FRANCHISE DISCLOSURE DOCUMENT

TEAPULSE

Teapulse Franchise Group LLC
212-12 Northern Blvd
Bayside, NY 11361
Tel: (646) 301-3772
Website: www.teapulseusa.com

The franchise offered is for the operation of a TEAPULSE shop offering a variety of boba teas, fruit teas, smoothies, slushies, coffee, juices, milk teas, tea-based beverages, pastries, and compatible food products. The franchise will provide sit-down, take-out and delivery services.

The total investment necessary to begin operation of a TEAPULSE shop ranges from $259,300 to $859,600. This includes $69,800 which must be paid to the Franchisor.

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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Yate Liu at (646) 301-3772, info@teapulseusa.com or at 212-12 Northern Blvd, Bayside, NY 11361.

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.

The issuance date of this disclosure document is: July 11, 2025.

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit E.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F 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 TEAPULSE 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 TEAPULSE franchisee?	Item 20 or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in New York than in your own state.

2. **General 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.

3. **Unregistered Trademark**. The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

4. **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.

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 franchised business.

6. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

To simplify the language in this disclosure document, "we," "us" or "our" means Teapulse Franchise Group LLC, the "Franchisor." "You" means the individual, corporation, limited liability company or partnership who buys the franchise, the Franchisee. If Franchisee is a corporation, limited liability or partnership, then "you" also includes Franchisee's shareholders, members or partners.

<u>The Franchisor</u>:

We are a New York limited liability company formed on January 9, 2025. We do business under the name "TEAPULSE." Our principal business address is 212-12 Northern Blvd, Bayside, NY 11361. Our telephone number is (646) 301-3772 and our email address is info@teapulse.com. Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service of process are shown on Exhibit A.

We are offering franchises for the operation of a of a food service business offering a variety of boba tea, fruit tea, smoothies, slushies, coffee, juices, milk teas, tea-based beverages, pastries, and compatible food products. The franchise will provide sit-down, take-out and delivery service. We began offering franchises under the name TEAPULSE as of the date of this disclosure document. We have not offered franchises in any other line of business. We do not currently operate any business of the kind described in this disclosure document. We do not operate any other type of business.

<u>Our Parents, Predecessor and Affiliates</u>:

Our parent is Jidong North America Holdings LLC, a New York limited liability company, which was formed on March 30, 2024. Jidong North America Holdings LLC has an address located 212-12 Northern Blvd, Bayside, NY 11361. It does not operate a business substantially similar to the franchise being offered here. It does not offer TEAPULSE franchises nor has it offered any other franchises. It does not participate in any other business activities.

Our affiliate, Jidong Chinatown LLC, a New York limited liability company, was formed on July 30, 2024 and has an address of 18 Doyers St., New York, New York 10013. Jidong Chinatown LLC owns and operates a corporate-owned TEAPULSE shop substantially similar to the franchise being offered here. Jidong Chinatown LLC does not participate in any other business activity nor has it offered any franchises for sale (whether a TEAPULSE franchise or otherwise).

Our affiliate, TEAPULSE Prince St LLC, a New York limited liability company, was formed on June 28, 2024 and has an address located 37-17 Prince St, Flushing, NY 11354. TEAPULSE Prince St LLC owns and operates a corporate-owned TEAPULSE shop substantially similar to the franchise being offered here. TEAPULSE Prince St LLC does not participate in any other business activity nor has it offered any franchises for sale (whether a TEAPULSE franchise or otherwise).

Our affiliate, TEAPULSE Bayside LLC, a New York limited liability company, was formed on June 28, 2024 and has an address located 212-12 Northern Blvd, Bayside, NY 11361. TEAPULSE Bayside LLC owns and operates a corporate-owned TEAPULSE shop substantially similar to the franchise being offered here. TEAPULSE Bayside LLC does not participate in any other business activity nor has it offered any franchises for sale (whether a TEAPULSE franchise or otherwise).

Our affiliate, JD Manufacturing & Distribution LLC, a New York limited liability company, was formed on January 9, 2025 and has an address located 223 Varick Ave, Brooklyn, NY 11237. JD Manufacturing & Distribution LLC is an exclusive supplier of certain goods, equipment, fixtures, supplies, non-perishable food inventory, merchandise, computer hardware & software, point-of-sale system, products and services to our franchisees. JD Manufacturing & Distribution LLC is an approved (but not exclusive) vendor of signage. JD Manufacturing & Distribution LLC does not own or operate a corporate-owned TEAPULSE shop substantially similar to the franchise being offered here. Other than being an approved supplier, JD Manufacturing & Distribution LLC does not participate in any other business activity nor has it offered any franchises for sale (whether a TEAPULSE franchise or otherwise).

The Franchise Offered:

We offer franchises for the right to establish and operate TEAPULSE shops using the Principal Trademarks (defined below) and System (the "Franchised Business"). Items on the menu will be prepared using proprietary products as well as our proprietary recipes and methods for preparation and delivery, as provided for in the Confidential Operations Manual.

If you are interested in purchasing a Franchised Business, we will require you to sign a franchise agreement, a form of which is attached as Exhibit B ("Franchise Agreement"). We will offer single unit franchises to those who are interested in opening a single TEAPULSE shops to be operated within an area designated by us, in our sole discretion (the "Territory"). The Territory may be located within specific zip codes, counties or other natural boundaries. Your Territory may be based in part on population density, number of tea shops within the Territory, current and projected market demand, potential customer base, access and visibility, traffic patterns and other economic, demographic and geographic factors determined by us in our sole discretion. We will assign you a Territory as we deem appropriate for your Franchised Business in our sole discretion. The minimum Territory granted to a franchisee may be the franchisee's business location with no corresponding geographic protection.

Market Conditions:

The market for boba teas, fruit teas, smoothies, slushies, coffee, juices, milk teas, tea-based beverages, pastries, and compatible food products and services offered by the Franchised Business is highly competitive. Notwithstanding our positive assessment of the market for our shops, there are many risks and uncertainties associated with this or any new business. The market for tea shops is very competitive and fragmented. Franchisees will compete with national, regional and local brands including company-owned and franchised chains as well as independently owned shops. Some competitors may be larger and have better financial resources than TEAPULSE. Some competitors may have better name recognition than TEAPULSE. Some may be privately held or publicly traded entities. Management does not believe that the market for TEAPULSE shops is seasonal. However, your Franchised Business may be impacted by many factors including the local economic and market conditions, your experience and knowledge, the geographic location of your business, your market competition, the sales level you reach and your ability to retain customers.

Industry Regulations:

In addition to laws and regulations that apply to businesses generally, your Franchised Business is subject to federal, state and local occupational health and safety regulations, as well as licensing requirements for health permits. The food service industry is a highly regulated industry with local health codes governing many aspects of food service operations including certain requirements for transportation, storage, preparation and production of food products.

Franchisee will be required to comply with all federal, state and local laws and regulations that generally apply to tea shops and food service businesses. These include, but are not limited to, the Americans with Disabilities Act; the Fair Labor Standards Act; Equal Employment Opportunities Commission; Occupational Safety and Health Administration; Gramm-Leach-Bliley Act; The Patriot Act; Truth in Lending Act and other laws dealing with credit transactions and collections; Digital Millennium Copyright Act; regulations governing MMS, SMS, emails and telemarketing; the payment of license fees; general rules and regulations; and, any advertising or content related rules and regulations, etc.

You should also be aware of federal, state and local labor regulations including minimum age and minimum wage laws. These requirements may apply to your business. The details of these restrictions may vary from state to state and from locality to locality.

Other than the above, we are unaware of any other specific industry regulations or licensing requirements governing the operation of a TEAPULSE shop.

It is the sole responsibility of the franchisee to independently determine if there are any legal requirements that must be complied with or business issues that might impact their shop and/or their possibility of generating a profit or a loss. TEAPULSE or its affiliates will not be responsible to ascertain the franchisee's initial and continuing legal responsibilities.

ITEM 2. BUSINESS EXPERIENCE

President: Yate Liu (aka Noah Liu)

Noah Liu has served as our President since our formation. Since May 2024 and continuing to date, Yate has served as President of Jidong North America Holdings, located in New York, NY. From May 2020 to May 2024, Noah served as President of Xiang Hotpot, located in New York, NY.

Vice President: Xuefeng Wang (aka Jacky Wang)

Jacky Wang has served as our Vice President since our formation, focusing on operations. Since May 2024 and continuing to date, Jacky has served as Vice President of Operations of Jidong North America Holdings, located in New York, NY. From May 2020 to May 2024, Jacky served as Chief Operating Officer of Xiang Hotpot, located in New York, NY.

Vice President: Zicheng Wu

Zicheng Wu has served as our Vice President since our formation, focusing on operations. From April 2024 to February 2025, Zicheng served as Vice President of Operations of Jidong (Shanghai) Holdings Limited, located in Shanghai, China. From February 2021 to April 2024, Zicheng served as Vice President of Operations of Sha Bai Wei (Suzhou) Restaurant Group, located in Suzhou, China. From October 2017 to January 2021, Zicheng served as Vice President of Operations of Wei Lu (Suzhou) Restaurant Group, located in Suzhou, China.

Chief Financial Officer: Hao Zhang (aka Alvin Zhang)

Alvin Zhang has served as our Chief Financial Officer since our formation. Since June 2011 and continuing to date, Alvin has served as Managing Director of Protiviti located in New York, NY.

Vice President: Bin Wu

Bin Wu has served as our Vice President since our formation. Since September 2008 and continuing to date, Bin has served as Co-founder and Chairman of Jidong (Shanghai) Holdings Limited, located in Shanghai, China.

Director, Franchise Business Support: Sun Tao Yuan

Sun Tao Yuan has served as our Director of Franchise Business Support since our formation. Since June 2025 and continuing to date, Sun Tao has served as the General Manager of Teapulse corporate-owned stores located in New York, NY. From November 2024 to May 2025, Sun Tao served as the Store Manager of Molly Tea Brooklyn, located in New York, NY. From July 2020 to October 2024, Sun Tao served as the Assistant Store Manager of Xiang Hotpot, located in New York, NY.

ITEM 3. LITIGATION

No litigation is required to be disclosed in this disclosure document.

ITEM 4. BANKRUPTCY

Neither we nor any parent, affiliate, officer or general partner of ours, nor any other person who will have management responsibility relating to the sale or operation of the franchises offered by this disclosure document has been involved as a debtor in proceedings under the U.S. Bankruptcy Code or any foreign bankruptcy laws required to be disclosed in this Item.

ITEM 5. INITIAL FEES

Initial Franchise Fee

You must pay to us an initial franchise fee of $29,800 upon execution of the Franchise Agreement. You will pay the initial fee in a lump sum payment. The initial franchise fee is fully earned at the time you make the payment to us and is not refundable..

You must also pay to us a nonrefundable Store Launch Service fee of $20,000 and a refundable Security Deposit of $20,000 upon execution of the Franchise Agreement. The Store Launch Service Fee covers the following: (1) our costs to create the initial store design; (2) a one-time license fee to use our proprietary software; and (3) our site visits for site selection purposes. The Security Deposit is non-interest bearing and fully refundable to you at the end of the Term of the Franchise Agreement, provided you do not default or other breach any of the provisions set forth in the Franchise Agreement and other agreements between us related to the operation of the Franchised Business.

You are not required to make any other payments to us for goods or services prior to opening your Franchised Business

ITEM 6. OTHER FEES

Name of Fee[1]	Amount	Due Date	Remarks
Royalty[2]	5% of Gross Revenues	Weekly	Gross Revenues is defined in Note 2 below. Royalties are paid to us. Royalties are not refundable.
Brand Fund Contribution[3]	Currently 1% of Gross Revenues, but we may increase up to 3%	Weekly	We currently do not require franchisees to contribute to a Brand Fund. If created, Brand Fund Contributions will be paid directly to the Brand Fund. Brand Fund Contributions may be refundable if we determine to dissolve the Brand Fund.
Local Advertising Marketing and Promotional Expenditures[4]	1% of Gross Revenues	Monthly - as incurred by you	Advertising, Marketing and Promotional expenditures are paid to third parties. These expenses are typically not refundable.
Interest	1.5% per month or highest rate allowed by law	As Incurred	Interest is paid to us from the date of nonpayment or underpayment. Interest is not refundable.
Late Fee	$10 per day	As Incurred	The late fee is paid to us. This fee is not refundable.
Transfer Fee[5] (a) All transfers except as provided in (b) below. (b) Transferee is an entity controlled and owned by current Franchisee or upon Franchisee's death or disability to a spouse, parent or child.	 $10,000 No charge.	 A portion of the transfer fee is paid upon application to transfer and the balance is paid upon closing	 The transfer fee is paid to us. This fee is not refundable.
Site Evaluation Fee[6]	Costs and expenses actually incurred,	As Incurred	The Site Evaluation Fee is paid to us. This fee is not

	which typically ranges between $2,000 and $3,000.		refundable.
Relocation Fee[7]	Costs and expenses.	As Incurred	The Relocation Fee is paid to us. This fee is not refundable.
Testing or Supplier Approval Fee	Costs and expenses of inspection, evaluation and/or testing and other professional analysis.	As Incurred	Testing or Supplier Approval fees are paid to us. This fee is not refundable.
Public Offering Fee	We do not permit our franchisees to form public corporations.	Not Applicable	
Annual Fee for Public Companies	We do not permit our franchisees to form public corporations.	Not Applicable	
Accounting Fee[8]	Costs and expenses.	As incurred	The Accounting Fee is paid to us. This fee is not refundable.
Additional training[9]	Currently $250 per day per person plus expenses incurred.	As Incurred	The fee for Additional Training is paid to us. This fee is not refundable.
Legal fees and expenses	All costs and expenses, including but not limited to attorneys' fees for any failure to pay amounts when due or failure to comply in any way with the Franchise Agreement.	As Incurred	Legal fees and expenses are paid to us. These fees and expense are not refundable.
Successor Agreement Fee[10]	$20,000.	Upon signing a successor agreement	The Successor Agreement Fee is paid to us. The fee is not refundable.
Indemnification[11]	The amount of any claim, liability or loss we incur from your Franchised Business.	As Incurred	Costs for Indemnification are paid to us. These costs are not refundable.
Technology Support and Development Fee[12]	Currently $200 per month, which we may increase upon written notice, by no more than $100 per month each calendar year.	Monthly	The Technology Support and Development Fee is paid to us.

Reimbursement of Costs and Expenses[13]	Costs and expenses.	As Incurred	Reimbursement of costs and expenses are paid to us. These costs are not refundable.
Confidential Operating Manual Replacement Fee[14]	Our then-current fee.	As Incurred	The Confidential Operating Manual Replacement Fee is paid to us. This fee is not refundable.
Post-Termination or Post-Expiration Expenses[15]	Costs and expenses.	As Incurred	Reimbursement of our post-termination or post-expiration expenses is paid to us.
Market Introduction Program	$3,000 - $10,000	Two to five months after opening	Expenses for the Market Introduction Program are paid to third parties (see Note 15 in Item 7). These costs are typically not refundable.
Architectural Review Fee[16]	Costs and expenses.	As Incurred	The Architectural Review Fee is paid to us. This fee is not refundable.
Computer Hardware, Software and Point of Sale System Maintenance[17]	$150 - $500	Monthly	Expenses for Computer Hardware, Software and Point of Sale System are paid to third parties. These costs are typically not refundable.
Step-In Rights	$500 per day that we manage the Franchised Business plus our costs and expenses	As Incurred	If we need to step-in to manage the Franchised Business to prevent an interruption in operations, we will be compensated at a daily rate of $500 per day plus reimbursement of costs and expenses.

Notes

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

2) Royalty payments are paid weekly unless we designate an alternative period. Each royalty payment is calculated based on the Gross Revenues of the Franchised Business. Your royalty payment will be the total of five percent (5%) of your Gross Revenues. All fees are payable to us by an electronic funds transfer ("EFT") or such other method as we shall designate, from your designated bank account on the date due.

Gross Revenues are defined in the Franchise Agreement to include all income of any type or nature and from any source that you derive or receive directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the signing of your Franchise Agreement, in whatever form and from whatever source, including but not limited to cash, services, in kind from barter and/or exchange, on credit or otherwise as well as business interruption insurance proceeds, all without deduction for expenses including marketing expenses and taxes. However, Gross Revenues are reduced by the amount of discounts to employees, family members or other tea shops owned or controlled by Franchisee as well as by refunds. Additionally, the definition of Gross Revenues does not include sales tax that is collected from customers and actually transmitted to the appropriate taxing authorities.

3) Currently, there is no Brand Fund in place as defined in Item 11 and your Franchise Agreement. We reserve the right to establish a Brand Fund and to require you to contribute one percent (1%) of your Gross Revenues to the Brand Fund ("Brand Fund Contribution"), however, we may increase the Brand Fund Contribution up to three percent (3%). If a Brand Fund is created, Brand Fund Contributions will be paid directly to the Brand Fund and not to us. Brand Fund Contributions are not income to us. We will have the right to expend the funds accumulated in the Brand Fund in our sole discretion.

4) We currently require that you spend a minimum of one percent (1%) of Gross Revenues on local advertising, marketing and promotional programs ("Local Advertising"). Payments for the first year will be calculated on a monthly basis based on one percent (1%) of the monthly Gross Revenues for the prior month. Payment for the first month will be an estimate. Any discrepancy between the amount paid for the first month and the amount equal to one percent (1%) of Gross Revenues for the first month will be credited against or added to the amount due for the second month. There are currently no advertising cooperatives in our System. We may create a regional advertising cooperative and to require you to contribute to this advertising cooperative in our sole discretion. Any financial contributions made by you to the advertising cooperative may be credited against your required expenditures for Local Advertising. Company-owned units may be active members of any cooperative, may contribute monies to the cooperative and may possess voting power in accordance with the rules of the cooperative as we may determine in our sole discretion.

In addition to your Local Advertising expenditures, you may wish to use Social Media Platforms (defined as web based platforms such as Facebook, X/Twitter, LinkedIn, blogs and other networking and sharing sites) or use Social Media Materials (defined as any material on any Social Media Platform that makes use of our Principal Trademarks, name, brand, products or your Franchised Business whether created by us, you or a third-party). You may not use a Social Media Platform or Social Media Materials without our prior written approval. Your expenditures toward Social Media Platforms and Social Media Materials will not count towards your required Local Advertising expenditures.

5) If you wish to transfer your Franchised Business, you will be required to pay us a transfer fee. The fee to transfer a Franchised Business is $10,000 to be paid as follows: $3,000 is paid upon application to transfer the Franchised Business and the balance of $7,000 is paid upon closing.

6) We may, in our sole discretion, conduct on-site evaluations of any proposed site for the Franchised Business. If we conduct an evaluation, you will be required to pay a site evaluation fee per visit regardless of the number of proposed sites that we evaluate during our visit. The site evaluation fee will be an amount equal to our costs and expenses, which typically range between $2,000 and $3,000 per visit. If we have to travel more than once to conduct on-site evaluations of proposed sites for your Franchised Business, you will incur more than one site evaluation fee.

7) If you relocate your Franchised Business, you will be required to pay us any costs and expenses we incur in assisting you to relocate your Franchised Business including, but not limited to expenses incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs.

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

9) In our discretion, additional training may be provided to you and one additional person. If you develop more than one Franchised Business, we will provide training to one manager for each Franchised Business at no additional charge. We may require that you complete additional training as well. If we provide you with additional training, we reserve the right to charge you for such training. Additional training will be charged at our then-current rate for additional training, which as of the date of this disclosure document is $250 per person per day. You are responsible, at your own expense, to pay for all travel, room and board and wages for you and your employees during this training.

10) An unlimited number of five (5) year successor franchise agreements are available to qualified franchisees under certain circumstances and in accordance with the conditions contained in the Franchise Agreement.

11) In addition to the requirement that you reimburse us for amounts of all other claims, liabilities or losses we incur from your Franchised Business, if we elect to enforce the terms of any Confidentiality, Non-Use and Non-Competition Agreement against any individual required to execute such agreement, you must reimburse us for our attorneys' fees, expert fees, court costs and all other expenses of litigation in connection with that enforcement.

12) The technology support and development fee represents our cost for maintaining the TEAPULSE website or causing a third party to maintain the TEAPULSE website and incorporating information relating to your Franchised Business. This fee also includes the cost of supporting and developing technology for use in connection with the System. You will be charged our then-current fee for technology support and development which as of the date of this disclosure document is $200 per month**,** which we may increase upon written notice to you. We will not increase the technology support and development fee by more than $100 per month each calendar year.

13) If after notice, you fail to cure any deficiency in the Franchised Business and/or your operation of the Franchised Business, we may in our sole discretion, correct the deficiency. If we elect to correct the deficiency, you will reimburse us for our costs and expenses incurred in correcting the deficiency.

14) If your copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, you will be required to obtain a replacement copy and pay us our then-current fee for a replacement copy.

15) Upon expiration or termination of your Franchise Agreement, we may elect in our sole discretion to take steps to modify, alter or de-identify the Franchised Business. If we do so, you must reimburse us for our costs and expenses associated with the cessation of the Franchised Business and any de-identification of the Franchised Business. These costs and expenses are not refundable under any circumstance and must be paid upon invoice from us.

16) Prior to submitting architectural and engineering plans to the local municipality for review and approval, we will review and approve them for conformity to our requirements and could potentially return them to you or your architect for modification. You will be required to reimburse us for all costs and expenses incurred in connection with reviewing your architectural drawings.

17) We require that you purchase your computer hardware, software and Point of Sales ("POS") system. The POS system is the equipment that tracks the sales of your Franchised Business. We estimate that there will be a monthly cost to maintain the POS system. The difference between the low and the high estimate is determined by the number of screens and stations that a franchisee may install for its location, depending upon the square footage allocated to the front counter.

