the amount specified by the parties is reasonable and Landlord shall not be liable for any other cost or expense of Tenant ceasing operations in the applicable Leased Premises. Upon full amortization of said initial development costs over the initial lease term, the Landlord will not be responsible for fees as a result of exercising this provision.

If the Lease terminates as a result of Landlord exercising the buyout right defined above, Section 5 below shall not apply, and Tenant shall immediately remove all property, Signs and Trade Fixtures from the Leased Premises and quit and surrender the Leased Premises in "as is" condition.

5. Condition Upon Surrender or Termination. Upon the expiration or earlier termination of this Attachment A, for whatever reason, Tenant shall immediately remove all property and the Trade Fixtures from the Leased Premises. Additionally, Tenant shall surrender and quit the Leased Premises.

Article IV

RENT COMMENCEMENT DATE, RENT, SECURITY DEPOSIT, OTHER

1. Rent Commencement Date. The Rent Commencement Date is _____, 20____, or the first day Tenant is open for business, whichever is earlier, subject to change in accordance with the Master Lease.
2. Base Rent. Commencing on the Rent Commencement Date, Tenant shall pay Landlord ____ and percentage rent as outlined below, subject to applicable [STATE] sales tax in accordance with the terms of the Master Lease. On the first (1st) day of the month following the anniversary of the Rent Commencement Date and on each one-year anniversary thereafter during the Lease Term, the monthly Base Rent shall automatically increase by ____ %; provided, that the monthly Base Rent during any Extension Term shall be as set forth in Article III.2 above.
3. Percentage Rent. Tenant shall pay Landlord monthly Percentage Rent in accordance with the terms of the Master Lease. Percentage Rent shall be an amount equal to *[the product of (i) total monthly Gross Sales in and from the Leased Premises, and (ii) the Percentage Rent Rate.]*

"Gross Sales" means the aggregate selling price of all merchandise sold or delivered at or from any part of the Leased Premises and the charges for all services sold or performed at or from any part of the Leased Premises or at any other location if the merchandise is taken from the Leased Premises or the order for services taken at the Leased Premises. In addition: (i) Gross Sales includes sales and charges for cash or credit, and credit sales shall be included in Gross Sales regardless of

collections; (ii) Gross Sales excludes refunds made by Tenant to its customers for merchandise originally included in Gross Sales but returned to Tenant; exchanges of merchandise between stores of Tenant where such exchanges are made solely for the convenient operation of Tenant's business; and the amount of any city, county, or state sales tax on sales paid to a taxing authority by Tenant, but not by any vendor of Tenant; and (iii) a sale shall be deemed to be made in the Leased Premises if the merchandise or services are ordered from the Leased Premises in person, via telephone, facsimile, internet, or other electronic means, or filled at the Leased Premises, or delivered from the Leased Premises.

"Percentage Rent Rate" means ____% of monthly Gross Sales.

4. Common Area Maintenance Fee. Tenant shall also pay Landlord, as additional Rent, a Common Area Maintenance fee of \$____ per month pursuant to the terms of the Master Lease.
5. Utility Reimbursement Fee. Tenant shall pay Landlord, as additional Rent, a Utility Reimbursement fee according to the following schedule and pursuant to the terms of the Master Lease:

<u>Level</u>	<u>Monthly Gross Sales</u>	<u>Utility Reimbursement Fee</u>
Level 1	\$____ to \$____	____%
Level 2	\$____ to \$____	____%
Level 3	\$____ to \$____	____%
Level 4	\$____ to \$____	____%
Level 5	\$____ and above	____%

6. Leased Premises Improvement Charge. Tenant shall pay Landlord, as additional Rent, a Leasehold Improvement Charge of \$____ per month, pursuant to the terms of the Master Lease.
7. Key Money. Tenant shall pay Landlord, as additional Rent, Key Money in the amount of \$____ per month, pursuant to the terms of the Master Lease.
8. Security. Tenant shall provide Landlord with a Security Deposit in the amount of \$____, subject to and in accordance with the terms of the Master Lease.
9. Insurance Reimbursement Fee. Tenant shall pay Landlord, as additional Rent, an Insurance Reimbursement Fee in the amount of \$____ per month, pursuant to the terms of the Master Lease.
10. ACH Direct Payments. [____]

Article V PERFORMANCE COVENANTS

Commencing on the second anniversary of the Rent Commencement Date and on each anniversary of the Rent Commencement Date thereafter during the Lease Term, Tenant shall satisfy the following performance covenants for the immediately preceding twelve (12) month period with respect to the Leased Premises. If Tenant fails to satisfy the Performance covenants during any lease year, Landlord or Tenant may terminate this Attachment A without penalty.

<u>Lease Year</u>	<u>Gross Sales</u>	<u>Transaction Counts</u>
2	\$ ____	____
3	\$ ____	____
4	\$ ____	____
5	\$ ____	____

Article VI HOURS OF OPERATION

Tenant shall operate the Leased Premises:

- a. Monday through Friday: ____a.m. to ____p.m.
- b. Saturday: ____a.m. to ____p.m.
- c. Sunday: ____a.m. to ____p.m.
- d. Such additional hours during holiday season or special promotions as Landlord may determine or reasonable prior notice.
- e. Such modified operating hours as Landlord's Store Manager or Landlord's Home Office Leasing Manager may agree to from time to time, but in no event shall operating hours total less than fifty (50) hours per week without approval from the Landlord's Home Office Leasing Department.

Article VII MISCELLANEOUS

1. Binding Effect. This Attachment A is effective as of the Effective Date. Tenant agrees to accept the Leased Premises subject to the terms and conditions of the Master Lease, to which this Attachment A attaches to and incorporates into.
2. Counterparts. This Attachment A may be executed in multiple counterparts, each of which shall be deemed to be an original, but all of which, together, shall constitute one and the same instrument. This Attachment A may be executed by one or more parties using an

electronic signature, which the parties agree shall be binding for all purposes and shall constitute an original signature.

IN WITNESS HEREOF, the parties have executed this Agreement as of the date(s) set forth below.

“Landlord”

Witness: **WAL-MART STORES _____, LLC**

By: _____
Name: _____ Name: _____
Title: _____
Date: _____

“Tenant”

Witness: **BAFC Realty, LLC**

By: _____
Name: _____ Name: _____
Title: _____
Date: _____

Exhibit H to Boba Arena Franchise Disclosure Document

FORM OF GENERAL RELEASE

The Franchise Agreement provides that the franchisee must sign a general release in a form satisfactory to the franchisor in certain circumstances, such as upon transfer or renewal of the franchise. Following is a form of General Release that is subject to change.

FORM OF GENERAL RELEASE

This General Release Agreement ("Agreement") is made this ____ day of _____, 20____. It is among BOBA ARENA FRANCHISE COMPANY LLC ("Franchisor"), _____ and _____ (jointly and severally "Franchisee") and _____ and _____ (jointly and severally "Transferee").

RECITALS

On or about ____ day of _____, 20____, Franchisor and Franchisee entered into a Boba Arena Franchise Agreement (the "Franchise Agreement[s]") for the operation of a Boba Arena franchise at the following location: _____.

[NOTE: Describe the circumstances relating to the release, such as circumstances related to transfer or renewal of the franchise and relevant agreement dates.]

Now, therefore, in consideration of the mutual covenants set forth below, the parties agree as follows:

[1. Renewal of Franchise Agreement. The parties covenant and agree:

A. The Franchise Agreement, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties is terminated. The provisions of the Franchise Agreement concerning your obligations upon termination and renewal will continue in full force and effect. The parties agree that this Agreement fully and completely expresses the present understanding between the parties.

B. Contemporaneously with execution of this Agreement, you agree to execute our current franchise agreement forms. These forms may vary materially from the Franchise Agreement. Fees will be set at the currently prevailing rates and terms. The Franchise Premises must remain at the location designated in the Franchise Agreement unless we otherwise approve in writing.

C. You will reimburse us for the following reasonable out-of-pocket costs we incur concerning the renewal:

_____.

D. You will refurbish, remodel, and replace the Franchise Premises, fixtures, and equipment to conform to the current Operations Manual and System. This includes:

_____.

E. You or your designated manager will attend and successfully complete the following retraining programs at your expense, including travel, meals, lodging, and our current training fee of \$_____:_____.

[1. Franchise Transfer. The Parties covenant and agree:

A. The Franchise Agreement between Franchisor and Franchisee, including all appurtenant addenda, certificates, exhibits, options, and obligations of the parties are terminated, as between them, except as otherwise provided in this Agreement.

B. Franchisor enters into this Agreement, in part, in reliance upon the individual or collective character, skill, attitude, business ability and financial capacity of Transferee.

C. All obligations of Franchisee in connection with the Franchise Agreements and the franchises are assumed by the Transferee. Franchisee will remain bound by its covenants in the Franchise Agreements that neither it nor its owners, officers, partners, or other persons enumerated in the Franchise Agreements will disclose confidential information nor compete with Franchisor or Franchisor's franchisees.

D. [All now ascertained or liquidated debts in connection with the franchise have been paid by Franchisee.] [Franchisee owes \$--- in current obligations and will owe additional funds for franchise fees, advertising fees, and product purchases through the closing of this transfer transaction. Franchisee will pay all sums due to Franchisor and to product suppliers within 10 days of the relevant invoice or due date. All other now ascertained or liquidated debts in connection with the franchises have been paid by Franchisee.]

E. Franchisee is not in default in any way under the Franchise Agreements or any other agreement between it and Franchisor.

F. Transferee will pay for and complete to Franchisor's exclusive satisfaction the training programs now required of new franchisees. [Transferee has completed to Franchisor's satisfaction the training programs now required of new franchisees.] [Transferee has demonstrated to Franchisor's satisfaction sufficient ability to successfully operate the franchise]. Franchisee or Transferee have submitted to Franchisor, upon execution of this Agreement, a Transfer Fee in the amount of \$---. Franchisor acknowledges receipt of this Fee in consideration for Franchisor's legal, accounting, credit check, training and investigation expenses incurred as a result of this transfer. [In addition, Franchisee has paid to Franchisor, contemporaneous with execution of this Agreement, a ___ percent commission on the gross transfer price (excluding the price of real property), in the amount of \$____. Franchisor acknowledges receipt of this amount in consideration for having obtained Transferee for Franchisee.]

G. Transferee will execute all documents Franchisor or Franchisee may reasonably require to complete the transfer and assumption of the franchise, including but not limited to execution of a new franchise agreement in the form currently being used by Franchisor. The new franchise agreement may contain economic and general terms which are materially different from those contained in the Franchise Agreement.

H. Transferee has met the standards established by Franchisor for quality of character, financial capacity and experience required of a new or renewing Boba Arena franchisee. Franchisee and Transferee have provided to Franchisor such information as Franchisor reasonably requested to evidence that Transferee meets these standards.

[I. The lessor or sublessor of the Franchise Premises has consented to the assignment or sublease of the Franchise Premises to Transferee.]

J. Franchisee and Transferee agree to subordinate to Transferee's obligations to Franchisor (including, without limitation, the payment of all franchise fees) any obligations of Transferee to Franchisee.

K. Transferee will assume possession and control of the equipment, furnishings, signs, supplies, inventory, advance paid deposits and other personal property and fixtures located on the Franchise Premises, except as follows:

L. Franchisee will properly operate the franchises and maintain the Franchise Premises in clean and

proper working order and will continue the employment of all current employees until Transferee assumes control of the businesses and [relocates] the Franchise Premises.