ITEM 7. ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT				
Type of Expenditure	Estimated Amount Low – High	Method of Payment	When Due	To Whom Payment is Made
Initial Franchise Fee[1]	$29,800	Lump sum	At signing of Franchise Agreement	The Initial Franchise Fee is paid to us
Store Launch Fee	$20,000	Lump sum	At signing of Franchise Agreement	The Store Launch Fee is paid to us
Security Deposit	$20,000	Lump sum	At signing of Franchise Agreement	The Security Deposit is paid to us
Construction, Leasehold Improvements, Furniture	$75,000 - $400,000	As incurred	Before opening	Contractor/Third-party providers

and Fixtures[2]				
Equipment[3]	$50,000 - $125,000	Lump sum	Before opening	Third-party providers
Signage (interior and exterior)	$5,000 - $20,000	As incurred	Before Opening	Third-party providers
Computer, Software and POS System[4]	$2,000 - $15,000	Lump Sum	Before opening	Third-party providers
Opening Inventory[5]	$8,000 - $50,000	As incurred	Before opening	Third-party providers
Rent Deposits[6]	$5,000 - $50,000	As incurred	Before opening	Landlord
Utility Deposits[7]	$3,000 - $6,000	As incurred	Before opening	Utility providers
Insurance Deposits and Premiums[8]	$2,500 - $10,000	As arranged	Before opening	Insurance company
Pre-opening Travel Expense[9]	$3,500 - $10,000	As incurred	Before opening	Airline, hotel, restaurants
Pre-opening Labor[10]	$5,000 - $15,000	As incurred	Before opening	Employees
Professional Fees[11]	$2,000 - $10,000	As arranged	Before opening	Attorneys, accountants
Architect & Engineer Fees[12]	$5,000 - $15,000	As incurred	Before opening	Architect, Engineer
Market Introduction Program[13]	$3,000 - $10,000	As incurred	Two - five months after opening	Third-party providers
Business Permits and Licenses[14]	$2,000 - $10,000	As incurred	Before opening	Licensing Authorities
Menu Printing, Stationery and Office Supplies[15]	$1,000 - $3,800	As incurred	Before opening	Third-party providers
Additional funds – 3 Months[16]	$17,500 – $40,000	As incurred	After opening	Various
Total[17]	**$259,300 - $859,600**			

Notes

1) The initial franchise fee is the same for all similarly situated franchisees.

2) This estimate is for the costs for the development of a Franchised Business with between 2,400 and 2,800 square feet of space, and for furniture and fixtures for the TEAPULSE shop. We have not built a TEAPULSE shop in this size before. We have determined that franchised TEAPULSE locations will have a different size than existing TEAPULSE shops. We have based our estimates on the historical experience of our officers in developing affiliated shops, which uses a kitchen layout and equipment package similar to what is required of franchisees, as well as on information obtained from architects and contractors. The difference in the low and the high improvement cost estimates is due to the difference in size of the location. These estimates are applicable to a site which has been obtained in the “vanilla box” stage, which refers to the interior condition of either a new or existing building in which the improvements generally consist of heating/cooling with delivery systems, essential lighting, electrical switches and outlets, lavatories, a finished ceiling, walls that are prepped for painting and a concrete slab floor. These numbers are not inclusive of any architect fees or

other fees charged by licensed professionals (other than general contractors and licensed tradesmen), to perform subsequent installation of electrical, plumbing, and HVAC (heating, ventilation, air conditioning) suitable to the requirements of this food service concept and do not include any financial contributions by a landlord. The costs of the furniture and fixtures may differ depending on the material quality and on other factors. Furniture consists of the tables and chairs necessary to fit out the customer dining area. The figures listed here are indicative of standard commercial pricing within New York, New York as well as other information that we have obtained. As in development of any restaurant locations, there are many variables that may impact your overall costs including landlord contribution, the size of your location, rates for construction, personnel, freight, vendor pricing and taxes, overall costs and efficiencies in your market. Your cost for developing your location may be higher or lower than the estimates provided. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart. This estimate also includes one site evaluation fee of $2,500 in the event that we or a designee conduct an on-site evaluation of the proposed sites for your Franchised Business. Site evaluation fee will equal our costs and expenses, which typically range between $2,000 and $3,000. We anticipate that you will lease rather than build your shop. We therefore have not included any costs for land, building construction or related costs in our estimates.

3) These figures represent the purchase of the necessary equipment from suppliers, including us or our affiliate, to produce the entire menu. The lower cost is indicative of the selection of standardized and value-priced equipment and certain pre-owned equipment that can be utilized to fit out the cooking line, the prep kitchen and dry and cold storage with minimum or no special equipment or modifications made. The higher represents the cost for a site that is on the higher end of the square footage estimate, the conditions of the site, and the geographic area where the site is located.. Additionally, the cost of the exhaust hood, filters and motors are included in each of the estimates. The costs listed here do not include any transportation or set up costs. Third-party financing may be available for qualified candidates for some of the leasehold improvement costs, however, with such financing comes associated costs and fees which will cause the cost to exceed what is indicated in this chart.

4) The estimate is for the cost to purchase your computer hardware, software and POS system. The estimate also includes the payment of the technology support and development fee for a period of three (3) months. This estimate also includes the monthly cost to maintain your POS system equipment, which we estimate to range from $150 to $500 per month. You are required to purchase your computer hardware, software and POS system equipment from us or our affiliate, which costs between $3,500 and $10,000. The cost is also determined by the number of screens and stations that a franchisee may install for its location, depending upon the square footage allocated to the front counter. We do not require you to purchase your own computer hardware, software or POS system equipment.

5) This estimate is for the cost of the initial inventory of food (frozen, refrigerated and dry goods) and packaging, based upon a typical sales week, additionally recognizing that many items will be initially purchased in greater quantities, such as in case lots, plus allocations for training and waste, as well as allowing for the potential to achieve a higher level of sales.

6) This estimate represents a one (1) to three (3) month deposit of rent. The low estimate indicates a facility with 800 square feet in a suburban location while the high estimate indicates a location with 1,200 square feet within an urban center. Pre-paid rent is generally non-refundable while security or other deposits may be refundable either in full or in part depending upon your lease or rental contract.

7) A credit check may be required by the issuing company prior to the initiation of services, or a higher deposit required for first-time customers. These costs will vary depending on the type of services required for the facility and the municipality from which they are being contracted.

8) This estimate is for the cost of deposit in order to obtain the minimum required insurance. You should check with your local carrier for actual premium quotes and costs, as well as the actual cost of the deposit. The cost of coverage will vary based upon the area in which your Franchised Business will be located, your experience with the insurance carrier, the loss experience of the carrier and other factors beyond our control. You should also check with your insurance agent or broker regarding any additional insurance that you may want to carry.

9) This estimate is for the cost for you or your Operating Principal (defined as the managing shareholder, member or partner of Franchisee if Franchisee is an entity), a manager and another staff member to attend the initial training program held in New York City. We do not charge tuition for training up to three (3) people, but you will be responsible for all costs associated with attending the initial training program for you and your staff. Your costs will depend on the number of people attending training, their point of origin, method of travel, class of accommodation and living expenses (food, transportation, etc.). The duration of the training program is ten (10) days.

10) This estimate is for the cost of wages for your employees for the period preceding and during the opening of your shop. The low and high-cost estimate range has been determined by a calculation of training four (4) to twelve (12) persons over a seven (7) to ten (10) day period.

11) These fees are representative of the costs for engagement of professionals such as attorneys and accountants for the initial review and advisories consistent with the start-up of a Franchised Business. We strongly recommend that you seek the assistance of professional advisors when evaluating this franchise opportunity, this disclosure document and the Franchise Agreement. It is also advisable to consult these professionals to review any lease or other contracts that you will enter into as part of starting your Franchised Business. The estimated rates in this chart are based upon professional fees in the area of New York City.

12) These costs are associated with the layout and design services provided by a licensed architect, as well as the subsequent production of blueprints and their registration with local municipalities. The low estimate is in consideration of a site of 800 square feet of area, while the high estimate is for a shop with 1,200 square feet. You are responsible for engaging the services of a professional, licensed architect to produce the blueprint drawings for your shop. Prior to submitting plans to the local municipality for review and approval, we will review and approve them for conformity to our requirements and could potentially return them to you or your architect for modification. Any modifications may require additional hours to be logged by your architect or necessitate further services of an engineer. Such services will likely push the cost estimates beyond what is indicated in the chart. The amount shown on the chart is an estimate for architectural fees and your exact costs will depend on the architect you select and requirements of the municipality in which they are to be registered.

13) Franchisees are required to spend between $3,000 and $10,000 for their Market Introduction Program. This is a program of presenting their TEAPULSE shop to the community through execution of a plan of scheduled advertising, marketing and promotional activities. The Market Introduction Program will occur between two (2) months prior to opening and six (6) months after the opening of your Franchised Business, at our discretion.

14) You are responsible for applying for, obtaining and maintaining all required permits and licenses necessary to operate your Franchised Business. The figures represented here reflect the range of expenditures for licenses and permits to open a food establishment in the New York City area.

15) This figure is primarily for printing a three (3) month supply of menus as well as producing a start-up order of stationery and business cards bearing the Principal Trademarks and a supply of office materials.

16) This is an estimate of the amount of additional operating capital that you may need to operate your Franchised Business during the first three (3) months after commencing operations. We cannot guarantee that you will not incur additional expenses in starting the business that may exceed this estimate. This estimate also includes such items as initial payroll taxes (including payroll to cover the pre-opening training period for some of your staff), Royalties (as described in this disclosure document), Brand Fund Contributions (if any), professional fees, including accounting fees, additional advertising, marketing and/or promotional activities, health and workers' compensation insurance, rent, repairs and maintenance, bank charges, miscellaneous supplies and equipment, initial staff recruiting expenses, state tax and license fees, deposits and prepaid expenses (if applicable) and other miscellaneous items as offset by the revenue you take into the Franchised Business. These items are by no means all-inclusive of the extent of the expense categorization. The expenses you incur during the initial start-up period will depend on factors such as the time of the year that you open, both local economic and market conditions, as well as whether your Franchised Business is located in a new or mature market and your business experience.

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

ITEM 8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

To ensure that you maintain the highest degree of consistency, quality and service, you must obtain all goods, services, supplies, materials, fixtures, furnishings, equipment (including computer hardware and software) and other products used only from our exclusive or approved suppliers, vendors, manufacturers, printers, contractors, and distributors ("Suppliers"), including an affiliated entity or us who demonstrate to our continuing reasonable satisfaction, the ability to meet our then-current standards.

Our affiliate, JD Manufacturing & Distribution LLC, is an exclusive supplier of certain goods, equipment, fixtures, supplies, non-perishable food inventory, merchandise, computer hardware & software, point-of-sale system, products and services to our franchisees. JD Manufacturing & Distribution LLC is an approved (but not exclusive) vendor of signage.

We will disclose to you in writing in the Confidential Operating Manual or otherwise any specifications by designating approved brands, types, compositions, performance qualities or Suppliers. You must sell and offer for sale all products and services required by us in the manner and style we require. You may only sell and offer for sale products and services authorized by us. All products must be prepared in accordance with our recipes and must use all ingredients we specify. You must not deviate from our standards and specifications without obtaining our written consent first. We may direct you in writing at any time to discontinue selling and offering for sale any items, products and services. We can and expect to modify our standards and specifications, as we deem necessary. We will provide you with notice of any changes as they occur. We may also require you from time to time to participate in the test marketing of products and services at your expense.

Suppliers:

We reserve the right to have items sourced exclusively from our Suppliers including a single Supplier (which may be us or one of our affiliates) or a limited number of Suppliers, in order to achieve uniformity or better pricing, simplify inventory and purchasing or for other legitimate business reasons. As noted above, our affiliate, JD Manufacturing & Distribution LLC, is an exclusive supplier of certain goods, equipment, fixtures, supplies, non-perishable food inventory, merchandise, computer hardware & software, point-of-sale system, products and services to our franchisees. JD Manufacturing & Distribution LLC is an approved (but not exclusive) vendor of signage.

If you want to independently source any items from someone other than one of our Suppliers, you must obtain our prior approval. We do not promise to evaluate or approve proposed suppliers, vendors, manufacturers, printers, contractors and/or distributors ("Proposed Suppliers") on your request and we may decline to do so. However, if we elect to evaluate a Proposed Supplier at your request, you must provide us with adequate information and product samples to evaluate the Proposed Supplier. We will consider the following factors in our evaluation: (1) whether the products and customer service provided by the Proposed Supplier meet our specifications and standards; (2) the reputation of the Proposed Supplier for quality and reliability; (3) the frequency and method of delivery; (4) competitiveness of pricing offered; and (5) whether the products add anything to the range of products offered or are redundant of existing approved products. There are currently no other criteria for approval of Proposed Suppliers. We reserve the right to impose a fee to evaluate Proposed Suppliers, which may include reimbursement of our actual or estimated costs of evaluating the Proposed Suppliers. If we agree to evaluate a Proposed Supplier, we will provide you with notification of the approval or disapproval within thirty (30) days after we receive notice and all information and samples necessary to process your request. We may revoke approval of any Supplier for reasonable cause upon written notice to you.

You have the option to provide delivery services. If you choose to do so, any vehicle (including any bicycle or scooter) that you use to deliver products and services from your Franchised Business must meet our standards for appearance and ability to satisfy the requirements imposed on you under the Franchise Agreement. You must place the signs and décor items on the vehicle that we require and must at all times keep the vehicle clean and in good working order. You must require each person providing delivery and/or catering services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the vehicles.

We estimate that your leases or purchases from Suppliers (including us or our affiliates) or otherwise in accordance with our specifications will represent approximately 60% to 75% of your total purchases in establishing the Franchised Business and approximately 70% to 85% in the continuing operation of the Franchised Business (exclusive of your expenditures for rent and overhead).

As noted above, certain products may be exclusively supplied by us or our affiliates. During our fiscal year ending December 31, 2024, neither we nor our affiliates have received money from or on account of the sale of goods or services to franchisees, but we reserve the right for us and our affiliates to do so in the future.

We or our affiliates may enter into certain agreements with Suppliers to receive rebates or other consideration on account of your purchases and based on certain percentages of the purchases you make from Suppliers. In 2024, neither we nor any of our affiliates received any monies from Suppliers in advertising and other payments as a result of leases and purchases of products and services by franchisees. None of our affiliates currently receive rebates, overrides or other consideration from Suppliers as a result of purchases by our franchisees; however, we (and they) reserve the right to do so in the future.

We have already or may negotiate purchasing terms for franchisees from certain Suppliers. We cannot guaranty that any Supplier will offer or continue any particular pricing, warranty or other terms of sale. We will attempt to negotiate a continued supply of products from various Suppliers, but cannot guaranty a continuing supply from any particular Supplier. We are not under any obligation to you with respect to the terms negotiated or the terms of any Supplier. We cannot guarantee that Suppliers will offer or continue to offer you any trade credit terms as that is solely up to the Supplier and their credit standards.

We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchases of particular products or services or use of particular Suppliers.

The officers identified in Item 2 own an interest in our affiliate, JD Manufacturing & Distribution LLC.

Computer Hardware, Software and POS Systems:

We reserve the right to require you to purchase or lease specific computer hardware, software and information or communications systems which meet our criteria for design, function and capabilities and to require you to utilize specific Internet service providers or communications software and other information technology, including back office administrative programs.

Website:

The location and telephone number of your Franchised Business will be posted on our website maintained by us or our supplier. We are currently developing the capability to permit online ordering by customers through our website for delivery services (where applicable) and pick-up services at all Franchised Business locations. When this service is fully functional, you will be offered the opportunity to participate on the same terms and conditions as other franchisees. You may not establish or maintain any other website for your Franchised Business or use the Principal Trademarks or other proprietary information in any way other than as provided in the Franchise Agreement, including on the Internet. You will have no rights to market any products or services on the Internet without our permission and it is unlikely at this time that such permission will be granted.

Local Advertising:

All business stationery, business cards, advertising plans and materials, marketing plans and materials, public relations programs, sales materials, signs, decorations and paper goods (such materials whether created by Franchisor, Franchisee or any third-party are collectively defined as "Advertising Materials"), use of Social Media Platforms, Social Media Materials, and other items we designate must bear the Principal Trademarks in the form, color, location and manner we prescribe. In addition, all your advertising, marketing and promotional activities in any medium as well as your Social Media Platform usage must be conducted in a dignified manner and must conform to the standards and requirements in the Confidential Operating Manual or otherwise approved by us in writing.

You must obtain our approval (i) before you use any Advertising Materials and Social Media Materials if we have not prepared or approved such Advertising Materials or Social Media Materials within the previous twelve (12) months; and (ii) before you initially use any Social Media Platform. You must submit all unapproved Advertising Materials, Social Media Materials and requests to use Social Media Platforms to us via certified or electronic mail. We will approve or disapprove your request within ten (10) days after submission. If you do not receive written approval within ten (10) days after submission of your request for approval, such request will be deemed denied. We may withhold our approval of your use of any Advertising Materials, Social Media Materials or Social Media Platform for any reason and no reason at all. You may not use any unapproved Advertising Materials, Social Media Materials or Social Media Platform. We have the right to revoke our prior approval of your use of any Advertising Materials, Social Media Materials or Social Media Platform. You must promptly discontinue use of any Advertising Materials, Social Media Materials or Social Media Platform whether or not previously approved, on notice from us. We have the right to require you to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by us in our sole discretion, including but not limited to any previously approved Social Media Material. We have the right to access your Social Media Platform accounts to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by us in our sole discretion, including but not limited to any previously approved Social Media Material. You are required to give us your usernames, passwords, account information and all other information we may require in connection with your use of Social Media Platforms upon your initial use of a Social Media Platform and immediately upon our request.

All Advertising Materials, Social Media Materials and social Media Platform usage must identify you as an independent operator of a TEAPULSE shop. There currently are no purchasing or distribution cooperatives.

Insurance Coverage:

Before you open your Franchised Business, you must obtain insurance coverage for your Franchised Business in at least the amounts specified below. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible carrier or carriers rated “A” or better by A.M. Best & Company, Inc. and be approved by us.

1. Commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than $1,000,000 per occurrence for bodily injury and property damage combined; $2,000,000 annual general aggregate and $1,000,000 products and completed operations annual aggregate.

2. “All risk” insurance in the minimum amount of $100,000 covering fire and extended coverage, vandalism and malicious mischief, sprinkler leakage and all other perils of direct physical loss or damage under the ISO “Special Causes of Loss” form, for the full replacement value of all your property or equipment of any nature located at, on, in or about your Franchised Business or in any way used in the operation of your Franchised Business, including all contents, signs and glass, plus a fire department service charge of up to $15,000, debris removal of up to $25,000, pollutant removal of up to $10,000, with a deductible of not more than $500.

3. An “umbrella” policy providing per occurrence coverage limits of not less than $1,000,000 with appurtenant structures up to $50,000 and annual aggregate limits of not less than $2,000,000.

4. Workers’ compensation insurance or similar insurance as required by the law of the state or jurisdiction in which your Franchised Business is located. This insurance must be maintained for trainees, as well as for those employed or engaged in the operation of the Franchised Business. This coverage must have a minimum limit of the greater of $100,000 or the statutory minimum limit.

5. Crime (inside/outside money and securities) and employee dishonesty insurance with minimum per occurrence coverage of $10,000.

6. Business interruption insurance to cover your loss of revenues and ongoing expenses and to cover any amounts due and owing to us under the Franchise Agreement (including, in the case of a casualty or loss, royalties and other fees we would have received had the casualty or loss not occurred – based upon the average of the royalties owed by all franchisees for that sales period) or any other agreement between you and us or our affiliates, in an amount not less than the actual loss resulting from an interruption of business, for a minimum of twelve (12) months.

7. Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $1,000,000 with combined single limits of $500,000 per occurrence for bodily injury and property damage.

8. Employment practices liability insurance covering claims made by your employees or potential employees including, but not limited to discrimination, wrongful termination, sexual harassment and other employment related claims.

9. Any insurance required by law in the state or locality in which your Franchised Business will operate.

10. For any construction, renovation, remodeling or build-out of your Franchised Business, you must maintain builder's risk insurance and performance and completion bonds in forms and amounts and written by a carrier or carriers satisfactory to us.

You may with our prior written consent, elect to have reasonable deductibles under the coverage required above. All of the policies must name us, our affiliates and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional insureds and must include a waiver of subrogation in favor of all parties.

You must provide us with written proof of your purchase of the above required insurance policies no later than the business day before you open your Franchised Business. You must provide us with written proof of your continued insurance coverage no later than thirty (30) days before the expiration of your insurance policies. In the event that you fail to purchase or maintain the required insurance policies, we may in our sole discretion pay for the required insurance policies for you and charge you for reimbursement of our expenditures. The insurance purchased by you will in no way be limited by any insurance policy or policies we may maintain.

We may in our sole discretion, revise our insurance requirements for franchisees, including increasing the amount of the insurance coverage limits and changing the type of insurance coverage that is required. We may in our sole discretion, require you to obtain additional or different insurance policies in accordance with our then-current insurance requirements for franchisees.

You may not reduce any insurance limit, restrict any insurance coverage or cancel any insurance policy without our written consent. You may alter, amend or upgrade any insurance policy without our written consent provided that you maintain the minimum insurance required and you provide us with notice of such alteration, amendment or upgrade to the insurance coverage upon the issuance of such insurance. We encourage you to discuss higher coverage limits with your own insurance representative or risk management advisor.

Our insurance requirements do not constitute a representation that the insurance types and amounts required are sufficient for the operation of your Franchised Business. Our requirements are solely for our benefit and are only provided to ensure that your insurance coverage meets our minimum standards.

ITEM 9. FRANCHISEE'S OBLIGATIONS

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

Obligation	**Article in Agreement or Agreement Location**	**Item in FDD**
a. Site selection and acquisition/lease	Articles V and VI of the Franchise Agreement	Items 11 and 17
b. Pre-opening purchases/leases	Articles V and VI of the Franchise Agreement	Items 5, 6, 7 and 8
		Items 11 and 17

c. Site development and other pre-opening requirements	Article V of the Franchise Agreement	
d. Initial and on-going training	Article VI of the Franchise Agreement	Items 11 and 17
e. Opening	Article VII of the Franchise Agreement	Items 11 and 17
f. Fees	Article IV of the Franchise Agreement	Items 5, 6, 7 and 17
g. Compliance with standards and policies/ Confidential Operating Manual	Articles VI, VII and VIII of the Franchise Agreement	Items 11 and 17
h. Principal Trademarks and proprietary information	Articles I and XII of the Franchise Agreement	Items 1, 13 and 14
i. Restrictions on products/services offered	Article VII of the Franchise Agreement	Items 8, 16 and 17
j. Warranty and customer service requirements	Not applicable	Not applicable
k. Territorial development and sales quota	Not applicable	Items 1 and 12
l. Ongoing product/service purchases	Article VI of the Franchise Agreement	Item 8 and 17
m. Maintenance, appearance and remodeling requirements	Articles VII of the Franchise Agreement	Item 11 and 17
n. Insurance	Articles VII of the Franchise Agreement	Items 7, 8 and 17
o. Advertising	Articles VI and VII of the Franchise Agreement	Items 6, 7, 8, 11, 12, 13 and 17
p. Indemnification	Articles VII and XXIII of the Franchise Agreement	Items 6, 8 and 13
q. Owner's participation/ management/staffing	Article VII of the Franchise Agreement	Item 15
r. Records and reports	Article VII of the Franchise Agreement	Items 6, 11 and 17
s. Inspections and audits	Article VII of the Franchise Agreement	Items 11 and 17
t. Transfer	Article X of the Franchise Agreement	Items 6 and 17
u. Renewal	Article II of the Franchise Agreement	Items 6 and 17
v. Post termination obligations	Article IX of the Franchise Agreement	Item 17
w. Non-competition covenants	Articles VIII, IX and XIII of the Franchise Agreement	Item 17

x. Dispute resolution	Article XXIII of the Franchise Agreement	Item 17
y. Other - Licensing and Legal Compliance	Articles V and VII of the Franchise Agreement	Item 9

ITEM 10. FINANCING

Neither we nor any agent or affiliate offers direct or indirect financing to you, guarantees any note, lease or obligation of yours, or has any practice or intent to sell, assign or discount to a third-party all or any part of any financing arrangement of yours.

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

Except as listed below, the Franchisor is not required to provide you with any assistance.

You understand that you must rely upon your own efforts to succeed at this business and that nothing contained herein provides any guaranty of success in this business.

<u>Pre-Opening Obligations:</u>

Before you open your Franchised Business, we will:

1. Designate a Territory for the operation of your Franchised Business. (Franchise Agreement Sections 1.1, 2.1 and 6.4 and Exhibit 2 to the Franchise Agreement.)

2. Review for approval your architectural drawings for compliance with our layout and design specifications only. If we do not disapprove of your architectural drawings within thirty (30) days of our receipt, your architectural drawings are deemed approved. Our review and approval is not a guarantee that your architectural drawings comply with any codes, laws or regulations including for example, zoning codes and the Americans with Disabilities Act or that they are competently drafted. You are responsible for such compliance. You will be required to reimburse us for all costs and expenses incurred in connection with reviewing your architectural drawings. (Franchise Agreement Sections 5.7 and 6.4.)

3. Review for approval your lease or contract of sale for the location of your Franchised Business. You may not enter into a lease or contract of sale for the location of your Franchised Business without our prior written consent. (Franchise Agreement Sections 5.4 and 6.4.)

4. For your first Franchised Business location, we or our designee may in our sole discretion conduct one (1) on-site evaluation for each of the proposed sites for your Franchised Business provided that you have submitted to us in advance, all necessary information in the format we require. You will be required to pay us a site evaluation fee per visit regardless of the number of proposed sites we evaluate during our visit. (Franchise Agreement Sections 5.2 and 6.4.)

5. Provide an initial training program as described below, for you or your Operating Principal and up to two (2) managers at no additional charge to you. You must be trained to operate the Franchised Business; if you intend to have a manager then the manager must also fulfill all training requirements. (Franchise Agreement Sections 6.2 and 6.4.)

6. Establish standards and specifications for the System, which we may enforce in our discretion. (Franchise Agreement Section 6.4 and 6.5.)

7. Loan you a copy of the Confidential Operating Manual, handbooks and other related materials in hard copy, electronic copy or other versions at our option. (Franchise Agreement Sections 6.1 and 6.4.)

8. Specify minimum policy limits for certain types of insurance coverage required to meet our minimum standards. You will submit for our approval, which will not be unreasonably withheld, any insurance policy prior to purchasing such policy. We may in our sole discretion, revise our insurance requirements for franchisees and we may in our sole discretion, require you to obtain additional or different insurance policies. (Franchise Agreement Sections 6.4 and 7.12.)

9. Provide you with a copy of certain of our confidential recipes. You must prepare all products in the exact manner and using the exact ingredients required by us in accordance with our recipes. We reserve the right to amend, revise and/or change any of our recipes and you will be required to comply with all such amendments, revisions and/or changes. (Franchise Agreement Section 6.4.)

<u>Pre-Opening Optional Assistance:</u>

Before you open your Franchised Business, we may:

1. Provide site criteria that may define the desired physical, demographic and geographic characteristics of any site proposed for the location of your Franchised Business. This information is gathered from third parties and we do not guarantee the accuracy of any such information. (Franchise Agreement Sections 5.1 and 6.4.)

2. Conduct, or have a designee conduct, an on-site evaluation for each of the proposed sites for your Franchised Business provided that you have submitted to us in advance, all necessary information in the format that we require. You will be required to pay us a site evaluation fee per visit regardless of the number of proposed sites that are evaluated during each visit (Sections 5.2 and 6.4)

3. Conduct advertising, marketing, promotional and/or public relations activities in local, regional and national print publications, use Social Media Platforms and develop and use Advertising Materials and Social Media Materials. We may in our sole discretion, design all Advertising Materials and Social Media Materials used in the System. We may in our sole discretion, provide you with standards for all Advertising Materials, Social Media Materials and use of Social Media Platforms. We may in our sole discretion make available to you approved Advertising Materials and Social Media Materials for use by franchisees. (Franchise Agreement Section 6.4.)

4. Review all Advertising Materials and Social Media Materials developed by you and all requests to use Social Media Platforms. (Franchise Agreement Sections 6.4 and 7.7.)

5. Assist you in developing a Market Introduction Program. You are responsible for all funding relating to the Market Introduction Program. (Franchise Agreement Sections 6.4 and 7.7.)

6. Assist you in establishing the location of your Franchised Business and obtaining equipment including: (i) directing you in the purchase of kitchen equipment; (ii) directing you in

the lease of the required computer equipment and software; and (iii) advising you in the purchase of a fax machine/printer/copier. (Franchise Agreement Section 6.4.)

7. Provide you with a list of Suppliers, as revised from time to time. (Franchise Agreement Sections 6.4 and 6.5.)

8. Provide you with a list of approved products, as revised from time to time. (Franchise Agreement Sections 6.4 and 6.5.)

Lease Requirements:

You must submit any proposed site for your Franchised Business for our evaluation and respond to any objections raised by our evaluation before you acquire the site. You must also submit for our review any lease or contract of sale for the Franchised Business location before you sign the lease or contract. You may not enter into a lease or contract of sale for the Franchised Business location without our prior written consent. The lease must have an initial term of no less duration than the initial term of your Franchise Agreement. Unless we consent in writing to exclude any required provision, any lease or amendment thereto must include the following terms and conditions:

1. That the premises shall be used exclusively for the operation of the Franchised Business;

2. That the lessor consents to the use of the Principal Trademarks, signs, décor, color scheme and related components of the System as we may prescribe for the System;

3. That the lessor agrees to furnish us with copies of all notices under the lease and at such time that such notices are sent to the franchisee;

4. That we shall have the right to enter the premises to make any modification necessary to protect the System and the Principal Trademarks or to cure any default under the lease, the franchise agreement, or under any agreement between us and you without being guilty of trespass or any other crime or tort;

5. That you may not sublease or assign all or any part of your rights or extend the term of or renew the lease without our prior written consent which shall not be unreasonably withheld;

6. That you shall have collaterally assigned the lease to us by entering into a collateral assignment of lease annexed to the Franchise Agreement as Exhibit 5 and that if prior to the expiration of the lease, you default under your lease, the Franchise Agreement expires or the Franchise Agreement is otherwise terminated, expires or is terminated, we will have the option to assume your occupancy rights and the right to sublease for all or any part of the term of the lease without lessor having any right to impose conditions on such assignment or assumption or to obtain a payment from you or us, including any payment for past due rent or additional rent, replenishment of the security deposit or any other payment;

7. That you and lessor shall not amend or otherwise modify the lease in any manner that would materially affect any of these requirements without our prior written consent; and

8. That lessor acknowledges and agrees that any furniture, fixtures, equipment or personal property maintained by you on the leased premises, whether leased or owned by you, are not the property of lessor and shall be subject to our security interest and a purchase option provided for in the Franchise Agreement in the event of your default under the lease or Franchise

Agreement and may be removed upon expiration or termination of the lease so long as such removal is accomplished without damage to the leased facility.

We may require that the lease have a rider attached to it in a form to be provided by us which will reflect our requirements.

Our approval of your location is not a guarantee that your location or your Franchised Business will be successful as a TEAPULSE shop. Our review of the lease does not constitute an approval of the lease or the terms contained therein including but not limited to any legal, economic or rental terms. Our approval is solely for our benefit and is only provided to ensure that your location meets our minimum standards. We recommend that you work with your own independent advisors in determining if the location of your shop meets your standards as well as ours. We will require you to hold us harmless from any claim arising from the lease.

Post-Opening Obligations:

After you open your Franchised Business, we will:

1. Invite you to attend any meetings with our personnel and other TEAPULSE owners. If and when these meetings occur will be determined in our discretion. (Franchise Agreement, Section 6.5.)

2. Establish standards and specifications for the System, which we may enforce in our discretion. (Franchise Agreement Section 6.5.)

3. Loan you a copy of the Confidential Operating Manual, handbooks and other related materials in hard copy, electronic copy or other versions at our option. (Franchise Agreement Sections 6.1 and 6.5.)

4. We will provide you with a copy of certain of our confidential recipes. You must prepare all products in the exact manner and using the exact ingredients required by us in accordance with our recipes. We reserve the right to amend, revise and/or change any of our recipes and you will be required to comply with all such amendments, revisions and/or changes. (Franchise Agreement Section 6.5.)

Post-Opening Optional Assistance:

After you open your Franchised Business, we may:

1. Conduct advertising, marketing, promotional and/or public relations activities in local, regional and national print publications, use Social Media Platforms and develop and use Advertising Materials and Social Media Materials. We may in our sole discretion, design all Advertising Materials and Social Media Materials used in the System. We may in our sole discretion, provide you with standards for all Advertising Materials, Social Media Materials and use of Social Media Platforms. We may in our sole discretion make available to you approved Advertising Materials and Social Media Materials for use by franchisees (Franchise Agreement Section 6.5.);

2. Review all Advertising Materials and Social Media Materials developed by you and all requests to use Social Media Platforms (Franchise Agreement Sections 6.5 and 7.7.);

3. Provide periodic counseling to you in the operation of your Franchised Business.

This periodic counseling may be provided individually or in a group setting. This periodic counseling may be provided in person, via telephone, seminar, newsletter, bulletins, through an intranet or any other method selected by us (Franchise Agreement Section 6.5.);

4. Provide you with field support services subject to the availability of our training personnel (Franchise Agreement Section 6.5.);

5. Provide you with additional training (Franchise Agreement Section 6.2.);

6. Provide you with a list of approved Suppliers as revised from time to time (Franchise Agreement Sections 6.3 and 6.5);

7. Provide you with a list of approved products and services as revised from time to time (Franchise Agreement Sections 6.5 and 6.15.); and

8. Provide you with additional guidance as to the operation of your Franchised Business regarding but not limited to: (a) new products, services and/or methods developed for the System; (b) the purchase and use of supplies, uniforms, equipment and products; (c) the formation and implementation of marketing, advertising and promotional programs; (d) maintenance of your financial and accounting records; and (e) other general operating issues you may encounter (Franchise Agreement Section 6.5.).

Brand Fund:

We may in our sole discretion, institute, maintain and administer a separate fund for advertising, marketing, promotional or public relations programs and for using Social Media Platforms as we in our sole discretion may deem necessary or appropriate to enhance, promote and protect the goodwill and public image of the System, the TEAPULSE brand and the intellectual property ("Brand Fund"). There is currently no Brand Fund in place. In the event a Brand Fund is instituted, the following requirements will apply. We may contribute or loan additional funds to the Brand Fund on any terms we deem reasonable. We will direct all such programs with sole discretion over all operational and advertising decisions, including:

1. the creative concepts, materials, endorsements and media used in connection with such programs (which may include television, radio, print and Internet advertising, maintenance of a website as well as the use of Social Media Platforms, as funds permit);

2. the source of the advertising, marketing, promotional or public relations efforts (which may be in-house or through an outside agency located locally, regionally or nationally);

3. the placement and allocation of such programs (which will be local, regional or national); and

4. the composition of all geographic territories and market areas for the development and implementation of such programs.

The Brand Fund may be used in any of the following ways:

1. to create and implement Advertising Materials and Social Media Materials, in any form that we may, in our sole discretion, determine;

2. to assist franchisees in developing Advertising Materials and Social Media

Materials and using Social Media Platforms;

3. in connection with radio, television, print, Internet advertising, sports and cable programs, other forms of production and media as well as Social Media Platforms;

4. to review any and all locally produced Advertising Materials and Social Media Materials;

5. for website design and maintenance and to conduct search engine optimization;

6. to use Social Media Platforms and develop Social Media Materials;

7. to conduct market research;

8. to undertake sponsorships;

9. to pay related retainers;

10. to conduct customer surveys, customer interviews and to retain mystery shoppers to conduct inspections of the System as well as competitors;

11. to retain celebrities for endorsement purposes;

12. to pay for membership dues to associations, including but not limited to the International Franchise Association, National Restaurant Association and state restaurant associations; and

13. to establish a third-party facility to customize Advertising Materials and Social Media Materials.

Once established, all franchisees will make the same Brand Fund Contribution. We are responsible for administering the Brand Fund. Advertising Materials and Social Media Materials, if developed, may be sold to franchisees at a reasonable cost. We may receive payment for providing goods or services to the Brand Fund. We are not required to spend any amount on advertising, marketing or promotional programs or Social Media Platforms directly in the Territory or to spend pro rata with your individual Brand Fund Contribution. Any unused portion of the Brand Fund in any calendar year or earnings on sales of Advertising Materials and Social Media Materials will be applied to the following year's Brand Fund. The Brand Fund may periodically be used to assist franchisees to maintain high quality standards through customer surveys, interviews, mystery shoppers, etc. As indicated in Item 6 above, you will be required to contribute one percent (1%) of Gross Revenues to the Brand Fund. There is no requirement for the Brand Fund to be independently audited. Once established, we will make an unaudited annual account available to you once a year upon request within one hundred twenty (120) days after our fiscal year ends. Brand Fund proceeds may be used to (i) assist franchisees in developing Local Advertising and (ii) reimburse us or our affiliates for salaries, overhead and administrative expenses relating to advertising and marketing programs intended to benefit the System.

Company and/or affiliate-owned units opened at any point in time in the future may contribute to the Brand Fund at a rate equal to that Brand Fund Contribution rate required for franchised businesses opened within the same calendar year. If the Brand Fund Contribution percentage for the System is reduced at any time, we will have the right to reduce Brand Fund Contributions from company-owned locations to the rate specified for franchised businesses. We reserve the right to discontinue the Brand Fund but will not do so until all the monies in the Brand Fund have been expended. We will have no fiduciary duty with respect to Brand Fund proceeds and are administering these funds as an accommodation to franchisees and the System only.

We do not use any monies from the Brand Fund to principally solicit new franchise sales. However, we may advertise on the website that unit franchises are available or make other similar statements on the website.

We may establish a franchisee advisory council or subcommittee to participate in the Brand Fund management and advertising decisions. However, we will have sole discretion over the operation of the Brand Fund and all advertising decisions.

Local Marketing and Advertising:

We currently require you to spend a minimum of one percent (1%) of your annual Gross Revenues of the preceding calendar year on Local Advertising for the succeeding year. Payments for the first year will be calculated on a monthly basis based on one percent (1%) of the monthly Gross Revenues from the prior month. Payment for the first month will be an estimate. Any discrepancy between the amount paid for the first month and the amount equal to one percent (1%) of Gross Revenues for the first month will be credited against or added to the amount due for the second month. Local advertising expenditures will be based upon an annual plan submitted to us for approval and will not necessarily have a mandated expenditure per each month of the year. Upon request, you must submit an itemized report documenting proof of expenditures to us, in a form we may in our sole discretion, require. Upon discovery of your non-compliance with your Local Advertising requirements, we may require you to expend those funds as we require which may include contributing to the Brand Fund any amount required but not spent by you on Local Advertising programs. All marketing will be conducted as set forth in the Confidential Operating Manual and in an approved annual marketing plan. Costs and expenditures you may incur for any of the following do not count towards your Local Advertising expenditures:

(i) Salaries and expenses of your employees, including salaries or expenses for attendance at advertising meetings or activities;

(ii) In-store materials consisting of fixtures or equipment;

(iii) Expenditures relating to the use of Social Media Platforms and/or the development and/or use of Social Media Materials; and

(iv) Seminar and educational costs and expenses of your employees.

You are required at your expense, to obtain and maintain at the location of your Franchised Business Advertising Materials of the kind and size as we may, from time to time, require for comparable TEAPULSE shops.

All Advertising Materials, Social Media Materials and other items we designate must bear the Principal Trademarks in the form, color, location and manner we prescribe and must meet all of our standards and requirements. All Advertising Materials, Social Media Materials and Social Media Platforms used by you must be conducted in a dignified manner and must conform to the standards and requirements that we state in the Confidential Operating Manual or otherwise.

You must obtain our prior approval before: (i) you use any Advertising materials or Social Media Materials if we have not prepared or approved such Advertising Materials or Social Media

Materials within the previous twelve (12) months; and (ii) before you initially use any Social Media Platform. You must submit all unapproved Advertising Materials, Social Media Materials and requests to use Social Media Platforms to us via certified or electronic mail. We will approve or disapprove such request within ten (10) days after submission. If you do not receive written approval within ten (10) days after submission of your request for approval, your request is deemed denied. We may withhold our approval of your use of any Advertising Materials, Social Media Materials or Social Media Platform for any reason or no reason at all. You may not use any unapproved Advertising Materials, Social Media Materials or Social Media Platforms. You must promptly discontinue use of any Advertising Material, Social Media Material and/or Social Media Platform, whether or not previously approved, on notice from us. We have the right to require you to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by us in our sole discretion, including but not limited to any previously approved Social Media Material. We have the right to access your Social Media Platform accounts to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by us in our sole discretion, including but not limited to any previously approved Social Media Material. You are required to give us your usernames, passwords, account information and all other information we may require to access your Social Media Platforms accounts upon your initial use of a Social Media Platform and immediately upon our request.

All Advertising Materials, Social Media Materials and use of Social Media Platforms must indicate that you operate the Franchised Business as an independent franchisee of us. You will not employ any person to act as your representative in connection with local promotion of the Franchised Business in any public media without our prior written approval.

In addition to the advertising requirements, you are required to spend between $3,000 and $10,000 for your Market Introduction Program. The Market Introduction Program requires you to present your Franchised Business to the community through the execution of a plan of scheduled advertising, marketing and public relations. The Market Introduction Program will be instituted within three (3) to five (5) months after the opening of your Franchised Business, in our discretion. We may assist you in developing your Market Introduction Program. The Market Introduction Program may include advertising requirements, product sampling, public relations plans, community involvement activities, premium or promotional item giveaways, brand awareness programs, Social Media Platforms and Social Media Materials, “guerilla” or “four walls” marketing programs and direct mail.

There are currently no advertising cooperatives in our System.

Opening and Site Selection:

We will assign you a Territory as we determine appropriate for your Franchised Business in our sole discretion. You must select the site for the Franchised Business subject to our consent within the Territory we assign to you. You must obtain our approval for an acceptable site within one hundred twenty (120) days of executing the Franchise Agreement. You may not relocate your Franchised Business without our prior consent. Before leasing or purchasing the site for your Franchised Business, you must submit to us in the form we specify, a description of the site together with other evidence that confirms your favorable prospects for obtaining the site. You must submit the information and materials for the proposed site to us no later than ninety (90) days of executing the Franchise Agreement. We will have thirty (30) days after we receive this information and materials to evaluate the proposed site. If the proposed site in not approved by us in writing within thirty (30) days of our receipt of all required information, the proposed site is disapproved. If approved, you must lease or purchase at your expense, the site for the Franchised

Business within sixty (60) days after our approval. You must submit for review any sale or lease contract before you sign it. In the event that we cannot agree on a site for your Franchised Business, then the Franchise Agreement shall be terminated, and any refundable fees, such as the Security Deposit, will be remitted to you upon termination. All other fees already paid that are nonrefundable will not be remitted to you. You may be required to execute a General Release in a form acceptable to us upon termination.

We will consult with you on our current site selection guidelines and provide other site selection counseling as we deem advisable. Currently, site approval will consider the following factors among other factors: potential customer base, lease costs, competition, parking availability, population density and composition, visibility, traffic patterns, proximity to public transportation, size, layout and other physical characteristics of the premises, and proximity to other TEAPULSE shops.

Once we have received all necessary information about your proposed site(s) as described above, we or a designee may in our sole discretion, conduct one (1) on-site evaluation for each proposed site for your first Franchised Business. If we or our designee determine, in our sole discretion, that a further on-site evaluation is still necessary or if you request further on-site evaluations, we or our designee may in our sole discretion, conduct an additional on-site evaluation. You will be required to pay us a site evaluation fee per visit regardless of the number of proposed sites we evaluate during our visit. The site evaluation fee will equal our costs and expenses, which typically range between $2,000 and $3,000. We will review and approve your architectural drawings, prior to their submission to the local government for the purpose of layout and design compliance only. If we do not disapprove of your architectural drawings within thirty (30) days of our receipt, your architectural drawings are deemed approved. Our review and approval is not a guarantee that your architectural drawings comply with any codes, laws or regulations including for example, zoning codes and the Americans with Disabilities Act or that they are competently drafted. You are responsible for such compliance. You will be required to reimburse us for all costs and expenses incurred in connection with reviewing your architectural drawings.

Although we will consult with you on your site and your site is subject to our evaluation, you have the ultimate responsibility in choosing, obtaining and developing the site for your Franchised Business. Our consultation is not a promise or guarantee that the Franchised Business operated at your site will be successful. Our review and approval of the site is limited to verification that the site is within the Territory and that it meets our requirements. We recommend that you seek the advice of your own independent advisors in determining if the site meets our standards and your standards.