M. Franchisee will maintain a sufficient inventory and sufficient supplies on hand to provide for normal business operations through the second day after Transferee assumes control of the businesses and the Franchise Premises, except as follows:

Transferee agrees to place orders with product suppliers to maintain the inventory and supply levels following the closing of this transaction.

N. Franchisee and Transferee have entered into this Agreement for the transfer of Franchisee's rights under the Franchise Agreements after their own independent investigation. The transfer of the franchise rights and the amount of consideration for them have been determined by them independently. Franchisee and Transferee acknowledge that they have not relied upon any representation, warranty, promise or other consideration from or by Franchisor in entering into this Agreement or in evaluating the advisability of the transfer or the value of the franchises, any of the franchise rights or the franchise locations.

[O. Transferee will refurbish and remodel the Franchise Premises, and will refurbish, remodel and/or replace the fixtures, equipment and signage to conform to the current Operations Manual and Method of Operation within 90 days of transfer. This includes: _____.]

P. Franchisee acknowledges that Franchisor has been and is authorized to release to Transferee any and all information maintained by Franchisor relating to the franchised business and the Franchise Agreement.

[NOTE: The following Section 2 is for franchise transfers but not for franchise renewals:]

[2. Franchisee to Cease Using Trade Names, Marks, and Logos. Upon completion of the transfer, Franchisee will immediately cease using Franchisor's trade names, service marks, logos, and other marks, symbols or materials indicating that Franchisee is or was related to Franchisor in any way, except as otherwise provided in writing. Franchisee acknowledges that all such names, service marks, logos, and symbols are the exclusive property of Franchisor and that Franchisee has been allowed to use them, only in conjunction with the franchise relationship as outlined in this Agreement. Franchisee will remain jointly and severally bound to comply with the covenants in the Franchise Agreement which expressly or by reasonable implication are intended to apply to Franchisee after termination of the Franchise Agreement, including any applicable non-disclosure requirements. Franchisee will immediately:

A. deliver to Transferee or Franchisor all copies of the Operations Manuals, training materials, and all other franchise-related materials in Franchisee's custody, control or possession (or destroy such materials if requested by Franchisor);

B. take action as required to transfer to Transferee all registrations relating to the use of all assumed names;

C. notify the telephone company and all listing agencies of the transfer of Franchisee's rights to use the franchise names and logos and classified and directory listings of the franchise;

D. cease use of the franchise trademarks, service marks, trade names, copyrights, and other intellectual or intangible property; and

E. refrain from doing business in any way that might tend to give the public the impression that Franchisee still is or was a franchisee in the franchise system.]

3. Communication of Confidential Information. Neither Franchisee nor its owners, officers, directors, or other persons enumerated in the Franchise Agreements will communicate or divulge to any person or entity the contents of this Agreement, the contents of the Franchise Agreement, the substance of the Boba Arena franchise operations manuals, or any other nonpublic information related to the operation of the Boba Arena franchise system. Franchisee represents and warrants that neither it nor any listed individual has communicated or divulged any such information to anyone prior to the date of this Agreement. This Section shall not reduce the scope of the confidentiality and non-disclosure obligations and restrictions in the Franchise Agreement; Franchisee will continue to comply with such obligations and restrictions.

[Nothing contained in this Agreement will preclude Franchisor or Franchisee from disclosing the fact of this Agreement or the amount paid by Transferee to Franchisor or to Franchisee.]

4. Release.

A. General. In consideration of the covenants and understandings set forth in this Agreement, Franchisee (for itself and on behalf of its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) (“**Releasing Parties**”) does release and forever discharge and covenants not to sue Franchisor (and its affiliates, subsidiaries, divisions, successors, assigns, owners, officers, directors, LLC managers, employees and agents) (“**Released Parties**”) from all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute (each a “**Claim**” and collectively “**Claims**”), including but not limited to Claims arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of the Franchise Agreement and any related agreements between the parties through the date of this Agreement *[(except provisions in the Franchise Agreement concerning Franchisee’s obligations upon termination).]*

It is expressly understood and agreed that this release is intended to cover and does cover not only all known losses and damages but any further losses and damages not now known or anticipated but which may later develop or be discovered, including all the effects and consequences thereof.

The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, through the date of this Agreement, including, but not limited to, economic loss.

[In consideration of the covenants and understandings set forth in this Agreement, Transferee does release and discharge Franchisor and its current and former owners, partners, directors, officers, members, employees and agents from any and all claims, demands, actions or causes of action of every name, nature, kind and description whatsoever, whether in tort, in contract or under statute, arising directly or indirectly out of the offer of, negotiation of, execution of, performance of, nonperformance, or breach of Transferee’s existing franchise or license agreement(s) with us and any related agreements between the parties and out of any other action or relationship between the parties arising prior to the date of this Agreement.

Transferee represents that this release has been read and that it is fully understood and voluntarily accepted. The purpose of this release is to make a full, final and complete settlement of all claims against Franchisor, known or unknown, through the date of this Agreement, including, but not limited to, economic loss.]

B. Waiver of Statute. With the advice of legal counsel, the Releasing Parties expressly waive any statute, legal doctrine or other similar limitation upon the effect of general releases. If

applicable, the parties waive the benefit of California Civil Code Section 1542, which states: A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

C. Covenant Not to Sue. The Releasing Parties covenant not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any of the Released Parties with respect to any Claim.

[D. Certain Obligations Not Released. The parties agree that the provisions of the Franchise Agreement concerning the obligations of Franchisee upon termination will continue in full force and effect. Without limiting the generality of the foregoing, Franchisee shall be liable to Franchisor for royalties and any other fees that accrue prior to the Effective Date.]

[D. Washington Franchise Investment Protection Act. The release contained herein does not apply to claims that arise under the Franchise Investment Protection Act, RCW 19.100 RCW, and the rules adopted thereunder.]

E. Releasing Parties' Acknowledgments. EACH OF THE RELEASING PARTIES HEREBY ACKNOWLEDGE THAT THEY HAVE READ THIS RELEASE THOROUGHLY AND FULLY UNDERSTAND IT; THEY ARE VOLUNTARILY EXECUTING THIS RELEASE; THEY HAVE GRANTED THE OPPORTUNITY TO SEEK INDEPENDENT LEGAL ADVICE BEFORE EXECUTING THIS RELEASE; AND THEY ARE AWARE THAT BY SIGNING THIS RELEASE THEY ARE WAIVING CERTAIN LEGAL RIGHTS THAT THEY MAY HAVE AGAINST THE RELEASED PARTIES.

5. Indemnification. Franchisee, for themselves and their heirs, successors, representatives, assigns, subsidiaries, divisions, and agents and each of them, agree to indemnify and hold harmless Franchisor and its affiliates, subsidiaries, divisions, successors, assigns, officers, directors, employees and agents and each of them against any liabilities, losses, damages, deficiencies, claims, costs, expenses, actions, suits, proceedings, investigations, demands, assessments, judgments, and costs of any nature resulting, directly or indirectly, from the operation of the franchise by Franchisee or Franchisee's agents or employees. This Section shall not reduce the scope of the indemnities found in the Franchise Agreement.

6. Miscellaneous Provisions.

A. Entire Agreement. This writing is the entire agreement between the parties and may not be modified or amended except by written agreement signed by the parties.

B. Joint and Several Liability. If Franchisee consists of more than one individual or entity, then their liability under this Agreement will be joint and several.

C. Waiver. No waiver of any covenant or breach of this Agreement will be a waiver of any subsequent breach of the same or any other covenant or authorize the subsequent breach of any covenant or condition.

D. Time of Essence. Time is of the essence of this Agreement.

E. Injunctive Relief. In addition to other remedies available at law or in equity, any party may seek and obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any covenant contained in this Agreement.

F. Dispute Resolution. If a dispute arises, before taking any other legal action, the parties agree to participate in good faith mediation in the county in which our headquarters are then located

(currently Washington County, Oregon) in accordance with the mediation procedures of Arbitration Service of Portland, Inc. or of any similar organization that specializes in the mediation of commercial business disputes. The party demanding mediation must provide written notice to the other party of the demand for mediation. If the other party does not respond to the mediation demand within 30 days of written notice, or indicates a refusal to participate in mediation, then the party providing notice may proceed with other forms of dispute resolution. The parties agree to equally share the costs of mediation. Injunctive relief and or claims of specific performance sought pursuant to or authorized by this Agreement, are not subject to, nor can be avoided by, the mediation terms of this Agreement, and may be brought in any court of competent jurisdiction.

G. Costs and Attorneys' Fees. The prevailing party in any suit or action to enforce this Agreement will be entitled to recover its proceeding and court costs and reasonable legal fees to be set by the proceeding or court, including costs and legal fees on appeal.

H. Governing Law and Venue. This Agreement is accepted in the State of Oregon and will be governed by the laws of Oregon, which laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.) and except in those states whose franchise laws require exclusive application of those laws. This choice of laws will not include and does not extend the scope of application of the Oregon franchise or business opportunity laws (if any). Any portion of this Agreement that requires enforcement in any other state, and is enforceable under the laws of that state but not of Oregon, will be construed and enforced according to the laws of that state. All issues or disagreements relating to this Agreement, will be tried, heard, and decided in the county in which our headquarters are then located (currently Washington County, Oregon).

I. Successors and Assigns. This Agreement will benefit and bind the respective heirs, executors, administrators, successors, and assigns of the parties.

J. Legal Representation. The parties acknowledge they have been represented by counsel and have been advised of the significance and ramifications of executing this Agreement.

K. Counterparts and Electronic Signatures. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument. Execution of this Agreement via DocuSign or any other reputable e-signature service will constitute valid and enforceable execution.

L. Definition of "Including." In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise.

[7. Effective Date. The effective date of this Agreement shall be the date the last party signs.]

IN WITNESS WHEREOF, the parties have executed this Agreement.

Franchisor: BOBA ARENA FRANCHISE COMPANY LLC

By: _____

Name: _____

Title: _____

Franchisee:

Name of Corporation/LLC/Partnership: _____

By: _____

Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Transferee:

Name of Corporation/LLC/Partnership: _____

By: _____ Title: _____

Individual Signature: _____

Print Name: _____

Individual Signature: _____

Print Name: _____

Instructions for signatures (above) for “Franchisee” and “Transferee”: If you are a corporation, limited liability company or other business entity, then this Agreement should be signed by a company officer or owner authorized to sign on behalf of the company. Additionally, this Agreement must be signed by all officers and owners of the company as individuals.

PERSONAL GUARANTY

THIS PERSONAL GUARANTY (this “**Guaranty**”) is given this _____ day of _____, 20____, by _____, jointly and severally (collectively, the “**Guarantors**”).

1. General. In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (including its exhibits) of even date (the “**Agreement**”) by BOBA ARENA FRANCHISE COMPANY LLC, an Oregon Limited Liability Company (the “**Franchisor**”), with _____ a _____ [corporation/limited liability company] (the “**Franchisee**”), each of the undersigned (“**Guarantor(s)**”) personally and unconditionally (a) guarantees to the Franchisor, and its successor and assigns, that the Franchisee will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement and its exhibits, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including but not limited to the provisions related to confidentiality and non-disclosure of confidential information, non-competition, use of trademarks and other intellectual property, monetary obligations, dispute resolution, and indemnification. In this Guaranty, “Agreement” includes the Franchise Agreement and its exhibits and attachments as presently constituted and as they may be renewed, extended or modified.