We estimate that the time from the signing of the Franchise Agreement to the opening of the Franchised Business will be approximately one hundred eighty (180) to three hundred sixty (360) days, or ninety (90) to one hundred eighty (180) days after lease signing. This time may be significantly shorter or longer depending upon the time necessary to obtain a site, to obtain financing and to obtain the permits and licenses necessary for the construction and operation of the Franchised Business. Additional time may be needed to complete construction or remodeling as it may be affected by adverse weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Franchised Business including decorating, purchasing and installing fixtures, equipment and signs and to complete preparation for operating the Franchised Business including purchasing inventory and supplies. The Franchise Agreement requires you to open the Franchised Business and begin business no later than twelve (12) months after signing the Franchise Agreement, unless you obtain a written extension of this time period from us. If you do not obtain a site within the time period required, or if you fail to open within twelve (12) months, we may terminate the Franchise Agreement.

Computer Hardware, Software and POS Requirements:

We require you to purchase your hardware and software, including administrative software for your computer and POS system from a Supplier we designate. Currently, we require you to purchase your POS system from our affiliate, JD Manufacturing & Distribution LLC.

We estimate that the cost of the computer hardware, software and POS system will be approximately $3,500 to $10,000 to purchase, depending on the size of the Franchised Business and desired store layout. Neither we, our affiliates, nor any third parties are required to provide on-going maintenance, repairs, upgrades or updates to your computer hardware, software and POS system. Although there are no required maintenance/upgrade contracts for the POS system or the computer hardware or software, we estimate that it will cost between $150 and $500 per month to maintain your computer hardware, software and POS system.

The hardware and software you obtain must accommodate an online system that gives us access to your records via the Internet at all times. You must allow us to establish and maintain communication with your POS system and electronic computer system via a dedicated data transmission line such as DSL or Cable, or similar telecommunications means to retrieve information including but not limited to, sales data and financial data. You may be required, at your cost, to change and update your telecommunications connection during the term of this agreement. We must have independent access to this information and data. This equipment and related software must be purchased and installed in accordance with our specifications.

Some of the items you will need to obtain, at a minimum are:

- Office computer (with at least 2.4 GHZ Pentium IV processor, 1 GH Ram, 20 GB hard drive, write/read CD Rom drive, 56K modem, network card, 15” monitor, and printer)
- Adobe Acrobat Reader
- High-speed Internet access
- Surge protector
- Anti-virus software
- Firewall Hardware
- Remote and/or external data backups
- POS system with at least one terminal and printer
- Slip printer
- Kitchen printers
- Cash drawers
- Separate computer for internet browsing/administration

You must maintain, upgrade and update hardware, software, POS system, Internet service providers or other communications systems during the term of the franchise, as we determine without limitation, at your expense. We estimate that the annual cost to maintain, update, upgrade or support your hardware, software, POS system, Internet service providers or other communications systems during the term of the franchise to be between $2,500 and $10,000. We reserve the right to reasonably specify computer, information and communications systems and to require you to utilize specified Internet service providers or communications software. You are solely responsible for protecting yourself from viruses, computer hackers and other computer-related problems and you may not sue us for any harm caused by such computer-related problems. You may not add any software to your computer system without our written approval and you must provide us with all access codes necessary for full access to your information.

Confidential Operating Manual:

Attached to this disclosure document as Exhibit D, is the Table of Contents for our Confidential Operating Manual. The Table of Contents will state the number of pages devoted to each subject contained in the Confidential Operating Manual. The Confidential Operating Manual currently consists of a total number of 185 pages.

Initial Training Program:

We will provide initial training at no cost for tuition or materials to three (3) people for your first Franchised Business only. You or your Operating Principal and a manager (where applicable) are required to attend and complete to our satisfaction, our initial training program. You may elect to have another manager or staff member attend the initial training program as well, provided that we are not obligated to provide training to more than three (3) people. If you develop more than one Franchised Business, we will provide training to one (1) manager for each such Franchised Business at no additional charge. However, we may in our sole discretion, offer and/or require that you or your Operating Principal and/or previously trained employees attend and complete additional training courses in connection with your Franchised Business and/or any Franchised Business you develop after your first Franchised Business that we either periodically choose to provide or otherwise may require for you and/or your Operating Principal and/or previously trained employees at the times and locations that we designate.

Initial training will be held at one of our affiliate-owned shops located in Queens, New York or another facility designated by us. We may hold a portion of the initial training on-site at your Franchised Business in our discretion and based upon staff availability. You or your Operating Principal are required to attend the ten (10) day initial training program. You or your Operating Principal and your manager (where applicable) must complete the initial training program at least three (3) to four (4) weeks prior to the opening of your Franchised Business. You will be responsible for all costs associated with attending the initial training program for you and your staff. Failure to complete training to our satisfaction is an event of default enabling us to terminate the Franchise Agreement.

TRAINING PROGRAM:

Subject	Hours of Classroom Training	Hours of on the Job Training	Location
Day 1			
Introduction; pre-opening procedures; operations overview; food safety	4	4	Queens, NY unless otherwise designated
Day 2			
Back of house food preparation and closing procedures		8	Queens, NY unless otherwise designated
Day 3			
Back of house food preparation and closing procedures		8	Queens, NY unless otherwise designated

Day 4			
Recruiting and talent management; front of house equipment; front of house closing procedures	4	4	Queens, NY unless otherwise designated
Day 5			
Front of house customer service; front of house opening procedures		6	Queens, NY unless otherwise designated
Day 6			
Back of house opening procedures; inventory management; cleaning and maintenance		8	Queens, NY unless otherwise designated
Day 7			
Promotion and marketing; Front of house; customer service; POS training	4	4	Charlotte, North Carolina or Long Island City, NY unless otherwise designated
Day 8			
Front of house cashier training; clock-in/clock-out and shift management; delivery and third party platforms operations		8	Queens, NY unless otherwise designated
Day 9			
Financial management and accounting; payroll, employer, and basic labor law; administrative activities	8		Queens, NY unless otherwise designated
Day 10			
Review and recap exams	3	3	Queens, NY unless otherwise designated
Totals	**23**	**53**	

We reserve the right to amend, modify, supplement, vary and/or delete any portion of the contents of the initial training program.

All training will be conducted or supervised by Sun Tao Yuan. Sun Tao has been employed as the General Manager at TEAPULSE shops owned and operated by our affiliates. Sun Tao has managed a business like the franchised business offered in this disclosure document since 2020 and he is fully familiar with the operations of a franchised business and the subjects taught in our training program. Sun Tao has been with us since our formation and has five years of experience in the food service industry.

The initial training program may also be conducted by other qualified personnel including managers, supervisors and consultants whose services we may retain for specific training courses. No other formal training staff is maintained at present.

We intend to conduct the initial training program periodically as determined by us and in our sole discretion. The materials used for this training program may include the Confidential Operating Manual, checklists, quizzes, recipes, other handouts, software applications, product samples and/or hands-on materials.

We are not required to provide any other service or assistance to you for the continuing operation of your Franchised Business.

ITEM 12. TERRITORY

Your Franchise Agreement will grant you certain limited rights with respect to a specific Territory. That Territory will be identified on an attachment to the Franchise Agreement. 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 Territory will be identified on an attachment to the Franchise Agreement. We will agree not to grant another franchise, open a company and/or affiliate-owned shop or permit any TEAPULSE shop, whether owned by a franchisee, us or an affiliate to solicit sales within your Territory during the term of your Franchise Agreement, except to the extent that an advertisement, marketing promotion or web promotion may include publication within your Territory.

Other than the rights described above, you will not receive any options, rights of first refusal or similar rights to acquire additional franchises within the Territory, any areas contiguous with the Territory or any other territories.

The Territory may be located within specific zip codes, counties or other natural boundaries. Your Territory may be based in part on population density, number of tea shops within the Territory, current and projected market demand, potential customer base, access and visibility, traffic patterns, parking availability and other economic, demographic and geographic factors determined by us in our sole discretion. We will assign you a Territory as we deem appropriate for your Franchised Business in our sole discretion. The minimum Territory granted to a franchisee may be the franchisee's business location with no corresponding geographic protection. If the Territory has not been designated when you sign the Franchise Agreement, we will designate a Territory shortly thereafter and a Territory Attachment will be attached at that time. Other than the right to develop a franchised business in the Territory, you will not be granted any other right with respect to the Territory, including but not limited to the right to sell products through alternative channels of distribution or develop franchised businesses in non-traditional locations (defined below). If we develop alternative channels of distribution, we do not guarantee that those alternative channels of distribution will be offered as franchises and we are not obligated to offer to you the right to sell products or services through any alternative channels of distribution.

Notwithstanding the grant above and without limiting our retention of all other rights not specifically granted to Franchisee, we reserve the right (without any compensation to you) for us, our company-owned stores and our affiliates:

(a) Accept in any TEAPULSE shop located outside the Territory, orders made from within the Territory for products or services sold under any trade name, trademark or service mark (including the Principal Trademarks) and to deliver such products or services within the Territory;

(b) Accept orders for products or services sold under any trade name, trademark or service mark (including the Principal Trademarks) from within the Territory generated through the Internet and to deliver such products or services within the Territory;

(c) Conduct marketing, solicit business, advertise and accept orders anywhere, without limitation;

(d) Sell products and services and enfranchise others to sell products and services sold under any trade name, trademark or service mark (including the Principal Trademarks) in the Territory through any alternative channel of distribution;

(e) Sell products and services enfranchise others to sell products and services sold under any trade name, trademark or service mark (including the Principal Trademarks) in non-traditional locations, including any non-traditional locations situated in the Territory, through the establishment of TEAPULSE shop kiosks, mobile units, concessions or "shop in shops." "Non-traditional locations" include venues for mass gathering such as airports, sports arenas, theatres, resorts, malls and mall food courts, schools and universities, healthcare facilities, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer (including supermarkets, grocery stores and convenience stores) which is not a restaurant (including shops, stores and department stores) and any other location or venue to which access to the general public is restricted such as military bases and installations, higher security headquarters of corporations, airlines, railroads and other modes of mass transportation; and

(f) Develop, implement and participate in a co-branding program located within or outside of your Territory regardless of whether any co-branded business is franchised or company-owned and regardless of which trade names, trademarks, or service marks are used in connection with the co-branded business, including but not limited to the Principal Trademarks.

We also reserve for ourselves and our affiliates all rights not exclusively granted to you.

Other franchisees are permitted to solicit business and advertise and accept orders from outside of their territories with our approval but not within your Territory, except that other franchisees may accept business within your Territory if that business is unsolicited or comes in response to advertising, promotion, marketing or web promotion that is not specific to your Territory (i.e., advertising in a newspaper with circulation encompassing the Territory; such general advertisements require Franchisor's prior written approval). We will take any actions or no actions based upon our evaluation of the situation if such actions by other franchisees occur. You will not be permitted to solicit sales from outside of your Territory within a Territory whose rights have been granted to another franchisee. You may solicit sales outside of your Territory in areas that are not subject to another franchise agreement, with our advanced written approval. We reserve the right to grant a franchisee territory rights or the right to solicit sales in any area outside of your Territory. You will be permitted to accept business from another franchisee's Territory if it is unsolicited or comes in response to advertising, promotion, marketing or web promotion that is not specific to that other franchisee's Territory (i.e., advertising in a newspaper with circulation encompassing your Territory. When advertising in a medium that has distribution in another franchisee's Territory and where that franchisee has chosen to participate, you must include in the written advertising, marketing, promotion or web promotion or oral script utilized, the locations of that franchisee. When that franchisee chooses not to participate in the advertising, marketing, promotion or web promotion, the written or oral advertisement must include only the locations of the participating franchisee(s) whose Territory falls into the distribution area of advertising medium employed and must also include the disclaimer "at participating locations only," as well as to eliminate any reference to menu pricing if there is a difference in pricing between franchised owned locations or between your pricing and that of corporate owned locations.

You may not relocate the Franchised Business without our prior written consent. We consider the following factors in approving your relocation: if you are in compliance with the Franchise Agreement; you have paid all monies to us and our affiliates; the proposed location meets our site selection criteria; and you comply with our lease requirements.

To maintain your Territory you must continue to meet the requirements of the Franchise Agreement. There are no specific financial performance requirements imposed upon you to maintain your Territory. We and/or our affiliates may establish any business within your Territory that does not utilize the Principal Trademarks.

In the event we acquire a competing tea shop system and such is an established non-franchised business that contains operations within your Territory:

(a) we may offer you the business within your Territory at a cost equal to the fully allocated costs associated with the business;

(b) you will have thirty (30) days to decide whether or not to acquire the business as a TEAPULSE franchise under the then-current franchise agreement;

(c) you will not be charged a franchise fee for that acquisition;

(d) you will have six (6) months to bring the business up to our then-current standards for a TEAPULSE franchise;

(e) if you acquire the business, your royalties for the acquired unit will be reduced by twenty percent (20%) for a period of two (2) years from the date you acquired the business, but no other fees will be reduced; and

(f) if you decide not to acquire the business, we, or our affiliates may operate the business ourselves or offer the business to someone else whether with or without the Principal Trademarks, without compensation to you.

In the event that we acquire an established franchised system that uses different brands:

(a) we will have the unrestricted right, but not the obligation, to convert the existing business to the System;

(b) if the business is converted to the System, you will receive a royalty of twenty percent (20%) of the royalties received by us from the converting franchisee's operations in your Territory for a period of two (2) years from the date the business was converted to the System; and

(c) if the business is not converted to the System, we reserve the right to allow it to operate without any compensation to you and receive the services provided to franchisees hereunder.

In the event we merge with, acquire or are acquired by another company that competes with TEAPULSE, we and our affiliates reserve the right to offer, sell and authorize others to offer and sell competing products and services under any other names and marks in the Territory or elsewhere.

ITEM 13. TRADEMARKS

We grant you the right to operate your Franchised Business under the name "TEAPULSE" and to use all of the Principal Trademarks identified below in the operation of your Franchised Business. The term "Principal Trademarks" as used in this disclosure document means the symbols, trademarks, service marks, logos, emblems, trade names and indicia of origin that we will license to you. Our President, Yate Liu, owns the Principal Trademarks and licenses to us the rights to use the Principal Trademarks and to sublicense the Principal Trademarks to our franchisees. The existing Principal Trademarks consists of what is indicated below.

The following is a description of pending Principal Trademarks

PRINCIPAL TRADEMARKS	SERIAL NUMBER	FILING DATE
TEAPULSE	98452313	March 15, 2024

AS OF THE DATE OF THIS DISCLOSURE DOCUMENT, WE DO NOT HAVE A REGISTERED TRADEMARK FOR THE WORD MARK "TEAPULSE" (SERIAL NUMBER 98452313). THEREFORE, THE WORD MARK "TEAPULSE" (SERIAL NUMBER 98452313) DOES NOT HAVE AS MANY LEGAL BENEFITS AND RIGHTS AS FEDERALLY REGISTERED TRADEMARKS. IF OUR RIGHT TO USE THE WORD MARK "TEAPULSE" (SERIAL NUMBER 98452313) IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

There are no existing or pending material determinations of the United States Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrators of New York or any court. There are no pending infringement, opposition or cancellation actions nor any pending material litigation involving the Principal Trademarks.

All required affidavits for the Principal Trademarks have been filed. We have filed all renewal applications for the Principal Trademarks when renewal has been required and we intend to file renewal applications for the other Principal Trademarks when they become due.

The Franchise Agreement will require you to notify us of the use of or claims of rights to a Principal Trademark or a mark confusingly similar to a Principal Trademark licensed to you. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any such proceeding. We will indemnify and hold you harmless for any expense associated with a claim made against you relating to the use of the Principal Trademarks by you, unless the claim is based upon your misuse of the Principal Trademarks in a manner not permitted under the Franchise Agreement.

We know of no superior prior rights or infringing uses that materially affect your use of the Principal Trademarks in any jurisdiction.

We reserve the right to modify or change the Principal Trademarks and compel you to accept and adopt such modifications or changes at your expense.

ITEM 14. PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

There are no patents (or pending patent applications) material to the operation of your

Franchised Business.

We claim copyright protection covering various materials used in our business and the development and operation of the Franchised Business including the Confidential Operating Manual, recipes, Advertising Materials, Social Media Materials and similar materials. We have not registered these materials with the U.S. Registrar of Copyrights but we are not required to do so. There are no currently effective determinations of the U.S. Copyright Office or any court or any pending litigation or other proceedings, regarding any copyrighted materials. No agreement limits our rights to use or allow franchisees to use the copyrighted materials. We know of no superior rights or infringing uses that could materially affect your use of the copyrighted materials.

The Franchise Agreement will require you to notify us of the use of or claims of rights to the copyrighted materials. The Franchise Agreement will also require you to assist us with protecting our claims of right to the copyrighted material by (i) providing us with support, as we determine, and (ii) signing documents, as we require. We will take affirmative action as we deem necessary when notified of these uses or claims. We will remain in control of any such proceeding. We will indemnify and hold you harmless for any expense associated with a claim made against you relating to the use of the copyrighted materials by you, unless the claim is based upon your misuse of the copyrighted materials in a manner not permitted under the Franchise Agreement. We reserve the right to modify or change the copyrighted materials and compel you to accept and adopt such modifications or changes at your expense. You will include, where required by us, any intellectual property notices required by us.

If you or your Owners (as defined in the Franchise Agreement) develop any new concept, process, product or improvement in operating or promoting the Franchised Business, you must promptly notify us and provide us with any information, samples or instructions we request without charge. Such new concept, process, product or improvement will become our exclusive property if we approve it for use in the System. We may then freely distribute such concept, process, product or improvement to other franchisees without compensation to you.

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

We recommend and may in our sole discretion, require that you, the Franchisee, or your Operating Principal personally supervise the day-to-day activities of the Franchised Business. If we permit you to not personally supervise the operations of the Franchised Business and you elect to do so, you will be required to employ a full-time manager who must be responsible on an exclusive basis for the on-premises supervision of the daily operations of the Franchised Business. Any person serving in the role of manager must successfully complete our training program and undergo any required supplemental training. The manager must be reasonably qualified to run an operation of this nature as determined in our sole discretion, but need not be an equity Owner in the Franchisee.

We require that you appoint an Operating Principal who will serve as principal contact with us. The Operating Principal shall be the only individual that we will deal directly with and whose instructions and/or directions we will address. You may not replace the Operating Principal without our prior written consent.

Certain individuals associated with your Franchised Business, including your Owners (and members of their immediate families and households), officers, directors, partners, and your designated manager, executives, employees and staff may be required to sign nondisclosure and non-competition agreements similar to the Nondisclosure and Non-Competition Agreements attached to the Franchise Agreement as Exhibits 6 and 7. We will be a third-party beneficiary with the independent right to enforce those agreements.

If you are a business entity, anyone who owns a five percent (5%) or greater interest in the franchisee business entity ("Owner") must personally guarantee the performance of all of the franchisee's obligations under the Franchise Agreement, agree to be personally liable for any breach of the Franchise Agreement by the franchisee and sign the Guarantee attached to the Franchise Agreement as Exhibit 9.

ITEM 16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell all products and services that we periodically require as described herein, in the Franchise Agreement and as may be supplemented. You must notify us immediately if any the TEAPULSE products or services are prohibited, restricted by law or regulation or are adverse to any community standards. You may not offer and sell any products and/or services that we have not specifically authorized. You will immediately discontinue offering for sale any product or service upon notification from us. You are required to provide assistance to TEAPULSE, upon request, if government or other local approval is required for the offer and sale of any TEAPULSE product or service.

If you wish to provide delivery services from your Franchised Business, you must first provide us with written notice. We may in our sole discretion, approve or disapprove your request. If we do not approve your request in writing within thirty (30) days of our receipt, your request is deemed to be disapproved.

You will not engage in any activities that divert any business or customers to non-affiliated locations, including those owned by you. We may periodically eliminate certain products and/or services, or add additional products and/or services, in either case in our sole discretion and without the necessity of further notice to you. You will not use the premises for the sale or displaying of any items that promote illegal activity or any other product or service that we decide in our sole discretion may offend an appreciable segment of the public or may adversely affect the public's acceptance, favorable reputation or extensive goodwill associated with the TEAPULSE name, brands and Principal Trademarks.

ITEM 17. RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Article in Franchise Agreement	Summary
a. Length of the franchise term	Article III	Ten (10) years from the date you execute the Franchise Agreement.
b. Renewal or	Article III	The franchise may be renewed at your option for an

extension of the term		unlimited number of additional consecutive five (5) year terms.
c. Requirements for Franchisee to renew or extend	Article III	Requirements include, among others: (i) we must be offering franchises in the area in which the Franchised Business is located; (ii) during the entire term of your Franchise Agreement you must have substantially complied with its terms; (iii) you must execute the then-current franchise agreement, which may have materially different terms than the Franchise Agreement; (iv) you must bring the Franchised Business in full compliance with our then- current standards, including but not limited to refurbishing the shop and installing new equipment packages; (v) you must meet any new current training requirements; (vi) you must have satisfied all monetary obligations to us, our affiliates and/or Suppliers; (vii) you must execute a general release which includes us, our affiliates and all of their respective owners, officers, directors, agents and employees; (viii) you must give us not more than nine (9) months and not less than six (6) months written notice; (ix) you must maintain all relevant licenses and permits necessary for the operation of the Franchised Business; (x) you must enter into a lease for the location of the Franchised Business for the duration of the successor term; and (xi) you must pay the successor agreement fee. Renewal of the Franchise Agreement means signing the then-current franchise agreement which may contain materially different terms and conditions than those contained in the Franchise Agreement.
d. Termination by Franchisee	Article XIV	You may terminate your Franchise Agreement only with our written consent; when terminated you will be required to pay all outstanding obligations which may include payment of liquidated damages.
e. Termination by Franchisor without cause	Not applicable	We will not terminate without cause.
f. Termination by Franchisor with cause	Article XIV	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. We may terminate your Franchise Agreement if you default under the Franchise Agreement or any other agreement with us, our affiliates or other Suppliers.
g. "Cause" defined –curable defaults	Article XIV	Curable defaults, which must be cured on ten (10) days' written notice, unless stated otherwise in the Franchise Agreement or as otherwise provided by law, including (i) failure to maintain required insurance; (ii) failure to maintain licenses or certificates; (iii) non-payment within time period required; (iv) failure to provide reports and information when required; (v) violation of transfer requirements; (vi) failure to develop, open and operate the location within time period required; (vii) failure to complete training; (viii) abandonment of business; (ix) failure to remodel the Franchised Business location; (x) failure to comply with

		laws; (xi) loss of right to operate at the Franchised Business location; (xii) failure to meet any other obligation of the Franchise Agreement, the Confidential Operating Manual or otherwise established in writing by us; and (xiii) you or your guarantors default in any other agreement with us, our affiliates or any Supplier and such default is not cured with the time permitted.
h. "Cause" defined – non-curable defaults	Article XIV	Non-curable defaults include, among others: (i) material false statements or reports; (ii) underreporting of Gross Revenues; (iii) unauthorized business activity; (iv) conviction or no contest plea to a felony or certain other crimes; (v) engaging in dishonest or unethical conduct which adversely affects our reputation or goodwill; (vi) failure to pay taxes when due; (vii) repeated events of default; (viii) insolvency or bankruptcy; (ix) operating at a risk to public safety or health; (x) breach of requirements relating to proprietary information or the Principal Trademarks; (xi) an unauthorized transfer of the Franchise Agreement or an ownership interest in the Franchisee or of the Franchised Business; (xii) an unauthorized relocation or attempt to relocate the Franchised Business; (xiii) failure to comply with the Confidentiality, Non-Use and Non-Competition Agreement or refrain from copying, duplicating, recording or otherwise reproducing the Confidential Operating Manual; and (xiv) failure to follow the recipes, use the required ingredients or obtain ingredients and goods from Suppliers as required.
i. Franchisee's obligations on termination/ nonrenewal	Article XIV	Obligations include: (i) you must pay all sums owed; (ii) cease to be a TEAPULSE franchisee; (iii) cease operating the business or any other business under the Principal Trademarks or confusingly similar marks; (iv) refrain from representing to the public that you are or were a TEAPULSE franchisee; (v) refrain from using in advertising marketing, promotion or in any manner, any methods, procedures or techniques associated with the System; (vi) cancel any assumed name that contains TEAPULSE, within fifteen (15) days; (vii) de-identify the Franchised Business. (At our request we are permitted, as provided by the Franchise Agreement, to enter the premises at any time to make required changes at your risk and expense without liability of trespass); (viii) cease using and return to us the following: the Confidential Operating Manual, training materials, proprietary software, database material, customer lists, records, files, instructions, forms, Advertising Materials, Social Media Materials and related items which bear the Principal Trademarks, all trade secrets and confidential materials, and any copies, equipment and other property owned by us or our affiliates; (ix) notify the telephone company, telephone directories, Internet and website listing services and directories, websites, URLs, domain name registers, email hosts or providers and Social Media

		Platforms of the termination or expiration of your right to use them; (x) allow us to utilize the Assignment of Telephone and Listings and Advertisements attached to the Franchise Agreement as Exhibit 8; (xi) transfer to us all telephone numbers, website addresses, URLs, domain names, email addresses, Social Media Platform accounts and other similar listings; (xii) take all actions necessary to effectuate the forwarding of all calls and Internet and website searches to telephone number(s), website(s) and URLs we designate; (xiii) transfer to us all customer lists and any customer data in whatever form, maintained by you; (xiv) comply with the Confidentiality, Non-Use and Non-Competition Agreement and all other post-term covenants; (xv) permit us to enforce our rights as a secured party, if applicable; and (xvi) provide us with evidence of your compliance with your post-termination obligations.
j. Assignment of contract by Franchisor	Article X	We have the right to transfer or assign the Franchise Agreement to any person or entity including a competitor, without restriction.
k. "Transfer" by Franchisee defined	Article X	Includes the sale, assignment, gift, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Franchised Business or you (if the Franchisee is a business entity).
l. Franchisor approval of transfer by Franchisee	Article X	You must obtain our prior written consent before transferring any interest in the assets of the Franchised Business or you (if the Franchisee is a business entity).
m. Conditions for Franchisor approval of transfer	Article X	Conditions include: (i) notifying us of the proposed transfer and providing us with the terms of the proposed transfer; (ii) transferee must possess sufficient business experience and financial resources to operate the Franchised Business; (iii) payment of all debts and obligations to us, our affiliates and third-party vendors and curing any breach of the Franchise Agreement or any other agreement between you and us or our affiliates; (iv) you must have satisfied all obligations under the Franchise Agreement or any other agreement between you and us, our affiliates, any Supplier and any lenders who provide you with financing pursuant to an arrangement with us, our affiliates or our Suppliers; (v) transferee must not have an ownership interest in a competing business; (vi) transferee must attend a ten (10) day training course at the then-current training rate, which as of the date of this document is $250 per day; (vii) your landlord consents to the assignment or sublease of the Franchised Business location to transferee; (viii) transferee must enter then-current franchise agreement, pay our then-current initial franchise fee and comply in all respects with all of our requirements; (ix) transferee must upgrade the Franchised Business location to our then-current standards for a TEAPULSE shop; (x) transferee agrees that Franchisor is not responsible for any representations not included in disclosure document; (xi) you must pay the

		transfer fees indicated in Item 6; (xii) execution of a general release, as required by us; (xiii) we determine that the terms of the purchase will not adversely affect the operation of the Franchised Business; (xiv) if transferee finances the purchase, transferee agrees that its financing obligations are subordinate to any amounts due according to the Franchise Agreement; (xv) you will not identify yourself as a TEAPULSE franchisee; (xvi) you must comply with all other applicable transfer requirements designated in the Confidential Operating Manual or otherwise in writing; (xvii) we determine that the terms of the transfer are substantially the same as those offered to us pursuant to our right of first refusal; (xviii) transferee must sign any personal guarantees required; and (xix) transferee must pass credit and criminal background check.
n. Franchisor's right of first refusal to acquire Franchisee's business	Article XI	Within thirty (30) days after notice, we have the option to purchase the transferred interest on the same terms and conditions offered by a third-party except for transfers among current owners of franchisee or to a legal entity wholly owned by you.
o. Franchisor's option to purchase Franchisee's business	Article XIV	Other than assets on termination, nonrenewal or right of first refusal, we have no right or obligation to purchase your business.
p. Death or disability of Franchisee	Article X	Upon death or permanent disability of Franchisee (or its Operating Principal) distributee must be approved by us or interests must be transferred to someone approved by us within six (6) months after death or notice of permanent disability.
q. Non-competition covenants during the term of the franchise	Article IX and Exhibit 6	You and your Owners are prohibited from operating or having an interest a competing business wherever located and operating.
r. Non-competition covenants after the franchise is terminated or expires	Article IX and Exhibit 6	Covenants include that you and your Owners are prohibited for two (2) years from the latter of the termination or expiration of the Franchise Agreement; transfer of the Franchised Business; or the date of any final, non-appealable order enforcing these covenants from operating or having an interest in a competing business located or operating (i) from the location of your TEAPULSE shop, within the Territory and within ten (10) miles of the outer boundaries of the Territory; (ii) within the territory and within ten (10) miles of the location and/or the outer boundaries of the territory of any other TEAPULSE shop owned, in operation, under development or to be developed as of the date of your Franchise Agreement; (iii) within the territory and within ten (10) miles of the location and/or the outer boundaries of the territory of any other TEAPULSE shop owned, in operation,

		under development or to be developed as of the date of termination or expiration of the Franchise Agreement or the transfer of your Franchised Business; or (iv) within the territory and within ten (10) miles of the location and/or the outer boundaries of the territory of any other TEAPULSE shop owned, in operation, under development or to be developed as of the date of any final non-appealable judgment or order of any court, arbitrator, panel or arbitrator or tribunal that enforces the non-competition, non-use and confidentiality provisions of your Franchise Agreement.
s. Modification of the Franchise Agreement	Articles VII and XX	You must comply with the Confidential Operating Manual as amended from time to time. The Franchise Agreement may not be modified unless mutually agreed to in writing, except to the extent that we may reduce the scope of covenants as provided by the Franchise Agreement.
t. Integration/ merger clause	Article XX	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law and FTC regulations). No other representations or promises will be binding unless mutually agreed to. However, nothing in the Franchise Agreement or in any related agreement is intended to disclaim the Franchisor's representations made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Not applicable	Not applicable.
v. Choice of forum	Article XXIII	Litigation must be in the state or Federal courts in the State of New York located in New York, New York. (Subject to state law. See the state specific addenda attached to this Disclosure Document)
w. Choice of law	Article XXIII	The laws of the State of New York govern the Franchise Agreement. However, if the Franchised Business is located outside of New York and a provision of the Franchise Agreement is not enforceable under the laws of New York but is enforceable under the laws of the state in which the Franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of the state where the Franchised Business is located.

ITEM 18. ARRANGEMENTS WITH PUBLIC FIGURES

We do not use any public figures to promote our System.

ITEM 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information and if the information is included in the disclosure document.

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. However, if you are purchasing an existing outlet 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 Yate Liu, 212-12 Northern Blvd, Bayside, NY 11361, (646) 301-3772, the Federal Trade Commission and the appropriate state regulatory agencies.

ITEM 20. OUTLETS AND FRANCHISEE INFORMATION

The tables presume a December 31 fiscal year end. The tables appear as follows:

Table 1 – Systemwide Outlet Summary for Years 2022/2023/2024:

Outlet Type	Year	Outlets at the Start of Year	Outlets at the End of Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	3	+3
Total Outlets	**2022**	**0**	**0**	**0**
	2023	**0**	**0**	**0**
	2024	**0**	**3**	**+3**

Table 2 – Transfers of Outlets From Franchisees to New Owners (Other than Franchisor) for Years 2022/2023/2024:

State	Year	Number of Transfers
New Jersey	2022	0
	2023	0
	2024	0
Total	**2022**	**0**
	2023	**0**
	2024	**0**

Table 3 – Status of Franchise Outlets for Years 2022/2023/2024:

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of Year

All States	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Total	**2022**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Table 4 – Status of Company-Owned Outlets for Years 2022/2023/2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Re-acquired from Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of Year
New York	2022	0	0	0	0	0	0
	2023	0	0	0	0	0	0
	2024	0	3	0	0	0	3
Total	**2022**	**0**	**0**	**0**	**0**	**0**	**0**
	2023	**0**	**0**	**0**	**0**	**0**	**0**
	2024	**0**	**3**	**0**	**0**	**0**	**3**

Table 5 - Projected Openings for next Fiscal Year as of December 31, 2024:

State	Franchise Agreements Signed but Outlet Not Opened	Projected New Franchised Outlet in the Next Fiscal Year	Projected New Company Owned Outlet in the Next Fiscal Year
New Jersey	0	0	0
New York	0	1	5
TOTAL	0	1	5

A list of all the names of all franchisees and the addresses and telephone numbers of their Franchised Businesses as well as a list of all the names, last known addresses and telephone numbers of every franchisee who has had a franchise agreement terminated, canceled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under the franchise agreement in our most recent fiscal year or who have not communicated with us within 10 weeks before the date of this disclosure document is attached to this disclosure document as Exhibit E. If you buy this Franchised Business, your contact information may be disclosed to other buyers when you leave this System.

In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with the System. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

We do not know of a trademark-specific franchisee organization associated with the System that is required or has been asked to be disclosed in this disclosure document.

ITEM 21. FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit F is our audited financial statements as of April 30, 2025. Our fiscal year end is December 31st. We have not been in business for 3 years or more and therefore cannot include all financial statements required in paragraphs (u)(i)(i) and (ii) of the FTC Franchise Rule.

ITEM 22. CONTRACTS

The following agreements are attached to this disclosure document: Exhibit B: Franchise Agreement; (Exhibit 2) Territory Attachment; (Exhibit 3) General Release; (Exhibit 4) EFT Authorization; (Exhibit 5) Collateral Assignment and Assumption of Lease; (Exhibit 6) Confidentiality, Non-Use and Non-Competition Agreement; (Exhibit 7) Confidentiality, Non-Use and Non-Competition Agreement Form; (Exhibit 8) Assignment of Telephone and Internet Listings and Advertisements; (Exhibit 9) Guarantee; and (Exhibit 10) State Amendments.

ITEM 23. RECEIPTS

See Exhibit H attached. Exhibit H contains duplicate Receipts that will serve as an acknowledgment by you that you have received a copy of this disclosure document. You should sign both copies of the Receipt, return one copy to us and retain one for your records. If the Receipt pages, or any other page or Exhibit is missing from your copy of the franchise disclosure document, please contact us immediately.

EXHIBIT A
AGENTS FOR SERVICE OF PROCESS/STATE ADMINISTRATORS

CALIFORNIA Department of Business Oversight Suite 750 320 West 4th Street Los Angeles, CA 90013 (213) 576-7500 (866) 275-2677 Agent: Commissioner of Business Oversight	MARYLAND Office of the Attorney General Securities Division 200 St. Paul Place Baltimore, Maryland 21202-2020 (410) 576-6360 Agent: Maryland Securities Commissioner 200 St. Paul Place Baltimore, Maryland 21202-2020
HAWAII Securities Examiner 1010 Richards Street Honolulu, Hawaii 96813 (808) 586-2744 Agent: Director of Hawaii Department of Commerce and Consumer Affairs	MICHIGAN Overnight mail: Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 6th Fl Lansing, Michigan 48933 (517) 373-7117 Regular mail: Attorney General's Office Consumer Protection Division Attn: Franchise Section P.O. Box 30213 Lansing, Michigan 48909 Agent: Michigan Department of Commerce Corporations and Securities Bureau
ILLINOIS Franchise Division Office of Attorney General 500 South Second Street Springfield, Illinois 62706 (217) 782-4465 Agent: Illinois Attorney General	MINNESOTA Minnesota Department of Commerce 85 7th Place East Suite 500 St. Paul, Minnesota 55101 (612) 296-4026 Agent: Minnesota Commissioner of Commerce
INDIANA Franchise Section Indiana Securities Division Secretary of State	NEBRASKA Nebraska Department of Banking and Finance 1200 N Street

Room E-111 302 West Washington Street Indianapolis, Indiana 46204 (317) 232-6681 Agent: Indiana Secretary of State	P.O. Box 95006 Lincoln, Nebraska 68509-5006 (402) 471-3445
NEW YORK Office of the New York State Attorney General Investor Protection Bureau Franchise Section 28 Liberty Street New York, NY 10005 (212) 416-8222 Phone (212) 416-6042 Fax Agent for Service: Attention: New York Secretary of State New York Department of State One Commerce Plaza, 99 Washington Avenue, 6th Floor Albany, NY 12231-0001 (518) 473-2492	SOUTH DAKOTA Division of Securities c/o 445 E. Capitol Ave. Pierre, South Dakota 57501 (605) 773-4823 Agent: Director of South Dakota Division Securities
NORTH DAKOTA Office of Securities Department 600 East Boulevard Avenue State Capitol Fifth Floor, Dept 414 Bismarck, North Dakota 58505-0510 (701) 328-4712 Agent: North Dakota Securities Commissioner	TEXAS Secretary of State P.O. Box 12887 Austin, Texas 78711
OREGON Department of Insurance and Finance Corporate Securities Section Labor and Industries Building Salem, Oregon 97310 (503) 378-4387 Agent: Director of Oregon Department of Insurance and Finance	VIRGINIA State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, Virginia 23219 (804) 371-9051 Agent: Clerk of the State Corporation Commission

	1300 East Main Street, 1st Floor Richmond, Virginia 23219 (804) 371-9733
<u>RHODE ISLAND</u> Division of Securities Suite 232 233 Richmond Street Providence, Rhode Island 02903 (401) 222-3048 Agent: Director of Rhode Island Department of Business Regulation	<u>WASHINGTON</u> Department of Financial Institutions Securities Division 150 Israel Road SW Tumwater, Washington 98501 (360) 902-8760 Agent: Administrator of Securities Department of Financial Institutions 150 Israel Road SW Tumwater, Washington 98501
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EXHIBIT B

FRANCHISE AGREEMENT AND RELATED MATERIALS

TEAPULSE

TEAPULSE Franchise Group LLC

FRANCHISE AGREEMENT

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EXHIBITS

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (“AGREEMENT”) IS MADE AND ENTERED INTO THIS _______DAY OF ____________ (“EFFECTIVE DATE”), BETWEEN TEAPULSE FRANCHISE GROUP, LLC, A NEW YORK LIMITED LIABILITY COMPANY WITH ITS PRINCIPAL OFFICE AT 212-12 NORTHERN BLVD, BAYSIDE, NY 11361 ("FRANCHISOR"), AND ....A ____________WHOSE PRINCIPAL ADDRESS IS.. ____________(“FRANCHISEE").

RECITALS

WHEREAS, Franchisor, as the result of the expenditure of time, skill, effort and money has developed a distinctive, proprietary System (as hereinafter defined) relating to the establishment and operation of retail shops under the name TEAPULSE offering boba teas, fruit teas, smoothies, slushies, coffee, juices, milk teas, tea-based beverages, pastries, and compatible food products;

WHEREAS, the distinguishing characteristics of the System include distinctive interior and exterior design, décor, color scheme and furnishings; uniform standards, specifications and procedures for operations; installation, construction design, general contracting, layout of equipment and maintenance techniques; quality and uniformity of products and services offered; standards, specifications and procedures for inventory, purchasing, management and financial control; training and assistance; advertising, marketing and promotional programs; all of which may be changed, improved and further developed by Franchisor from time to time at its sole option (the “System”);

WHEREAS, the System is identified by means of certain trade names, service marks, trademarks, logos, symbols, emblems and indicia of origin as are now designated and may hereinafter be designated by Franchisor in writing (the “Principal Trademarks”) which are owned by Franchisor’s President, Yate Liu, and with whom Franchisor has entered into a perpetual license to use and license others to use the Principal Trademarks; and

WHEREAS, Franchisee desires to obtain a franchise to operate and develop a business as a TEAPULSE franchisee (the “Franchised Business”);

WHEREAS, Franchisee understands and acknowledges the importance of Franchisor’s high uniform standards of quality and service and the necessity of operating the Franchised Business in conformity with Franchisor’s standards, specifications, operating procedures and rules (the “System Standards”); and

NOW THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

I. GRANT OF FRANCHISE AND LICENSE

1.1 Grant

Subject to the terms and conditions of this Agreement, Franchisor grants to Franchisee the right and license, and Franchisee accepts the right and obligation, to operate a Franchised Business under the Principal Trademarks (identified on Exhibit 1), in accordance with the System and the provisions of this Agreement within the geographic area specified in the Territory Attachment in Exhibit 2 (the "Territory"). Franchisee shall have no right or license to operate the Franchised Business or to use the System or the Principal Trademarks to offer or sell any products or services through any channel of distribution except within the Territory and in accordance with this Agreement.

1.2 Limitation of Grant

Franchisee agrees and acknowledges that this Agreement does not grant Franchisee any area, market, territory, franchise or other rights except as provided herein and Franchisor shall retain and may convey to any other any right not expressly granted to Franchisee herein.

1.3 Grant of License to Principal Trademarks

Franchisor hereby grants to Franchisee a limited and non-exclusive license to use the Principal Trademarks during the term of this Agreement subject to the terms, limitations and conditions of this Agreement and all quality control standards and requirements of Franchisor.

1.4 Services Offered by the Franchisee

(a) General Requirements

Except to the extent otherwise provided in this Section, Franchisee agrees to offer, sell and furnish all current and future Services, Ancillary Services and Ancillary Products (as these terms are defined in subsections (b) and (c) below), and other programs and products which are part of the System and which Franchisor designates as mandatory in this Agreement and in the Confidential Operating Manual. Franchisee may not use the TEAPULSE name or the Principal Trademarks for the benefit of any business other than the Franchised Business. Franchisee is prohibited from offering or selling any services, programs or products which are not a part of the System or which Franchisor deletes from the System, without Franchisor's prior written approval. Franchisee may not conduct (or permit anyone else to conduct) any business other than the business contemplated by this Agreement at or from the Franchised Business location without first obtaining Franchisor's written consent, which Franchisor is under no obligation to grant and which Franchisor may in Franchisor's sole discretion subsequently withdraw. If Franchisor permits Franchisee to furnish, offer or sell any service, program or product which is not a part of the System, then Franchisor has the right to set conditions for this approval, including without limitation: (i) requirements that Franchisee inform the public (in the manner that Franchisor requires) that such services, programs or products are not associated with the Principal Trademarks and/or are not endorsed or offered by Franchisor, its affiliates, or TEAPULSE franchisees; (ii) the right to withdraw consent to the services, programs or products, in which event Franchisee shall immediately cease and desist all activities with respect to these services, programs or products; (iii) that any such services, programs or products may, in Franchisor's sole discretion, be incorporated into the System and be used by Franchisor as Franchisor's property without restriction or compensation to Franchisee; and (iv) Franchisee's waiver and release of any proprietary rights Franchisee may have to the services, programs and products. Franchisor may periodically eliminate certain products and/or services, or add additional products and/or services, in either case in its sole discretion and without the necessity of further notice to Franchisee.

(b) The Services

This Agreement authorizes Franchisee to offer, sell and perform the Services which is defined as the service (through sit-down, take-out and delivery service) of offering and selling a variety of boba teas, fruit teas, smoothies, slushies, coffee, juices, milk teas, tea-based beverages, pastries, and compatible food products according to our specified recipes and procedures.

(c) Ancillary Services and Ancillary Products

Franchisor reserves the right to extend the System into other areas of business. Franchisor is under no obligation to offer to Franchisee those services or additional products if and when they are established ("Ancillary Services" and "Ancillary Products.") If Franchisor notifies Franchisee of new Ancillary Services or Ancillary Products to be included in the Franchised Business by separate notice or by revised Confidential Operating Manual, Franchisee agrees to offer such Ancillary Services or Ancillary Products if Franchisor describes them as mandatory and Franchisee may choose to offer such Ancillary Services or Ancillary Products if Franchisor describes them as optional. If mandatory, Franchisee agrees at its expense to: (i) obtain all necessary products, services, promotional materials, training and if required, licensed personnel or equipment which Franchisor advises Franchisee is necessary to offer the Ancillary Services or Ancillary Products; and (ii) begin offering, selling, using and furnishing the Ancillary Services or Ancillary Products as soon as is possible in a commercially reasonable manner after receipt of notice to that effect.

II. TERRITORY

2.1 Territory

(a) Franchisee's Territory shall be as defined in Exhibit 2 attached hereto or as determined by the terms of this Agreement. Franchisee may market, advertise and solicit customers for the Franchised Business within the Territory in accordance with the terms of this Agreement. In the event the Territory has not been designated at the time of signing this Agreement, Franchisor shall designate a Territory within thirty (30) days of the Effective Date and Franchisee agrees to accept that Territory without condition.

(b) During the term of this Agreement, subject to full compliance by Franchisee and its Owners (defined herein) with this Agreement and any other agreement between Franchisee or any of its Owners and Franchisor, Franchisor shall not (i) grant a franchise or open a company or affiliate-owned unit within the Territory; or (ii) permit any TEAPULSE shop to solicit sales within the Territory except to the extent that any advertisement, promotion or web promotion may include publication within any part of the Territory.