2. Certain Waivers. Each of the undersigned waives: (1) acceptance and notice of acceptance by the Franchisor of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or nonperformance of any obligations guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations guaranteed; (4) any right the undersigned may otherwise have to require that an action be brought against the Franchisee or any other person as a condition of liability; (5) the defense of the statute of limitations in any action under this Guaranty or for the collection of any indebtedness or the performance of any obligation guaranteed by this Guaranty; and (6) any and all other notices and legal or equitable defenses to which it may be entitled.

3. Certain Consents and Agreements. Each of the undersigned consents and agrees that: (1) each Guarantor’s liability under this undertaking is direct, immediate, and independent of the liability of, and is joint and several with, the Franchisee and the other owners of the Franchisee; (2) the undersigned will render any payment or performance required under the Agreement upon demand if the Franchisee fails or refuses punctually to do so; (3) the liability of each of the undersigned is not contingent or conditioned upon pursuit by the Franchisor of any remedies against the Franchisee or any other person (including others of the undersigned); (4) the Franchisor may proceed against the Guarantor without having commenced any action, or having obtained any judgment, against the Franchisee; (5) the liability of each of the undersigned will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence which the Franchisor may grant to the Franchisee or to any other person, including the acceptance of any partial payment or performance, or the compromise or release of any claims, or any amendment to the Agreement, none of which shall in any way modify or amend this Guaranty, which shall be continuing; (6) neither the Guarantor’s obligations to make payment or render performance in accordance with the terms of this Guaranty nor any remedy for the enforcement of this Guaranty will be impaired, modified, changed, released or limited in any manner whatsoever by any impairment, modification, change, release, or limitation of the liability of the Franchisee or its estate

in bankruptcy or of any remedy for the enforcement of this Guaranty, resulting from the operation of any present or future provision of the U.S. Bankruptcy Code or other statute, or from the decision of any court or agency; and (7) any obligations or debt owing from Franchisee to the undersigned shall be subordinate to Franchisee's obligations under the Agreement and this Guaranty.

4. Miscellaneous.

4.1 Guarantor further agrees to reimburse the Franchisor for all costs and expenses which the Franchisor may incur in the enforcement of any of its rights under this Guaranty, including reasonable attorneys' fees.

4.2 Nothing in this Guaranty shall be deemed or taken to be a condition or limitation of any of the rights of the Franchisor against the Franchisee.

4.3 This Guaranty shall continue in full force and effect until all of the obligations of the Franchisee have been satisfied.

4.4 The terms and provision of this Guaranty shall be binding upon and inure to the benefit of the successors and assigns of the Guarantor and Franchisor.

4.5 No provision of this Guaranty or right of Franchisor hereunder can be waived or modified, nor can Guarantor be released from Guarantor's obligations hereunder, except by a writing duly executed by Franchisor.

4.6 This Guaranty may be assigned by Franchisor concurrently with the transfer or assignment of the License Agreement, and, when so assigned, Guarantor shall be liable to the assignees without in any manner affecting the liability of Guarantor hereunder.

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

4.8 This Guaranty shall be governed by and construed in accordance with the laws of the State of Oregon. In any action brought under or arising out of this Guaranty, Guarantor hereby consents to the jurisdiction of any competent court within the county in which our headquarters are then located (currently Washington County, Oregon) and hereby consents to service of process by any means authorized by Oregon law.

4.9 This Guaranty shall constitute the entire agreement of Guarantor with respect to the subject matter hereof, and no representation, understanding, promise or condition concerning the subject matter hereof shall be binding upon Franchisor unless expressed herein.

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

GUARANTOR(S):	PERCENTAGE OWNERSHIP IN FRANCHISEE:
Signed: _____ Print Name: _____	_____ %
Signed: _____ Print Name: _____	_____ %
Signed: _____ Print Name: _____	_____ %

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This Confidentiality and Non-Competition Agreement (this “**Agreement**”) has been entered effective on the following date: _____. It is by and between BOBA ARENA FRANCHISE COMPANY LLC, an Oregon limited liability company (“**Franchisor**” and “**we/us**”) and _____ (“**you**”).

RECITALS

A. We own valuable goodwill and have valuable Confidential Information (defined below), and distinctive business format and color scheme and utilize distinctive, uniform business formats, recipes and/or formulae, signs, equipment, layouts, systems, methods, procedures, designs and marketing and advertising standards and formats (the “**System**”). The Confidential Information and System are connected with the development and operation of Boba Arena businesses.

B. Franchisor and _____ (“**Franchisee**”) signed that certain franchise agreement (“**Franchise Agreement**”) on or about _____ [DATE]. The Franchise Agreement requires the Franchisee’s owners, officers, directors, and persons occupying similar positions (who may obtain or who are likely to obtain knowledge concerning our Confidential Information) to execute a confidentiality and non-competition agreement.

AGREEMENT

Therefore, in consideration of the mutual promises and covenants contained in the Franchise Agreement and herein, the parties agree as follows:

1 PROTECTION OF CONFIDENTIALITY

1.1 Confidential Information Defined. In this Agreement, “Confidential Information” shall mean:

- a) Any information, whether or not it has been marked or otherwise designated as confidential, that relates to our proprietary ideas, trade secrets, business, products, technology, customers, finances, plans, proposals, or practices of us, including, but not limited to, plans and specifications for new products, discoveries, ideas, know-how, research and development, recipes and/or formulae, inventions, techniques, marketing strategies, customer lists, financing sources and suppliers, non-public financial information, budgets, data, and projections;
- b) Our proprietary information and information we mark or designate as confidential;
- c) Information, whether or not in written form and whether or not designated as confidential, which is known to you as being treated by us as confidential;
- d) Information provided to us by third parties, which we are obligated to keep confidential.

The Confidential Information shall include information in any form in which such information exists, whether oral, written, video, digital, electronic, or other format or medium.

Confidential Information loses that status if: (1) You can demonstrate that the information becomes publicly available (unless because you breached this Agreement); (2) You get it without restriction from a third party who had the right to disclose it without restriction; or (3) You develop it independently, or already knew it when we gave it to you as evidenced by your written records.

1.2 **Our Exclusive Property.** You acknowledge and agree that our System and all Confidential Information is and shall continue to be our sole and exclusive property, whether or not disclosed or entrusted to you in connection with your relationship with us. Nothing in this Agreement will give you or others any right, title, or interest whatsoever in or to them. The Confidential Information shall be considered our trade secrets and shall be entitled to all protections provided by applicable law to trade secrets.

1.3 **Safeguard of Confidential Information.** You agree to exercise the highest degree of care in safeguarding Confidential Information against loss, theft, or other inadvertent disclosure. You agree to accord to the Confidential Information the same degree of care and use the same confidentiality protection practices as you exercise or employ with respect to your confidential or proprietary information (but no less than a reasonable degree of care). This includes obligating employees and consultants who receive Confidential Information to covenants of confidentiality and non-use.

1.4 **Notice.** You agree that if you or your employees and agents are served with any subpoena or other compulsory judicial or administrative process calling for production of Confidential Information, you will immediately notify us in order that we may take such action as we deem necessary to protect our interests. You agree to execute any and all documents and to do all acts and things in the opinion of our counsel are necessary or advisable to protect our interests.

2. **COVENANT OF NON-DISCLOSURE.** You specifically acknowledge that you will receive valuable specialized and Confidential Information, including information regarding our operational, sales, promotional and marketing methods and techniques and the System. You agree not to disclose Confidential Information to any third party and to limit disclosure within your association to designated employees approved by us. Disclosures to designated employees will be done on a “need to know” basis to the extent necessary for them to perform the duties of their employment with you. Unless required by court order or applicable law, you agree not to copy, download, send, or divulge any Confidential Information directly or indirectly to any other person or enterprise outside of our franchise system. You will never communicate, divulge, or use in any manner, either for your benefit or the benefit of any other person, persons, partnerships, associations, companies or corporations any Confidential Information or proprietary information, knowledge or know-how concerning the System or any information we have communicated to you in written, verbal or electronic form, including intranet passwords, for the operation of your business. You agree not to reverse engineer, decompile, or otherwise attempt to discover the components of our formulae or other Confidential Information.

3 **COVENANT OF NON-USE.** You agree not to use Confidential Information or the System, except as authorized by us. You will obligate your owners, board of directors, LLC managers, employees, and agents to the same non-use covenant. We must approve in writing any use of Confidential Information or System by you or your owners or your directors or employees. You will be responsible for any breach of this Agreement by your owners, board of directors, LLC managers, employees and agents.

4 **RETURN OF CONFIDENTIAL INFORMATION.** You agree that all originals and copies of records, data, reports, documents, lists, plans, drawings, correspondence, memoranda, notes, and other materials related to or containing any Confidential Information, in whatever form they exist, whether written, visual, audio, video, or other form of media, shall be our sole and exclusive property. Upon cessation of your association with Franchisee, or upon our earlier request, you will promptly return to us (or irretrievably delete or destroy) all documents or other tangible property that contains Confidential Information.

5 **NON-COMPETITION COVENANT.**

5.1 Covenant. During the term of your association with Franchisee and for two years thereafter, you will not directly or indirectly (including by or through any other person or entity) participate as an owner, director, officer, employee, consultant, licensor, licensee, distributor, or agent, or serve in any other capacity in any business engaged in the offer, sale, or promotion of: boba teas, smoothies, or iced teas (including but not limited to those with tapioca, fruit flavored bobas, and jellies); flavored french fries; or related food and beverage products and services; or any business that offers products or services that are essentially the same as, or substantially similar to, the products and services that are part of the System.

5.2 Geographic Scope. During the term of your association with Franchisee, the covenants described in Section 5.1 above shall apply worldwide. During the two-year period after your association with Franchisee, such covenants will apply within the former Franchise Premises (as defined in Franchisee's Franchise Agreement), within a 20-mile radius of the former Franchise Premises, and within a 20-mile radius of any location where we operate or have granted the franchise to operate a Boba Arena business.

6 NON-DIVERSION OF BUSINESS. During the term of your association with Franchisee and for two years thereafter, you will not:

- A. divert or attempt to divert any of our business or any of our customers to any competing establishment; or
- B. do anything harmful to our goodwill associated with the Marks and System.

7 REMEDIES: INJUNCTION AND DAMAGES. You acknowledge that any disclosure of Confidential Information will cause irreparable harm to us. You agree that it may be difficult to measure damage to us from any breach by you or your employees and agents of this Agreement. You agree that monetary damages may be an inadequate remedy for any such breach. Accordingly, you agree that if you breach or take steps preliminary to breaching this Agreement, we shall be entitled, in addition to all other remedies we may have at law or in equity, to a restraining order, temporary and permanent injunctive relief, specific performance, or other appropriate equitable relief, without showing or proving that we actual sustained any damage.

8 MISCELLANEOUS

8.1 Duration. The obligations set forth in this Agreement related to non-disclosure and non-use of Confidential Information will continue during and beyond the term of your relationship with the Franchisee and for as long as you possess any Confidential Information in any manner.

8.2 Waiver. A waiver of any breach of any provision, term, covenant, or condition of this Agreement will not be a waiver of any subsequent breach of the same or any other provision, term, covenant, or condition. Any waiver to this Agreement's provisions must be made in signed writing by the granting party.