2.2 Limitations on Territory Rights

(a) Franchisor may, at any time and in its sole discretion, designate any geographic area outside the Territory as the territory for a franchisee.

(b) Notwithstanding the territorial grant above and without limiting Franchisor's retention of all other rights not specifically granted to Franchisee, Franchisor reserves the right for itself, company-owned stores and its affiliates to:

(i) accept in any TEAPULSE shop located outside of Franchisee's Territory, orders made from within Franchisee's Territory for products or services sold under any trade name, trademark or service mark (including the Principal Trademarks) and to deliver such products or services within Franchisee's Territory;

(ii) accept orders for products or services sold under any trade name, trademark, service mark (including the Principal Trademarks) from within Franchisee's Territory generated through the Internet and to deliver such products or services within Franchisee's Territory;

(iii) conduct marketing, solicit business, advertise and accept orders anywhere, without limitation;

(iv) sell products and services and enfranchise others to sell products and services sold under any trade name, trademark or service mark (including the Principal Trademarks) in the Territory through any alternative channel of distribution;

(v) sell products and services and enfranchise others to sell products and services sold under any trade name, trademark or service mark (including the Principal Trademarks) in non-traditional locations, including any non-traditional locations situated in Franchisee's Territory, through the establishment of TEAPULSE shop, kiosks, mobile units, concessions or "shop in shops." Non-traditional locations include venues for mass gathering such as airports, sports arenas, theatres, resorts, malls and mall food courts, schools and universities, healthcare facilities, guest lodging facilities, day care facilities of any type, government facilities, as well as the premises of any third-party retailer or food retailers (including supermarkets, grocery stores and convenience stores) which is not a restaurant (including shops, stores and department stores) and any other location or venue to which access to the general public is restricted such as military bases and installations, higher security headquarters of corporations, airlines, railroads and other modes of mass transportation; and

(vi) develop, implement and participate in a co-branding program located within or outside Franchisee's Territory regardless of whether any co-branded business is franchised or company-owned and regardless of which trade names, trademarks or service marks are used in connection with the co-branded business, including but not limited to the Principal Trademarks.

(d) Other franchisees are permitted to advertise, solicit sales and accept business from outside of their territories, with Franchisor's prior written approval, but not within Franchisee's Territory, except that other franchisees may accept business within Franchisee's Territory if that business is unsolicited or comes in response to advertising, marketing, promotions or web promotions that are not specific to Franchisee's Territory (i.e., advertising in a newspaper with circulation encompassing the Territory). Franchisor will take any action or no action at all, based on Franchisor's evaluation of the situation if other franchisees advertise, solicit sales and/or accept business from Franchisee's Territory. Franchisee may not advertise, solicit sales or accept business outside the Territory within a territory whose rights have been granted to another franchisee. Franchisee may solicit sales outside the Territory in areas that are not subject to another franchise agreement (an "unassigned" territory), with Franchisor's written approval. Franchisor reserves the right to grant a franchisee territory rights or the right to advertise in, solicit sales and accept business from any area outside of Franchisee's Territory. Soliciting sales in an unassigned territory does not grant any right of first refusal or any other right to Franchisee for another franchise in an unassigned territory. Franchisee will be permitted to accept business from another franchisee's territory, if it is unsolicited or comes in response to advertising, marketing, promotions or web promotions that are not specific to that franchisee's territory (i.e., advertising in a newspaper with circulation encompassing the Territory). When advertising in a medium that is distributed in another franchisee's territory or in a distribution area encompassing a company-owned or affiliate-owned shop, for promotion or otherwise and when that franchisee, company-owned or affiliate-owned shop has chosen to participate, Franchisee must include as part of that written advertisement or in the oral script utilized, the location of any such shop. When that franchisee, company-owned or affiliate-owned shop has chosen not to participate in the advertising, marketing, promotion or web promotion the written or oral advertising, marketing, promotion or web promotion must include the disclaimer "at participating locations only," as well as eliminate any reference to menu pricing when there is a difference between franchise pricing (Franchisee's pricing compared to other franchisees' pricing) or other shop pricing (Franchisee's pricing compared to company-owned or affiliate-owned shop's pricing).

(e) Franchisor or its affiliates may establish any business within Franchisee's Territory that does not utilize the Principal Trademarks.

(f) In order to maintain the Territory, Franchisee must meet its obligations under this Agreement. In addition to the termination provisions set forth in Article XIV herein, Franchisee's failure to comply with the provisions of this Agreement may result in Franchisor reducing the size and scope of Franchisee's Territory or eliminating Franchisee's Territory altogether, in Franchisor's sole discretion.

(g) Franchisor, may, at any time and in its sole discretion, designate any outside the Territory as the territory of a franchisee.

2.3 Introduction of Other Systems within the Territory

(a) In the event Franchisor acquires a competing restaurant system during the term of this Agreement and such competing system is an established non-franchise business that contains operations within the Territory, then the following shall apply:

(i) Franchisor may, but is not required to, offer Franchisee the business within the Territory at a cost equal to the fully allocated costs associated with the business;

(ii) Franchisee will then have thirty (30) days to decide whether or not to acquire the business as a TEAPULSE franchise under the then-current franchise agreement;

(iii) Franchisor will not charge Franchisee a franchise fee for the acquisition of the business;

(iv) upon the effective date of the purchase, Franchisee will have six (6) months to bring the business up to Franchisor's then-current standards for a TEAPULSE franchise as provided for in the then-current franchise agreement, Confidential Operating Manual or otherwise in writing by Franchisor;

(v) if Franchisee decides to acquire the business, Franchisee's royalties for the acquired business will be reduced by twenty percent (20%) for a period of two (2) years from the effective date of Franchisee's purchase of the business, but no other fees shall be reduced; and

(vi) if Franchisee decides not to acquire the business, then Franchisor or its affiliates may operate the business within the Territory or offer the business to a third-party, whether or not under the Principal Trademarks, without compensation to Franchisee.

(b) Notwithstanding the territorial grant above and without limiting Franchisor's retention of all other rights not specifically granted to Franchisee, in the event that Franchisor acquires an established franchised system that uses different brands:

(i) Franchisor will have the unrestricted right but not the obligation to convert the existing business to the System;

(ii) if the business is converted to the System, Franchisee will receive a payment of twenty percent (20%) of the royalties received by Franchisor from the operation of the converting franchise in the Territory for a period of two (2) years from the effective date the business was converted to the System; and

(iii) if the business is not converted to the System, Franchisor reserves the right to allow it to operate without compensation to Franchisee and to receive the services provided to franchisees hereunder.

III. TERM AND RENEWAL

3.1 Initial Term

The term of this Agreement shall commence on the Effective Date and shall expire on the sooner of: (i) the tenth (10^{th}) anniversary of the Effective Date; or (ii) upon the termination of this Agreement in accordance with the provisions hereunder.

3.2 Successor Agreement

(a) Franchisee shall have the right to enter into a successor agreement for this franchise at the expiration of the initial term for an unlimited number of successive terms, each for a duration of five (5) years, commencing immediately upon the expiration (but not the termination) of this Agreement (or the expiration, but not the termination, of each such successive term, as applicable), provided that at the time the successor agreement is to be executed, all of the following conditions have been fulfilled:

(i) Franchisor offers franchises in the area in which the Franchised Business is located;

(ii) Franchisee (and its Owners) has, during the entire term of this Agreement, substantially complied with all its provisions;

(iii) Franchisee will execute Franchisor's then-current form of franchise agreement, which may be materially different from this Agreement, including but not limited to the fee structure, Franchisee's Territory and other material terms;

(iv) At the time of notice as described below, Franchisee agrees in writing to bring the Franchised Business into full compliance with Franchisor's then-current specifications and standards for new TEAPULSE shops (regardless of cost), including but not limited to refurbishing the shop, installing new equipment packages, updating the methods, procedures and product line and upgrading the computer system. Franchisee shall commence such renovation as soon after notice is given as is commercially reasonable. Franchisee shall complete such renovation within three (3) months of executing the then-current form of franchise agreement;

(v) By the expiration of this Agreement, Franchisee has satisfactorily completed the then-current qualifications and training requirements;

(vi) Franchisee has satisfied all monetary obligations owed to Franchisor, its affiliates, and/or Suppliers (as defined herein) and has in a timely manner met those obligations throughout the term of this Agreement;

(vii) Franchisee and its Owners have executed a General Release, in a form attached as Exhibit 3, of any and all claims against Franchisor, its corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities) and Franchisor's heirs, executors, administrators, successors and assigns (the "Released Parties");

(viii) Franchisee notifies Franchisor of its desire to enter into a successor agreement for this franchise not more than nine (9) months and not less than six (6) months before this Agreement expires;

(ix) Franchisee maintains all relevant licenses and permits necessary for the operation of the Franchised Business;

(x) Franchisee shall enter into a lease for or own the premises where the Franchised Business is located for the duration of the successor term; and

(xi) Franchisee shall pay Franchisor a successor agreement fee of $20,000.

(b) Within sixty (60) days of its receipt of Franchisee's notice of Franchisee's desire to enter into a successor agreement for this franchise, Franchisor agrees to give Franchisee written notice ("Successor Notice") of Franchisor's decision:

(i) to grant Franchisee a successor franchise;

(ii) to grant Franchisee a successor franchise on the condition that Franchisee corrects existing deficiencies of the Franchised Business or in its operation of the Franchised Business;

(iii) not to grant Franchisee a successor franchise based on Franchisor's determination, in its sole discretion, that it is not offering franchises in the geographical area in which the Franchised Business is located; or

(iv) not to grant Franchisee a successor franchise based on Franchisor's determination, in its sole discretion, that Franchisee and its Owners have not substantially complied with any of the provisions of this Section 3.2.

(c) If applicable, the Successor Notice will:

(i) describe the remodeling, expansion, improvements and/or modifications required to bring the Franchised Business into compliance with then applicable specifications and standards for a new Franchised Business; and

(ii) state the actions Franchisee must take to correct operating deficiencies and the time period in which Franchisee must correct these deficiencies.

(d) If Franchisor elects to grant a successor franchise, Franchisee's right to acquire the successor franchise is subject to Franchisee’s full compliance with all of the terms and conditions of this Agreement through the date of its expiration, in addition to its compliance with the obligations described in the Successor Notice.

(e) If the Successor Notice states that Franchisee must cure certain deficiencies of the Franchised Business or its operation as a condition to Franchisor’s granting Franchisee a successor franchise, Franchisor will give Franchisee written notice of its decision not to grant a successor franchise, based upon Franchisee's failure to cure those deficiencies not less than thirty (30) days before this Agreement expires. However, Franchisor need not give Franchisee this thirty (30) days' notice if Franchisor decides not to grant Franchisee a successor franchise due to Franchisee's breach of this Agreement during the thirty (30) day period before this Agreement expires.

(f) At its option, Franchisor may extend this Agreement's term for the time period necessary to give Franchisee either a reasonable time to correct deficiencies, execute a successor agreement, or to provide Franchisee with thirty (30) days' notice of Franchisor’s refusal to grant a successor franchise.

(g) If Franchisee fails to notify Franchisor of its election to acquire a successor franchise within the prescribed time period, Franchisor need not grant Franchisee a successor franchise.

IV. PAYMENTS TO FRANCHISOR

4.1 Initial Franchise Fee / Store Launch Service Fee / Security Deposit

(a) Franchisee shall pay to Franchisor an initial franchise fee of $29,800 upon execution of this Agreement. Franchisee acknowledges and agrees that the initial franchise fee is nonrefundable and fully earned upon payment and receipt by Franchisor. Franchisor shall not refund the initial franchise fee to Franchise under any circumstances.

(b) Franchisee shall also pay to Franchisor a Store Launch Service fee of $20,000, which is non-refundable and fully earned upon payment and receipt by Franchisor, and a refundable Security Deposit of $20,000 upon execution of this Agreement. The Security Deposit is non-interest bearing and fully refundable to you at the end of the Term of the Franchise Agreement, provided you do not default or other breach any of the provisions set forth in the Franchise Agreement and other agreements between us related to the operation of the Franchised Business. In the event that Franchisees owes an amount to the Franchisor under this Agreement, Franchisor shall have the right to apply a portion of the Security Deposit toward said amount and if so applied, Franchisee shall be required to replenish the Security Deposit within five (5) days of Franchisor's written demand for the same. Franchisee agrees and acknowledges that at all times, Franchisee shall be deposited with the Franchisor a Security Deposit in the amount of $20,000 and shall replenish the same within five (5) days written demand from Franchisor.

4.2 Royalty

During the term of this Agreement, Franchisee shall pay to Franchisor a continuing fee ("Royalty") in the amount of five percent (5%) of Gross Revenues as defined in Section 4.7.

4.3 Brand Fund Contribution

Franchisor reserves the right to establish a separate fund for the purpose of conducting advertising, marketing and promotional programs and for using Social Media Platforms (defined as web based platforms such as Facebook, Twitter, LinkedIn, blogs and other networking and sharing sites) using Social Media Materials (defined as any material on any Social Media Platform that makes use of Franchisor's Principal Trademarks, name, brand, products, services or the Franchised Business whether created by Franchisor, Franchisee or any third-party) to enhance, promote and protect the goodwill and public image of the System ("Brand Fund"). In the event Franchisor establishes a Brand Fund, then beginning on the date Franchisor establishes the Brand Fund and continuing throughout the duration of this Agreement, Franchisee shall pay to the Brand Fund a continuing contribution ("Brand Fund Contribution") in the amount of one percent (1%) of Franchisee's Gross Revenues as defined below.

4.4 Payment of Royalty, Brand Fund Contributions and Other Fees

(a) Royalty payments shall be paid weekly, unless Franchisor designates an alternative period. Royalty payments shall be calculated based on the Gross Revenues of the Franchised Business for the previous week. Brand Fund Contributions (if required) and any other fees required by this Agreement shall also be payable weekly in the same manner as Royalty payments. All fees are payable to Franchisor or the Brand Fund by electronic funds transfer ("EFT"), as directed in the EFT authorization attached hereto as Exhibit 4, or such other method as Franchisor shall designate, from Franchisee's designated bank account on the date due. Franchisor may require other periodic payments at any time upon reasonable notice, which shall be provided for in this Agreement, the Confidential Operating Manual or otherwise in writing by Franchisor.

(b) Franchisee authorizes Franchisor to initiate debit entries and credit correction entries to Franchisee's checking, savings, operating or other account for the payment of Royalties, Brand Fund Contributions and any other amounts due from Franchisee under this Agreement or otherwise. Franchisee shall comply with Franchisor's procedures and instructions in connection with this direct debit and credit process and sign any document or take any action that may be required to effect this authorization.

(c) Franchisor may require Franchisee to pay the Royalty, Brand Fund Contributions and other amounts due under this Agreement or otherwise by means other than EFT whenever Franchisor deems appropriate and Franchisee agrees to comply with Franchisor's payment instructions.

4.5 Other Fees and Payments

(a) Transfer Fess

In the event of any transfer of the Franchise Agreement and Franchised Business, the Franchisee shall pay a transfer fee if required, as defined in Section 10.3(a)(x).

(b) Interest

Franchisee shall pay to Franchisor interest at a rate equal to the lesser of the daily equivalent of one and a half percent (1.5%) per month or the highest rate of interest allowed by law on all past due amounts.

(c) Accounting Fees

(i) Franchisor has the right to conduct an audit of the books and records of Franchisee, including all sales and income records and tax returns as provided herein. If Franchisor elects to conduct such audit, Franchisor will provide Franchisee with written notice ten (10) days prior to conducting the audit. The audit may be conducted by Franchisor or other persons designated by Franchisor. Franchisor may conduct the audit in Franchisor's offices, Franchisee's offices or at a third-party provider's office. Franchisee may be required to send such records to such location as Franchisor may designate, in its sole discretion. In the event Franchisee has failed to furnish reports, supporting reports or other information as required by Franchisor, Franchisor may elect to conduct an audit of the books and records of Franchisee and Franchisee shall pay the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses and accounting and legal fees incurred by Franchisor;

(ii) if Franchisee has understated Gross Revenues in any report or statement by:

(1) two percent (2%) or less, Franchisee will be required to immediately pay Franchisor the underreported amount plus interest within fifteen days of written notice of the amount due;

(2) more than two percent (2%), Franchisee will be required to immediately pay Franchisor the underreported amount plus interest along with the cost of conducting the audit, including without limitation, travel, lodging, meals, wages, expenses, and accounting and legal fees incurred by Franchisor within fifteen (15) days of written notice; or

(3) more than two percent (2%), in addition to subsection 4.5(c)(ii)(2) above, Franchisor may, in its sole discretion, require Franchisee to provide periodic audited statements to Franchisor.

(d) Relocation Fee

In the event Franchisee elects to relocate the Franchised Business within the Territory, Franchisee shall pay to Franchisor all costs and expenses incurred by Franchisor in assisting Franchisee to relocate the Franchised Business, including but not limited to expenses incurred for labor, salary and travel expenses, professional fees, demographic reports and other costs.

(e) Testing or Supplier Approval Fee

Franchisee shall pay the costs and expenses associated with inspection, evaluation and/or testing and other professional analysis conducted of a Proposed Supplier (defined herein).

(f) Technology Support and Development Fee

Franchisee must pay a technology support and development fee to Franchisor or its designated third-party for costs incurred in maintaining the TEAPULSE website and incorporating information relating to the Franchised Business. This fee also includes the cost of supporting and developing technology for use in connection with the System. The current fee for technology and support is up to $200 per month. Franchisor reserves the right to increase this fee by no more than $100 per month, upon thirty (30) days written notice to Franchisee.

(g) Late Fee

In the event Franchisee fails to make timely payment to Franchisor of any sums due, in addition to such owed funds, Franchisee shall pay Franchisor a late fee of $10 for each day said sums are not paid to Franchisor.

(h) Reimbursement of Costs and Expenses

If after notice, Franchisee fails to cure any deficiency in the Franchised Business and/or its operation of the Franchised Business, Franchisor may in its sole discretion correct the deficiency. If Franchisor elects to correct the deficiency, Franchisee shall reimburse Franchisor for Franchisor's costs and expenses incurred in correcting the deficiency. If Franchisor and/or its affiliates commence any action against any individual to enforce the terms of any Confidentiality, Non-Use and Non-Competition Agreement or any similar covenants contained in this Agreement, Franchisee and its Owners agree to pay all costs and expenses, including attorneys' fees, expert fees, court costs and all other expenses of litigation that Franchisor or its affiliates incur to secure.

(i) Post-Termination or Post-Expiration Expenses

Upon termination or expiration of this Agreement for any reason, Franchisor will have the right but not the obligation to modify, alter or de-identify the Franchised Business. In the event that Franchisor modifies, alters or de-identifies the Franchised Business, Franchisee shall reimburse Franchisor for its costs and expenses for modifying, altering or de-identifying the Franchised Business.

4.6 Application of Payments

(a) Franchisee acknowledges and agrees that Franchisor may apply payments received to amounts due and payable in the order Franchisor determines, in its sole discretion.

(b) Unless otherwise provided, all fees and other amounts due to Franchisor hereunder shall be paid in a manner designated by Franchisor in the Confidential Operating Manual or otherwise in writing by Franchisor and such payments shall be accompanied by a statement setting forth in reasonable detail the basis for the computation.

4.7 Gross Revenues

"Gross Revenues" shall mean all revenues and income of any type or nature and from any source, including but not limited to business interruption insurance proceeds, that Franchisee derives or receives directly or indirectly from, through, by or on account of the operation of the Franchised Business at any time after the Effective Date whether received in cash, in services, in kind, from barter and/or exchange, on credit or otherwise, without any deduction for expenses including advertising, marketing or promotional expenses and taxes, unless specifically exempted herein or otherwise by Franchisor. However, Gross Revenues are reduced by the amount of discounts to employees, family members or other tea shops owned or controlled by Franchisee as well as by refunds. Additionally, the definition of Gross Revenues shall not include sales taxes collected from customers at the point of sale and actually transmitted to the appropriate taxing authorities.

V. FRANCHISED BUSINESS LOCATION

5.1 Site Evaluation and Costs

Franchisee assumes all cost, liability, expense and responsibility for: (i) locating; (ii) presenting for Franchisor's review; (iii) obtaining; and (iv) developing a site for the Franchised

Business within the Territory and for constructing and equipping the Franchised Business location. Franchisee acknowledges and agrees that the location, selection procurement and development of the Franchised Business location is Franchisee's responsibility and that in discharging such responsibility Franchisee must consult with real estate and other professionals of Franchisee's choosing. Franchisor may, in its sole discretion, provide Franchisee with site criteria which may define the physical, demographic and geographic characteristics of a Franchised Business location. Franchisor may, in its sole discretion, provide Franchisee with a list of locations for the Franchised Business which may be suitable. This information is gathered from third parties and Franchisor does not guarantee the accuracy of such information. Franchisor may, in its sole discretion, provide Franchisee with information about preliminary plans and layouts for the Franchised Business location, sources of signage, equipment and/or furnishings, standards and specifications for all fixtures, improvements, other products and services and other related items used in a typical Franchised Business location.

5.2 Site Selection Guidelines

(a) Franchisee shall locate a site that satisfies Franchisor's site selection guidelines. Prior to making a binding commitment to secure the Franchised Business location by lease or purchase, Franchisee shall submit to Franchisor in the form Franchisor specifies, the information and materials that Franchisor may reasonably require regarding the proposed Franchised Business location. Franchisee may submit to Franchisor information and materials relating to more than one proposed Franchised Business location for Franchisor's review. Franchisee shall submit such information and materials to Franchisor for its review no later than ninety (90) days after the Effective Date. Franchisor will within thirty (30) days after receipt of all necessary information and materials, evaluate the proposed site as the Franchised Business location and Franchisor will approve or disapprove the location. If the location for the Franchised Business is not approved in writing within thirty (30) days after receipt of the above information, the location is deemed disapproved. By no later than one hundred twenty (120) days from the Effective Date, Franchisee must have obtained Franchisor's approval of a site.

(b) In reviewing the location for the Franchised Business, Franchisor may consider any factor Franchisor determines relevant, including but not limited to the following: potential customer base, lease costs, competition, population density and composition, visibility and proximity to other TEAPULSE shops.