8.3 Governing Law. This Agreement will be governed by the substantive laws of Oregon without regard to Oregon choice of law provisions. Oregon laws will prevail, except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. Sections 1051, et seq.). This choice of laws will not include and does not extend the scope of application of any Oregon franchise or business opportunity laws except as they may otherwise apply pursuant to their terms and definitions. Any portion of this Agreement that requires enforcement in any other jurisdiction, and is enforceable under the laws of that jurisdiction but not of Oregon, will be construed and enforced according to the laws of that jurisdiction.

8.4 Venue. The venue for any action or legal proceeding seeking to enforce any provision of, or based on any right arising out of, this Agreement will be in the county in which our headquarters are then located (currently Washington County, Oregon). Each of the parties waives any objection to this

venue provision.

8.5 Injunctive Relief and Specific Performance. Either party may obtain in any court of competent jurisdiction specific performance and injunctive relief to restrain a violation by the other party of any term or covenant of this Agreement.

8.6 Remedies Not Exclusive. No right or remedy conferred upon either party is exclusive of any other right or remedy in this Agreement or provided by law or equity. Each will be cumulative of every other right or remedy.

8.7 Attorneys' Fees. The prevailing party in any insolvency proceeding, bankruptcy proceeding, suit, proceeding or action to enforce this Agreement will recover its proceeding and court costs and reasonable attorneys' fees. These will be set by the proceeding or court, including costs and attorneys' fees on appeal or review from the proceeding, suit, or action. "Prevailing party" means the party who recovers the greater relief in the proceeding.

8.8 Lawful Scope. If, for any reason, any provision set forth in this Agreement exceeds any lawful scope or limit as to duration, geographic coverage, or otherwise, it is agreed that the provision will nevertheless be binding to the full scope or limit allowed by law or by a court of law.

8.9 Counterparts and Electronic Signatures. This Agreement may be executed simultaneously in counterparts, each of which will be deemed an original, but all of which, together, will constitute one and the same instrument. Execution of this Agreement via DocuSign or another reputable e-signature service shall constitute legally binding execution and effective delivery.

8.10 Definition of "Including." In this Agreement, *including* means "including but not limited to" unless expressly stated otherwise.

IN WITNESS, the parties have executed this Agreement on the date written above.

Franchisor: BOBA ARENA FRANCHISE COMPANY LLC

By: _____

Name: _____

Title: _____

You: _____

Signed: _____

Name: _____

Title/Position with Franchisee:

Acknowledged by Franchisee:

By: _____

Name: _____

Title: _____

Exhibit K to Boba Arena Franchise Disclosure Document

OPERATIONS MANUAL TABLE OF CONTENTS

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Appendices:

Appendix 1	Sample Form of Confidentiality <i>[and Non-Competition]</i> Agreement (For Use By Franchisee With Its Personnel)
Appendix 2	Social Media Policy
Appendix 3	Boba Arena Recipes/Instructions
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Exhibit L to Boba Arena Franchise Disclosure Document

LISTS OF CURRENT AND CERTAIN FORMER FRANCHISEES

As of September 30, 2023: None

**STATE LAW ADDENDUM
TO
FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENT, MULTIPLE
FRANCHISE PURCHASE ADDENDUM, AND RELATED AGREEMENTS**

Maryland

The Disclosure Document (Item 17) and Franchise Agreement are amended to include that any provision which provides for termination upon bankruptcy of the franchisee may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law. Item 17 of the Disclosure Document and Sections 3, 20 and 24.5 to the Franchise Agreement are amended.

FDD Item 17; FA Section 9; and Multiple Franchise Purchase Addendum

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement is amended as follows: All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Multiple Franchise Purchase Addendum Section 4

Section 4 of the Multiple Franchise Purchase Addendum (entitled “No Other Understandings”) is hereby deleted.

FA Section 9.21

Section 9.21 of the Franchise Agreement (entitled “No Guarantee of Income or Refund if Not Satisfied”) is hereby deleted.

FA Section 9.18

The representations and acknowledgments in Section 9.18 of the Franchise Agreement (entitled “Your Additional Representations and Acknowledgments”) are hereby deleted to the extent they are not permissible or enforceable under applicable state franchise laws.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

FDD Item 5; FA Section 2.1; Multiple Franchise Purchase Addendum Section 6

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the multiple franchise purchase addendum opens.

Signatures for Maryland State Law Addendum:

DATED this ____ day of _____, 20____.

("we/us"): BOBA ARENA FRANCHISE COMPANY LLC ("you"):

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Signed Personally: _____

Print Name: _____

[The remainder of this page is intentionally left blank.]

Washington Addendum to the Franchise Disclosure Document, Franchise Agreement, Multiple Franchise Purchase Addendum, and Related Agreements

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

RCW 19.100.180 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 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.

A release or waiver of rights executed by a franchisee will not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder 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, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

RCW 19.100.220(2) provides that any agreement, condition, stipulation or provision purporting to bind any person to waive compliance with RCW 19.100 or any rule or order thereunder is void. Therefore, the Franchise Agreement and related agreements are hereby modified to the extent necessary to not contravene RCW 19.100.180(2)(g).

FDD Item 5

In Washington, persons who receive financial incentives to refer franchise prospects to us (if applicable) may be required to register as franchise brokers under relevant laws of the State of Washington.

FA Section 1.3.5

Franchise Agreement Section 1.3.5 is hereby stricken from the agreement.

FA Section 5.10

Franchise Agreement Section 5.10 (entitled “Working Capital Requirement”) is hereby stricken from the agreement.

FA 5.12.4

Franchise Agreement Section 5.12.4 is hereby stricken from the agreement.