(c) Once Franchisor has received information relating to the proposed Franchised Business location as described above, Franchisor or its designee may, in Franchisor's sole discretion, conduct an on-site evaluation for the proposed location. If Franchisor determines, in its sole discretion, that further on-site evaluation is necessary or if Franchisee requests further on-site evaluations, Franchisor or its designee, may, in Franchisor's sole discretion, conduct additional on-site evaluations. Franchisee shall pay Franchisor a site evaluation fee per visit regardless of the number of proposed sites evaluated by Franchisor during each visit. The site evaluation fee shall equal Franchisor's costs and expenses incurred in connection with such site visit, which typically ranges between $2,000 and $3,000, but may vary from time to time.

5.3 Site Acquisition

(a) Within sixty (60) days after Franchisor has approved the Franchised Business location, Franchisee shall, at Franchisee's expense, acquire the Franchised Business location by purchase or lease. Franchisee hereby grants Franchisor an irrevocable power of attorney to amend this Agreement to include the legal description of the Franchised Business location in Exhibit 2.

(b) Franchisee acknowledges and agrees that Franchisor's evaluation and approval of a prospective location for the Franchised Business and Franchisor's rendering of assistance, if applicable, in the selection of a prospective location is not a representation, promise, warranty, indication or guaranty, express or implied, by Franchisor that the Franchised Business will be profitable or successful as a TEAPULSE franchise. Franchisee further agrees and acknowledges that Franchisor's evaluation and approval of the Franchised Business location is solely for Franchisor's benefit and is only provided to ensure that the Franchised Business location meets Franchisor's standards as indicated herein, the Confidential Operating Manual or otherwise by Franchisor in writing.

5.4 Lease Requirements

(a) In the event Franchisee leases the Franchised Business location, Franchisee shall submit a copy of the proposed lease to Franchisor thirty (30) days prior to execution of the lease and furnish to Franchisor a copy of the executed lease within ten (10) days after execution. The lease shall have an initial term of no less duration than the term of this Agreement. Franchisee acknowledges and agrees that as a material condition of Franchisor's approval of Franchisee entering into any lease, the lease shall provide that:

(i) the premises shall be used exclusively for the operation of the Franchised Business;

(ii) the lessor consents to the use of the Principal Trademarks, signs, décor, color scheme and related components of the System as Franchisor may prescribe;

(iii) the lessor agrees to furnish Franchisor with copies of all notices under the lease and at such time that such notices are made;

(iv) Franchisor has the right to enter the premises to, among other things, monitor the use of the Principal Trademarks, make any modification necessary to protect the Principal Trademarks and cure defaults under the lease, this Agreement or any other agreement between Franchisee and Franchisor or its affiliates, without being guilty of trespass or any other crime or tort;

(v) Franchisee shall not sublease or assign all or any part of its rights under the lease or extend the term of or renew the lease without Franchisor's prior written consent, which shall not be unreasonably withheld;

(vi) the lessor consents to the Collateral Assignment and Assumption of Lease defined in Section 5.5 hereof;

(vii) the lease shall not be materially amended or otherwise modified to affect Franchisee's obligations under this Agreement without Franchisor's prior written consent; and

(viii) the lessor acknowledges and agrees that any furniture, fixture, equipment or personal property maintained by Franchisee on the leased premises, including but not limited to the Operating Assets (defined below), whether leased or owned by Franchisee are: (1) not the property of lessor; (2) shall be subject to Franchisor's security interest and a purchase option provided for in Section 14.7 herein in the event of Franchisee's default under the lease, this Agreement or any other agreement between Franchisee and Franchisor or its affiliates; and (3) may be removed upon expiration or termination of the lease, so long as such removal is accomplished without damage to the leased facility.

(b) Franchisor may require Franchisee to ensure that any lease for the Franchised Business has a rider attached to it in a form approved by Franchisor which reflects Franchisor's requirements. Franchisee shall not enter into a lease without the prior written authorization of Franchisor. Franchisee acknowledges and agrees that Franchisor's review of the lease does not constitute an approval of the lease or the terms contained therein, including, but not limited to any legal, economic and rental terms. Franchisee agrees to hold Franchisor harmless from any claim arising from the lease.

5.5 Collateral Assignment of Lease

Simultaneously with the execution of a lease, Franchisee shall enter into a Collateral Assignment and Assumption of Lease Agreement with Franchisor, in the form annexed hereto as Exhibit 5 and Franchisee shall cause its lessor to execute the same. Franchisee agrees and acknowledges that upon a default by Franchisee under its lease for the Franchised Business location or upon the termination or expiration of this Agreement, the Collateral Assignment and Assumption of Lease Agreement shall provide Franchisor with the right but not the obligation to take possession of the Franchised Business location and assume all of Franchisee's rights, title and interest in the lease. In that event, lessor shall have no right to impose any conditions on such assignment and assumption or to obtain payment from Franchisee or Franchisor, including but not limited to any payment for past due rent or additional rent, replenishment of the security deposit or any other payment. Franchisee authorizes Franchisor and its affiliates to record a copy of the Collateral Assignment and Assumption of Lease (or a memorandum concerning the Collateral Assignment and Assumption of Lease) and any other documents required by Franchisor. Franchisee shall execute all such documents necessary to record the same and shall cooperate with Franchisor in all respects with the recording of the same. Franchisee explicitly affirms and recognizes the value of the lease for the Franchised Business location and Franchisee agrees that any non-compliance by Franchisee with Franchisor's right (but not obligation) to take possession of the Franchised Business location and assume all of Franchisee's rights, title and interest in the lease will cause irreparable damage to Franchisor, the System and other TEAPULSE franchisees for which no adequate remedy at law will be available.

5.6 Compliance with Laws

Franchisee acknowledges and agrees that Franchisee is solely responsible for complying with all laws. Franchisee is also responsible for obtaining all zoning classifications and clearances that may be required by state or local laws, ordinances or regulations or that may be necessary as a result of any restrictive covenants relating to the Franchised Business location. Prior to beginning construction of the Franchised Business location, Franchisee shall obtain: (i) all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Franchised Business; and (ii) insurance coverage at least in the amounts specified in this Agreement and otherwise required under its lease. Franchisee shall name Franchisor, its affiliates and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of Franchisor and its affiliates as additional insureds on any insurance policy. Franchisee shall provide to Franchisor, at Franchisor's request, copies of insurance policies, certificates of insurance, approvals, clearances, permits, certifications and proof of compliance with applicable law.

5.7 Franchised Business Location Design

Franchisee shall obtain, at its own expense, architectural, engineering and design services necessary for the construction of the Franchised Business location from a licensed architectural design firm. Franchisor may provide Franchisee with standards and specifications for construction of the Franchised Business location. If such standards and specifications are provided by Franchisor, then Franchisee at its expense and in cooperation with the architectural design firm, shall adapt the standards and specifications for construction of the Franchised Business location provided by Franchisor to the extent necessary to be consistent with local building codes and Franchisee shall submit such plans to Franchisor for prior review. Franchisor may communicate with the architectural design firm retained by Franchisee. In the event Franchisor determines in its sole discretion that the architect, architectural design firm and/or the Franchised Business location plans do not satisfy Franchisor's architectural or design standards and specifications or are not consistent with the best interests of the System, Franchisor, within thirty (30) days after receiving such plans, shall provide Franchisee with a list of changes necessary. If Franchisor does not disapprove of Franchisee's architectural drawings within thirty (30) days its receipt, Franchisee's architectural drawings are deemed approved. Franchisee acknowledges and agrees that Franchisor's review, approval and proposed changes of the plans are meant to determine Franchisee's compliance with Franchisor's design specifications and shall not constitute an approval of the plans. Franchisor's review and approval of the plans in no way guarantees that

Franchisee shall be in compliance with any architectural and/or legal requirement including but not limited to, zoning codes and compliance with the Americans with Disabilities Act. Franchisee agrees and acknowledges that Franchisee shall have no recourse against Franchisor based on the plans or Franchisor's review thereof. Franchisee shall be required to reimburse Franchisor for all costs and expenses incurred by Franchisor, its designee, in connection with reviewing Franchisee's architectural drawings.

5.8 Franchised Business Location Construction or Remodeling

(a) Franchisee shall provide Franchisor with periodic reports regarding the progress of the construction or remodeling of the Franchised Business location as may be requested by Franchisor. In the event Franchisor identifies instances where Franchisee's construction or remodeling is inconsistent with, or does not meet Franchisor's standards, Franchisor may notify Franchisee in writing of such deficiencies, in which case Franchisee shall correct such deficiencies prior to opening. Franchisee shall notify Franchisor of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Franchisee shall not commence operating the Franchised Business location without the prior written authorization of Franchisor, which shall not be unreasonably withheld. Franchisee acknowledges and agrees that Franchisor's authorization to commence operating the Franchised Business location is not any indication of performance or guarantee of Franchisee's success.

(b) Franchisor may in its sole discretion visit the Franchised Business location prior its opening and conduct an inspection without notice to Franchisee. Franchisor shall have the right to visit the Franchised Business location and conduct an inspection subsequent to its opening without notice to Franchisee if Franchisor deems in its sole discretion, such a visit is necessary.

5.9 Relocation

(a) Franchisee shall not relocate the Franchised Business location except with the prior written consent of Franchisor. Franchisee acknowledges and agrees that as a material condition of Franchisor's approval of Franchisee entering into any lease or other agreement in connection with the relocation of the Franchised Business, Franchisee and its Owners shall execute a General Release in a form attached as Exhibit 3 hereto, in favor of the Released Parties. In the event Franchisor grants Franchisee permission to relocate the Franchised Business location, Franchisee shall comply with the then-current site selection and construction procedures applicable to new franchisees at the time of the relocation.

(b) In the event that Franchisee's right to occupy the Franchised Business location terminates during the term of this Agreement through no fault of Franchisee and for a reason other than the expiration of a lease, Franchisee may relocate the Franchised Business location to another location approved by Franchisor within the Territory, provided: (i) Franchisee notifies Franchisor within ten (10) days after receiving notice that Franchisee's right to occupy the Franchised Business location will terminate; (ii) Franchisee complies with the then-current site selection and construction procedures applicable to new franchisees at the time of the relocation; (iii) upon such relocation, Franchisor and Franchisee execute an amendment to the Territory Attachment setting forth the new location which shall thereafter be the Franchised Business location; (iv) Franchisor, Franchisee and Franchisee's landlord execute a collateral assignment and assumption of lease agreement pertaining to the new location; and (v) Franchisee and its Owners execute a General Release in a form attached as Exhibit 3 hereto in favor of the Released Parties.

(c) In the event Franchisee relocates the Franchised Business location for any reason: (i) Franchisor shall be under no obligation to expand or reduce the size and boundary of the Territory, designate a different geographical area as the Territory or extend the term of this Agreement; and (ii) Franchisee shall pay to Franchisor any costs and expenses incurred by Franchisor in assisting Franchisee to relocate the Franchised Business location, including but not limited to labor, out-of-pocket, salary and travel expenses, professional fees and demographic reports.

VI. DUTIES OF FRANCHISOR

6.1 Confidential Operating Manual

(a) Franchisor will loan Franchisee its Confidential Operating Manual, handbooks and other related materials, which may be amended from time to time by Franchisor during the term of this Agreement. The Confidential Operating Manual may consist of written materials, compact disks, computer software, electronic media, audiotapes, videotapes and digital video disks. The Confidential Operating Manual is designated a trade secret, is copyrighted and subject to the confidentiality agreements annexed hereto as Exhibit 6 (the "Confidentiality, Non-Use and Non-Competition Agreement") and Exhibit 7 (the "Confidentiality, Non-Use and Non-Competition Agreement Form"). Franchisee must execute the Confidentiality, Non-Use and Non-Competition Agreement and each employee to whom the Confidential Operating Manual is disclosed must execute the Confidentiality, Non-Use and Non-Competition Agreement Form.

(b) The Confidential Operating Manual describes the System Standards that Franchisor periodically prescribes for operating the Franchised Business and information on some of Franchisee's obligations under this Agreement. Franchisee agrees to keep its copy of the Confidential Operating Manual current and in a secure location.

(c) Franchisee acknowledges and agrees that Franchisee will not disclose the Confidential Operating Manual in whole or in part, except as provided for herein and in accordance with the Confidentiality, Non-Use and Non-Competition Agreement (Exhibit 6), the Confidentiality, Non-Use and Non-Competition Agreement Form (Exhibit 7) and Section 9.1 below. Franchisee shall not copy, duplicate, record or otherwise reproduce the Confidential Operating Manual in whole or in part. In the event Franchisee copies, duplicates, records or otherwise reproduces the Confidential Operating Manual in whole or in part or otherwise is in default under the Confidentiality, Non-Use and Non-Competition Agreement, then Franchisor shall have the right to terminate this Agreement in accordance with Article XIV.

(d) If Franchisee's copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, Franchisee agrees to obtain a replacement copy of the Confidential Operating Manual at Franchisor's then-current fee.

6.2 Training Program

(a) Franchisee acknowledges and agrees that it is necessary for the efficient operation of the Franchised Business that Franchisee or if Franchisee is an entity, its managing shareholder, member or partner who owns a majority of the voting and ownership interests in the Franchisee entity (the "Operating Principal") and a manager receive such training as Franchisor may require. Accordingly, Franchisee agrees that Franchisee or its Operating Principal and a manager will attend and complete, to Franchisor's satisfaction, Franchisor's initial training program. Except as otherwise provided in this Agreement, the initial training program will be conducted by Franchisor at an affiliate-owned shop or other location designated by Franchisor. Franchisor shall make available to Franchisee instructors and training materials for the initial training of such persons. All training materials provided are the property of Franchisor and are copyrighted.

(b) Franchisor will provide initial training to Franchisee or its Operating Principal and two (2) other people on the material aspects of operating Franchisee's first Franchised Business without charge for instructors and training materials. Franchisee may elect to have another manager or staff member attend the initial training program as well, provided that Franchisor shall not be obligated to provide training to more than three (3) people. Franchisee acknowledges and agrees that Franchisee shall pay for all travel, room and board and living expenses which Franchisee or its Operating Principal and Franchisee's employees incur as well as Franchisee's employees' wages and workers' compensation insurance while training. If Franchisor determines that Franchisee or its Operating Principal cannot complete initial training to Franchisor's satisfaction, Franchisor may terminate this Agreement.

(c) The initial training program will consist of approximately ten (10) calendar days of training for Franchisee or its Operating Principal and one additional manager (although the specific number of days depends on Franchisor's opinion of the experience and needs of Franchisee, its Operating Principal and/or manager) and will be conducted prior to the date the Franchised Business is scheduled to commence operating. The initial training program shall be completed at least three (3) to four (4) weeks prior to the opening of the Franchised Business. Franchisor may, in its sole discretion and based upon staff availability, elect to conduct a portion of Franchisee's initial training at the Franchised Business location.

(d) Franchisor shall provide training to one (1) manager without charge for instructors and training materials for any subsequent Franchised Business that Franchisee purchases. Franchisor also reserves the right to require Franchisee or its Operating Principal and/or previously trained employees to attend and complete, to Franchisor's satisfaction, training courses that Franchisor either periodically chooses to provide or otherwise may require for such Franchisee or its Operating Principal and/or previously trained employees at the times and locations that Franchisor designates. In the event Franchisor provides additional or supplemental training, Franchisor shall have the right to charge Franchisee the then-current supplemental training fee for such training, which as of the date of this Franchise Agreement is $250 per person per day. Franchisee shall pay for all travel, room and board, living expenses, employee wages and workers' compensation insurance during the supplemental training period.

(e) Franchisor may, in its sole discretion, provide Franchisee with periodic guidance regarding the operation of the Franchised Business. This periodic guidance may be provided individually or in a group setting and may be provided in person, via telephone, seminar, newsletter, bulletins, through an intranet or any other method selected by Franchisor.

(f) Franchisee understands and agrees that any specific ongoing training or advice Franchisor provides does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which Franchisor may discontinue and modify from time to time.

6.3 Suppliers

(a) Franchisee must sell and offer for sale all goods, products and services required by Franchisor in the manner and style required by Franchisor. Franchisee must discontinue selling and offering for sale any products and services that Franchisor disapproves in writing at any time. Franchisor may require Franchisee to lease or purchase certain goods, services, supplies, materials, equipment (including computer hardware and software) and other products necessary to operate the Franchised Business exclusively from Suppliers (defined as designated or approved suppliers, vendors, manufacturers, printers, contractors and distributors who demonstrate to Franchisor’s continuing reasonable satisfaction the ability to meet Franchisor’s then current standards), which may be established and modified in Franchisor’s sole discretion. Such Suppliers may include Franchisor and its affiliates. Franchisor may, in its sole discretion, provide Franchisee with a list of Suppliers for equipment, products and services necessary to operate the Franchised Business. Franchisor may, in its sole discretion, revise the approved list of Suppliers from time to time as Franchisor deems best, in its sole discretion. Franchisee acknowledges and agrees that Franchisor may also limit the sources of required products, materials, supplies and services to certain Suppliers, including Franchisor and/or its affiliates, in which case Franchisee would be required to acquire such products, materials, supplies and services only from those Suppliers. Franchisor may in its sole discretion, require Franchisee to purchase certain products exclusively from a certain Supplier which may be Franchisor or its affiliate, in which case Franchisee agrees and acknowledges that Franchisee will be obligated to purchase such designated products, materials, supplies and services only from the exclusive Supplier.

(b) In the event that Franchisee wants to independently source any products or services necessary to operate the Franchised Business from a party other than a Supplier, Franchisee must obtain Franchisor’s prior written approval. Approval of a proposed supplier, vendor, manufacturer, printer, contractor or distributor proposed by Franchisee as a source of products and/or services

(“Proposed Supplier”) shall be granted in Franchisor’s sole discretion. Franchisor is under no obligation to evaluate any Proposed Supplier. Franchisee must provide Franchisor with all information and product samples adequate to evaluate any Proposed Supplier. In the event Franchisor evaluates Franchisee’s Proposed Supplier, Franchisor shall provide Franchisee with written notification of Franchisor’s approval or disapproval of the Proposed Supplier within thirty (30) days of Franchisor’s receipt of all information and product samples necessary to evaluate the Proposed Supplier. Franchisor may revoke its prior approval upon written notice to Franchisee. If approved, Franchisee’s Proposed Supplier shall be thereafter be deemed a Supplier for purposes of this Agreement and any other agreement between Franchisee and Franchisor and/or its affiliates.

(c) Franchisor and its affiliates reserve the right to receive rebates, overrides or other consideration on account of Franchisee’s purchases from any Supplier. Franchisor and its affiliates are not obligated to provide Franchisee with any material benefit as a result of receiving such rebate, override or other consideration from any approved Supplier. Franchisee acknowledges and agrees that Franchisor and its affiliates have the right to collect any advertising, marketing, promotional or similar allowances paid by Suppliers who deal with the System and with whom Franchisor or its affiliates has an agreement to do so.

(d) Franchisor and its affiliates reserve the right to earn a profit on Franchisee’s purchases from any Supplier, which may include Franchisor and/or its affiliates.

6.4 Pre-Opening Support

Before Franchisee opens its Franchised Business location for business, Franchisor shall provide the following assistance and services:

(a) Franchisor shall designate the Territory for the operation of the Franchised Business.

(b) Franchisor may, in its sole discretion, provide Franchisee with site criteria that may define the desired physical, demographic and geographic characteristics of any site proposed for the Franchised Business location.

(c) Franchisor shall review for approval Franchisee’s architectural drawings for compliance with Franchisor’s layout and design specifications only. If Franchisor does not disapprove of Franchisee’s architectural drawings within thirty (30) days of its receipt, Franchisee’s architectural drawings are deemed approved. Franchisor’s review is not a guarantee or warranty that the architectural drawings comply with any codes, laws or regulations including but not limited to, zoning codes and compliance with the Americans with Disabilities Act or that they are competently drafted. Franchisee is responsible for such compliance.

(d) Franchisor shall review for approval Franchisee’s lease or contract of sale for the Franchised Business location. Franchisee may not enter into a lease or contract of sale for the Franchised Business location without Franchisor’s prior written consent.

(e) Franchisor or its designee may in Franchisor's sole discretion, conduct an on-site evaluation for each of the proposed sites for Franchisee's Franchised Business provided that Franchisee has submitted to Franchisor in advance, all necessary information in the format Franchisor requires. Franchisee shall be required to pay Franchisor a site evaluation fee per visit regardless of the number of proposed sites Franchisor evaluates during each visit, pursuant to Section 5.2 herein.

(f) Franchisor will provide Franchisee with initial training in accordance with Section 6.2 herein.

(g) Franchisor may in its sole discretion, conduct advertising, marketing, promotional and/or public relations activities in local, regional and national print publications as well as use Social Media Platforms and Social Media Materials to promote the System. Franchisor may in its sole discretion, design all business stationery, business cards, advertising plans and materials, marketing plans and materials, public relations programs, sales materials, signs, decorations and paper goods (such materials whether created by Franchisor, Franchisee or any third-party are collectively defined as "Advertising Materials") and Social Media Materials used in the System. Franchisor may in is sole discretion, provide standards for all Advertising Materials, Social Media Materials and use of Social Media Platforms. Franchisor shall make available approved Advertising Materials and Social Media Materials for use by franchisees.

(h) Franchisor may, in its sole discretion, review all Advertising Materials and Social Media Materials developed by Franchisee as well as requests to use Social Media Platforms for the purpose of determining its approval or disapproval for the proposed use. Franchisor reserves the right to rescind its approval of any Advertising Materials, Social Media Materials and/or use of any Social Media Platform at any time.

(i) Franchisor may assist Franchisee in developing a Market Introduction Program, as defined herein. Franchisee is responsible for all funding relating to the Market Introduction Program.

(j) Franchisor may in its sole discretion, establish and enforce standards and specifications for the System.

(k) Franchisor may in its sole discretion, assist Franchisee in establishing its Franchised Business location and in obtaining equipment, including: (i) directing Franchisee in the purchase of the required kitchen equipment; (ii) directing Franchisee in the lease of the required computer equipment and software; and (iii) advising Franchisee in the purchase of a fax machine/printer/copier.

(l) Franchisor will loan a copy of the Confidential Operating Manual, handbooks and other related materials in hard copy, electronic copy or other versions.

(m) Franchisor may in its sole discretion provide Franchisee with a list of Suppliers, as revised from time to time.

(n) Franchisor may in its sole discretion provide Franchisee with a list of approved products as revised from time to time.