FDD Item 17p; FA Sections 6 and 7

To the extent Franchise Agreement Sections 6 and 7 give us the option to purchase your business, the purchase price will be paid in cash, in full, at the time of closing.

FA Section 6.5.6

Franchise Agreement Section 6.5.6 is hereby amended to remove the “10% restocking charge.”

FA Section 6.5.7

Section 6.5.7 of the Franchise Agreement shall be interpreted in accordance with RCW 19.100.180, including that pursuant to RCW 19.100.180(2)(i) the franchisor must compensate the franchisee for good will in certain circumstances.

FA Section 7.4.2

Franchise Agreement Section 7.4.2 is hereby stricken from the agreement.

FA Section 8.1.1

The second sentence of Section 8.1.1 is hereby replaced with the following:

“Without limiting the foregoing, this indemnity will apply to claims that you, your owners, employees, brokers or your independent contractors are our (or another Indemnified Party’s) employees or agents, or are part of a common enterprise with us (or another Indemnified Party), including claims regarding violations of labor or employment laws or regulations.”

FA Section 9.7.3.1

Section 9.7.3.1 of the Franchise Agreement, which requires franchisees to waive the rule of contract construction that the contract is construed against the party preparing or drafting the agreement, does not apply to Washington franchisees.

FA Section 9.8.3

Franchise Agreement Section 9.8.3 (entitled “Liquidated Damages”) shall not apply to Washington franchisees.

FA Section 9.9.10(D)

Franchise Agreement Section 9.9.10(D) is hereby stricken from the agreement.

FA Section 9.9.10(G)

Franchise Agreement Section 9.9.10(G) is hereby stricken from the agreement.

General Release (FDD Exhibit H), Section 4.C

Section 4.C of the General Release (entitled “Covenant Not to Sue”) does not apply to Washington franchisees.

FA Section 9.18

The representations and acknowledgments in Section 9.18 of the Franchise Agreement (entitled “Your Additional Representations and Acknowledgments”) are hereby deleted to the extent they are not permissible or enforceable under applicable state franchise laws.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Special Risks to Consider About *This Franchise*

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.

The undersigned does hereby acknowledge receipt of this addendum.

It is agreed that the applicable foregoing state law addendum for the state of _____, if any, supersedes any inconsistent portion of the Franchise Agreement (to which this addendum is attached) of this same date, and of the Franchise Disclosure Document. All terms of the Franchise Agreement, including these State Law Addendum provisions for the relevant state, have been agreed to at the time the Franchise Agreement was signed, to the extent that they are valid requirements of an applicable, effective, and enforceable state law. However, this addendum will have effect only if the Franchise Agreement or our relationship with you satisfies all of the jurisdictional requirements of the relevant state’s franchise laws, without considering this addendum.

DATED this ____ day of _____, 20__.

(“we/us”): BOBA ARENA FRANCHISE COMPANY LLC

(“you”):

By: _____

By: _____

Name: _____

Name: _____

Title: _____

Title: _____

Signed Personally: _____

Print Name: _____

State Effective Dates

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

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

State	Effective Date
Maryland	Pending
Washington	Offered by a separate disclosure document

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 O to Boba Arena Franchise Disclosure Document

RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If BOBA ARENA FRANCHISE COMPANY LLC offers you a franchise, it must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.

If BOBA ARENA FRANCHISE COMPANY LLC does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit C.

The name, principal business address, and telephone number of each franchise seller offering the franchise are: Isaac Xie, Member and Founder, and Snow Zhang, Franchise Operations Manager, BOBA ARENA FRANCHISE COMPANY LLC, 10088 SW 67th Ave., Tigard, Oregon 97223, (503) 851-3315.

Our authorized agents for service of process are identified on Exhibit C to this Franchise Disclosure Document.

Date of Issuance: January 15, 2024 (and effective as of the individual state registration dates reflected on Exhibit O).

I have received a disclosure document dated as indicated above that included the following Exhibits:

- | | |
|---|--|
| A. Financial Statements | H. Form of General Release |
| B. Standard Franchise Agreement | I. Personal Guaranty |
| C. List of State Agents for Service of Process and State Administrators | J. Confidentiality and Non-Competition Agreement |
| D. Conditional Assignment | K. Operations Manual Table of Contents |
| E. Cancellation of Assumed Business Name | L. Lists of Current and Certain Former Franchisees |
| F. Electronic Funds Transfer Authorization | M. State Law Addendum to FDD and Franchise Agreement |
| G. Form of Sublease Agreement (with Personal Guaranty) | N. State Effective Dates |

DATED this ____ day of _____, 20____.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

KEEP THIS COPY FOR YOUR RECORDS.

Exhibit P to Boba Arena Franchise Disclosure Document

RECEIPT

This franchise disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully. If BOBA ARENA FRANCHISE COMPANY LLC offers you a franchise, it must provide this franchise disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York and Rhode Island law require delivery at the earlier of the first personal meeting or at least 10 business days, and Michigan and Wisconsin law require delivery at least 10 business days, before signing/paying.

If BOBA ARENA FRANCHISE COMPANY LLC does not deliver this franchise disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and State law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency listed in Exhibit C.

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| G. Form of Sublease Agreement (with Personal Guaranty) | N. State Effective Dates |

DATED this ____ day of _____, 20____.

Signatures of All Prospective Franchisees:

Signature: _____ Signature: _____

Print Name: _____ Print Name: _____

Name of Corporation/LLC/Partnership (if applicable): _____

By: _____ Title: _____

PLEASE SIGN THIS COPY OF THE RECEIPT, DATE YOUR SIGNATURE, AND RETURN IT TO BOBA ARENA FRANCHISE COMPANY LLC, 10088 SW 67th Ave., Tigard, Oregon 97223 (or via electronic means as directed by BOBA ARENA FRANCHISE COMPANY LLC).