(o) Franchisor shall specify minimum policy limits for certain types of insurance coverage. Franchisee shall submit for Franchisor's approval, which shall not be unreasonably withheld, any insurance policy prior to purchasing such policy. Franchisor may in its sole discretion, revise its insurance requirements for franchisees. Franchisor may in its sole discretion, require Franchisee to obtain additional or different insurance policies in accordance with Franchisor's then-current insurance requirements for Franchisees.

(p) Franchisor shall provide Franchisee with a copy of Franchisor's confidential recipes and/or preparation instructions. Franchisee must prepare all products in the exact manner and using the ingredients required by Franchisor in accordance with the recipes and preparation instructions provided by Franchisor. Franchisor reserves the right to amend, revise and/or change any of its recipes and preparation instructions and Franchisee shall be required to comply with all such amendments, revisions and/or changes.

6.5 Post-Opening Support

Subsequent to Franchisee's opening of its Franchised Business location:

(a) Franchisor shall invite Franchisee to attend any meetings with Franchisor personnel and other TEAPULSE owners if and when such meetings occur in Franchisor's sole discretion.

(b) Franchisor may in its sole discretion, conduct advertising, marketing, promotional and/or public relations activities in local, regional and national print publications as well as use Social Media Platforms and Social Media Materials to promote the System. Franchisor may in its sole discretion, design all Advertising Materials and Social Media Materials used in the System. Franchisor may in is sole discretion, provide standards for all Advertising Materials, Social Media Materials and use of Social Media Platforms. Franchisor shall make available approved Advertising Materials and Social Media Materials for use by franchisees.

(c) Franchisor may, in its sole discretion, review all Advertising Materials and Social Media Materials developed by Franchisee as well as requests to use Social Media Platforms for the purpose of determining its approval or disapproval for the proposed use. Franchisor reserves the right to rescind its approval of any Advertising Materials, Social Media Materials and/or use of any Social Media Platform at any time.

(d) Franchisor may in its sole discretion, establish and enforce the System Standards.

(e) Franchisor may provide periodic counseling to Franchisee in the operation of the Franchised Business. Such periodic counseling may be provided individually or in a group setting.

Such periodic counseling may be provided in person, or via telephone, seminar, newsletters, bulletins, through an intranet or any other method selected by Franchisor.

(f) Franchisor may provide Franchisee with additional training.

(g) Franchisor may provide Franchisee with field support services, subject to the availability of Franchisor's trained personnel.

(h) Franchisor shall loan a copy of the Confidential Operating Manual, handbooks and other related materials in hard copy, electronic copy or other versions.

(h) Franchisor may in its sole discretion, provide Franchisee with a list of Suppliers, as revised from time to time.

(i) Franchisor may in its sole discretion, provide Franchisee with a list of approved products and services as revised from time to time.

(j) Franchisor shall provide Franchisee with a copy of Franchisor's confidential recipes and/or preparation instructions. Franchisee must prepare all products in the exact manner and using the ingredients required by Franchisor in accordance with the recipes and preparation instructions provided by Franchisor. Franchisor reserves the right to amend, revise and/or change any of its recipes and preparation instructions and Franchisee shall be required to comply with all such amendments, revisions and/or changes to the recipes.

(k) Franchisor may in its sole discretion provide Franchisee with additional guidance as to the operation of the Franchised Business regarding, but not limited to: (i) new products, services and/or methods developed for the System; (ii) the purchase and use of supplies, uniforms, equipment and products; (iii) the formation and implementation of marketing, advertising and promotional programs; (iv) maintenance of Franchisee's financial and accounting records; and (v) other general operating issues Franchisee may encounter.

6.6 TEAPULSE Brand Fund

(a) Franchisor may in its sole discretion establish a Brand Fund for the purpose of enhancing and promoting the good will and public image of the System. Franchisee agrees to contribute to the Brand Fund as specified in Section 4.3. All franchisees will be required to make Brand Fund Contributions in an amount of one percent (1%) of their Gross Revenues. Franchisor may increase the Brand Fund Contributions to no more than three percent (3%) of Franchisee's Gross Revenues. Company and/or affiliate-owned shops may contribute to the Brand Fund at a rate equal to the required Brand Fund Contribution rate required of franchisees which opened within the same calendar year. If the Brand Fund Contribution rate is subsequently reduced, then the Brand Fund Contribution rate required of company and/or affiliate-owned shops will be reduced corresponding to the Brand Fund Contribution rate required of franchisees which opened within the same calendar year.

(b) The Brand Fund will be administered by Franchisor or by its designee. Any unused funds in any fiscal year will be applied to the following fiscal year's Brand Fund, and Franchisor reserves the right to contribute or loan additional funds to the Brand Fund on any terms it deems reasonable. Since the Brand Fund is not audited, Franchisor will not make audited financial statements available to Franchisee. Franchisor will, upon Franchisee's written request, provide once a year within one hundred twenty (120) days after the end of the fiscal year, an un-audited accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent for the previous year. Franchisor shall not be required to provide any other periodic accounting of how the Brand Fund is spent.

(c) Franchisor or its designee will administer the Brand Fund with sole discretion over all operational and advertising decisions including: (i) the creative concepts, materials, endorsements and media used in connection with such programs (which may include television, radio, print and Internet advertising, maintenance of a website and use of Social Media Platforms as funds permit); (ii) the source of the advertising, marketing, promotional or public relations efforts (which may be in-house or through an outside agency located locally, regionally or nationally); (iii) the placement and allocation of such programs (which will be local, regional or national); and (iv) the composition of all geographic territories and market areas for the development and implementation of such programs.

(d) The Brand Fund may be used: (i) to create and implement Advertising Materials and Social Media Materials, in any form that Franchisor may, in its sole discretion, determine; (ii) to assist franchisees in developing Advertising Materials and Social Media Materials and using Social Media Platforms; (iii) in connection with radio, television, print, Internet advertising, sports and cable programs, or other forms of production and media as well as Social Media Platforms; (iv) to review any and all locally produced Advertising Materials and Social Media Materials; (v) for purposes of website design and maintenance and for search engine optimization; (vi) to use Social Media Platforms and develop Social Media Materials; (vii) to conduct market research; (viii) to undertake sponsorships; (ix) to pay related retainers; (x) to conduct customer surveys, customer interviews and mystery shopper inspections of the System as well as competitors; (xi) to retain celebrities for endorsement purposes; (xii) to pay for membership dues to associations such as the International Franchise Association, National Restaurant Association and state restaurant associations; and (xiii) to establish a third-party facility to customize Advertising Materials and Social Media Materials.

(e) The Brand Fund will not be used primarily by Franchisor to advertise and promote the sale of franchises. Franchisor intends the Brand Fund to maximize recognition of the Principal Trademarks and patronage of the System in any manner Franchisor determines will be effective, including to expenditures related to the development and maintenance of the TEAPULSE website and direct mail programs. Franchisor may structure the organization and administration of the Brand Fund in any way it determines best benefits the System. Franchisor will attempt to spend monies in the Brand Fund in such a way as to provide benefits to all participating franchisees, but there is no guaranty that Franchisee will benefit pro rata or at all from its Brand Fund

Contributions. Franchisor need not ensure that Brand Fund expenditures in or affecting any geographic area are proportionate or equivalent to Brand Fund Contributions by TEAPULSE franchisees operating in that geographic area. The Brand Fund will not be used to advertise and promote any individual Franchised Business, except to benefit the System as determined in Franchisor's sole discretion.

(f) Franchisee further acknowledges and agrees that the Brand Fund may be used to duplicate, print and purchase logo items, including but not limited to Advertising Materials and Social Media Materials to be resold to TEAPULSE franchisees and any profits from such sales shall be paid to the Brand Fund.

(g) Franchisor will account for the Brand Fund separately from its other funds and not use the Brand Fund for any of its general operating expenses. However, the Brand Fund may be used to pay the reasonable salaries and benefits of personnel who manage and administer the Brand Fund, the Brand Fund's other administrative costs, travel expenses of personnel while they are on Brand Fund business, meeting costs, overhead relating to the Brand Fund business, costs related to maintaining the Franchisor website and other expenses incurred in activities reasonably related to administering or directing the Brand Fund and its programs including without limitation, conducting market research, public relations, preparing Advertising Materials and Social Media Materials and collecting and accounting for Brand Fund Contributions. Any Advertising Materials and Social Media Materials developed by use of the Brand Fund will be made available to Franchisee at cost.

(h) If established, the Brand Fund will not be Franchisor's asset. Although the Brand Fund is not a trust, Franchisor will hold all Brand Fund Contributions for the benefit of the contributors and use the Brand Fund Contributions only for the purposes described in this Section 6.6. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Brand Fund or for any other reason. The Brand Fund may spend in any fiscal year more or less than the total Brand Fund Contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. The Brand Fund will use all interest earned on Brand Fund Contributions to pay costs before using the Brand Fund's other assets. Franchisor reserves the right to establish an advisory council or subcommittee for advertising, which if established would only have advisory responsibilities and authority.

(i) Franchisor has the right, but not the obligation, to use collection agents and institute legal proceedings to collect Brand Fund Contributions at the Brand Fund's expense. Franchisor also may forgive, waive, settle or compromise all claims by or against the Brand Fund. Except as expressly provided in this subsection, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing or administering the Brand Fund.

(j) Franchisor may at any time defer or reduce Franchisee's Brand Fund Contribution rate. Franchisor may terminate (and if terminated, reinstate) the Brand Fund. If Franchisor terminates the Brand Fund, Franchisor will distribute all unspent monies to its Franchisees and affiliates in proportion to their respective Brand Fund Contributions during the preceding twelve (12) month period.

VII. DUTIES OF FRANCHISEE

7.1 Commencement of Operations

(a) Franchisee shall commence operation of the Franchised Business no later than twelve (12) months after the Effective Date, unless otherwise provided herein. The Commencement Date shall mean the date Franchisee begins operating the Franchised Business. Prior to the Commencement Date, Franchisee must obtain Franchisor's written approval to commence operation of the Franchised Business and comply with the provisions of this Agreement, the System Standards, the Confidential Operating Manual and other requirements of Franchisor, including but not limited to the following:

(i) Franchisee has obtained all the necessary licenses and permits, and has complied with all laws applicable to the Franchised Business and must furnish to Franchisor, evidence of such, including copies of all permits and certifications as may be required for lawful operation of the Franchised Business; copies of any building inspection reports; and certification from all governmental authorities having jurisdiction over the Franchised Business location indicating that all necessary permits have been obtained and all requirements for construction and operation have been met;

(ii) Franchisee or its Operating Principal and any other person Franchisor designates must have completed training to Franchisor's satisfaction;

(iii) Franchisee has delivered to Franchisor copies of the required insurance policies, licenses and notifications of having registered the name of the Franchised Business;

(iv) Franchisee has paid all amounts due to Franchisor;

(v) Franchisee has executed all agreements required for the opening of the Franchised Business including this Agreement, any lease for the Franchised Business location and any other agreements required by Franchisor; and

(vi) Franchisee is not in default under any agreement with Franchisor, its affiliates or any third-party.

(b) If Franchisee fails to open the Franchised Business within twelve (12) months from the Effective Date of the Franchise Agreement and fails to obtain a written extension of time from Franchisor, which extension Franchisor may decline or give in its sole discretion, Franchisor may in its sole discretion, terminate this Agreement as provided for in Section 14.4 herein.

7.2 Compliance with the Confidential Operating Manual

(a) Franchisee agrees and acknowledges that the Confidential Operating Manual shall be deemed to have been incorporated by reference into this Agreement. To protect the reputation and goodwill of Franchisor and to maintain high standards of operation for the System, Franchisee expressly agrees to conduct the Franchised Business in accordance with the Confidential Operating Manual, other written directives that Franchisor may issue from time to time and any other manuals and materials created or approved for use in the operation of the Franchised Business.

(b) Franchisor may from time to time revise the contents of the Confidential Operating Manual and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. Franchisee expressly agrees to comply with each new or modified standard. Franchisee shall at all times ensure that the Confidential Operating Manual is kept current and up-to-date. In the event of any dispute as to the contents of the Confidential Operating Manual, the terms of the master copy of the Confidential Operating Manual maintained by Franchisor at Franchisor's corporate office will control.

(c) If Franchisee's copy of the Confidential Operating Manual is lost, destroyed or significantly damaged, Franchisee shall obtain a replacement copy of the Confidential Operating Manual from Franchisor and shall pay Franchisor its then-current fee for the replacement copy.

(d) Franchisee shall at all times treat the Confidential Operating Manual, any written directives of Franchisor and any other manuals and materials and the information contained therein, as confidential and shall maintain such information as a trade secret and confidential in accordance with the terms of the Confidentiality, Non-Use and Non-Competition Agreement. Franchisee agrees and acknowledges that the Confidential Operating Manual and the contents thereof, in whatever form existing, are and shall at all times remain the property of the Franchisor and the copyrighted work of the Franchisor. Franchisee further agrees and acknowledges that the Confidential Operating Manual and the contents thereof may not be reproduced, copied, used (except in accordance with this Agreement) or disseminated in any manner whatsoever and Franchisee shall immediately return all copies of the Confidential Operating Manual in its possession to Franchisor upon Franchisor's request.

7.3 Management Requirements

The Franchised Business shall at all times be under the direct, on-premises supervision of Franchisee, its Operating Principal or a manager previously approved by Franchisor in writing and not thereafter disapproved and who has completed all training required herein to Franchisor's satisfaction. During the term of this Agreement, Franchisee, its Operating Principal and any manager are prohibited from actively participating in any other business during the required hours of operation of the Franchised Business without the prior approval of the Franchisor, which may be given or denied in Franchisor's sole discretion. Franchisee agrees that it will at all times faithfully, honestly and diligently perform its obligations hereunder and that it will not engage in any business or other activities that will conflict with its obligations hereunder. Franchisee shall maintain a competent, conscientious, trained staff who are of the highest caliber in a manner which shall be detailed in the Confidential Operating Manual or otherwise in writing by Franchisor.

7.4 Remodeling Requirements

Franchisee acknowledges and agrees that Franchisor may require Franchisee to remodel the Franchised Business location to the then-current design of a TEAPULSE shop as described in the Confidential Operating Manual. There is no limit to the cost of remodeling. Franchisee shall remodel the Franchised Business location within ninety (90) days from notice to comply with modified System Standards. Franchisee agrees and acknowledges that additional investment will be required to remodel the Franchised Business location. Franchisee further agrees and acknowledges that maintenance and repairs of the Franchised Business location will be necessary from time to time to meet the then current System Standards and that compliance with such System Standards shall not be considered to be a remodel of the Franchised Business location, regardless of the cost of such compliance.

7.5 System Standards

(a) Franchisee agrees to maintain the condition and appearance of the Franchised Business location consistent with the System Standards. Franchisee agrees to effectuate such reasonable maintenance of the Franchised Business location as Franchisor from time to time requires, to maintain equipment or improve the appearance and efficient operation of the Franchised Business location. If at any time in Franchisor's judgment the general state of repair or appearance of the Franchised Business location, uniforms of service personnel or décor does not meet Franchisor's standards, Franchisor shall so notify Franchisee, specifying the action to be taken by Franchisee to correct such deficiency. If Franchisee fails or refuses to initiate and complete within ten (10) days after receipt of such notice a bona fide program to complete any required maintenance, Franchisor shall have the right, in addition to all other remedies, to enter upon the premises of the Franchised Business location and effectuate such maintenance on behalf of Franchisee and Franchisee shall pay all costs thereof on demand.

(b) Franchisor periodically may modify its System Standards, which may accommodate regional or local variations, and these modifications may obligate Franchisee to invest additional capital in the Franchised Business location and/or incur higher operating costs. Franchisee agrees to implement any changes in mandatory System Standards within the time period Franchisor requests as if the same were a part of this Agreement.

(c) Under no circumstances may Franchisee operate any business from the Franchised Business location other than the Franchised Business. Under no circumstances may Franchisee place any signage other than System signage at, in or on the Franchised Business location.

7.6 Franchisor's Right to Inspect and Audit the Franchised Business

(a) To determine whether Franchisee is in compliance with this Agreement and all mandatory System Standards, Franchisor and its designated agents or representatives may at all times and without prior notice to Franchisee:

(i) inspect the Franchised Business location;

(ii) photograph the Franchised Business location and observe and videotape its operation for consecutive or intermittent periods as Franchisor deems necessary;

(iii) remove samples of any products and supplies;

(iv) interview personnel and customers of the Franchised Business; and

(v) inspect and copy any books, records, sales and income tax records and returns, documents relating to the Franchised Business and records relating to Franchisee's customers, clients, suppliers, employees and agents.

(b) If Franchisor exercises any of these rights, Franchisor will not interfere unreasonably with the operation of the Franchised Business.

(c) Franchisee agrees to cooperate fully with Franchisor, Franchisor's representatives and/or independent accountants in any inspection and/or audit of books and records.

(e) Franchisee agrees to present to customers of the Franchised Business the evaluation forms that Franchisor periodically prescribes and to participate and/or request customers to participate in any surveys performed by or for Franchisor.

7.7 Local Marketing and Advertising

(a) Franchisee is currently not required to spent any amount on local advertising, marketing and promotional programs ("Local Advertising"). However, during the term of this Agreement, Franchisor may require, upon written notice to Franchisee, that Franchisee spend one percent (1%) of Franchisee's annual Gross Revenues of the preceding calendar year on Local Advertising for the succeeding year. Local Advertising expenditures, if required, is based upon an annual plan submitted to Franchisor for approval and will not necessarily have a mandated expenditure per each month of the year. Upon request, Franchisee must submit an itemized report documenting proof of expenditures to Franchisor, in a form Franchisor may, in its sole discretion, require. Upon discovery of Franchisee's non-compliance with its Local Advertising requirements, Franchisor reserves the right to require Franchisee to contribute to the Brand Fund any amount required but not spent by Franchisee on Local Advertising. If required, payments for the first year shall be calculated on a monthly basis based on one percent (1%) of the monthly Gross Revenues from the prior month. If required, payment for the first month shall be an estimate. Any discrepancy between the amount paid for the first month and the amount equal to one percent (1%)

of Gross Revenues for the first month shall be credited against or added to the amount due for the second month. All marketing will be conducted as set forth in the Confidential Operating Manual and in an approved annual marketing plan. Costs and expenditures Franchisee incurs for any of the following are excluded from Franchisee's required Local Advertising:

(i) salaries and expenses of Franchisee's employees, including salaries or expenses for attendance at advertising meetings or activities;

(ii) in-store materials consisting of fixtures or equipment;

(iii) expenditures relating to the use of Social Media Platforms and/or the development and/or use of Social Media Materials; and

(iv) seminar and educational costs and expenses of Franchisee's employees.

(b) Franchisee, at its expense, is required to obtain and maintain at the Franchised Business location all Advertising Materials as Franchisor may from time to time require for comparable TEAPULSE shops.

(c) If required, all Advertising Materials, Social Media Materials and other items Franchisor designates must bear the Principal Trademarks in the form, color, location and manner Franchisor prescribes and must meet all of Franchisor's standards and requirements. Franchisee's Advertising Materials and Social Media Materials must be conducted in a dignified manner and conform to Franchisor's standards as stated in the Confidential Operating Manual or otherwise.

(d) Franchisee must obtain Franchisor's written approval (i) before Franchisee uses any Advertising Materials and Social Media Materials if Franchisor has not prepared or approved such materials within the previous twelve (12) months; and (ii) before Franchisee initially uses any Social Media Platform. Franchisee must submit all unapproved Advertising materials, Social Media Materials and requests to use Social Media Platforms to Franchisor via certified mail or electronic mail. Franchisor will approve or disapprove such request within ten (10) days after submission. If Franchisee does not receive written approval within ten (10) days after submission, the request shall be deemed denied. Franchisor may withhold its approval of any Advertising Materials, Social Media Materials or Social Media Platform for any reason and no reason at all. Franchisee may not use any unapproved Advertising Materials, Social Media Materials or Social Media Platform. Franchisor has the right to revoke its prior approval of any Advertising Materials, Social Media Materials and Social Media Platform. Franchisee must promptly discontinue use of any Advertising Materials, Social Media Materials or Social Media Platform whether or not previously approved, on notice from Franchisor. Franchisor has the right to require Franchisee to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by Franchisor in its sole discretion, including but not limited to any previously approved Social Media Material. Franchisor has the right to access Franchisee's Social Media Platform accounts to stop, revise, delete or remove any objectionable Social Media Material from any Social Media Platform, as determined by Franchisor in its sole discretion, including but not limited to any previously approved Social Media Material. Franchisee is required to give Franchisor its usernames, passwords, account information and all other information Franchisor may require in connection with Franchisee's use of Social Media Platforms upon Franchisee's initial use of a Social Media Platform and immediately upon Franchisor's request.

Franchisee may request permission to use a Social Media Platform on an ongoing basis on a specified theme or topic related to the Franchised Business. Franchisor may, in its sole discretion, grant such consent, which remains subject to Franchisor's unconditional right to withdraw consent and require removal and deletion of any objectionable Social Media Material. In the event Franchisor grants such consent, individual entries of Social Media Material on that topic alone would not require pre-approval to be made until such time as that consent is withdrawn.

(e) All Advertising Materials, Social Media Materials and Social Media Platforms must indicate that Franchisee is operating the Franchised Business as an independent franchisee of Franchisor.

(f) Franchisee shall not employ any person to act as a representative of Franchisee in connection with local promotion of the Franchised Business in any public media without the prior written approval of Franchisor.

(g) In addition to the Local Advertising requirements, Franchisee is required to spend between $3,000 and $10,000 for its Market Introduction Program. The Market Introduction Program requires Franchisee to present its Franchised Business to the community through the execution of a plan of scheduled advertising, marketing and public relations. The Market Introduction Program expenditures will commence three (3) months prior to opening and continue five (5) months after the opening of the Franchised Business. Franchisor may assist Franchisee in developing a plan for Market Introduction Program.

(h) Notwithstanding anything to the contrary above, Franchisor reserves the right to require Franchisee to make specific Local Advertising expenditures in the event that Franchisor, in its sole discretion, determines that Franchisee's Local Advertising efforts are inadequate.

7.8 Accounting and Records

Franchisee must maintain all financial, sales, accounts, books, data, licenses, contracts, product supplier invoices, management reports and records for a period of seven (7) years or longer as required by government regulations.

7.9 Reporting Requirements

(a) Franchisee will be required to submit financial reports each week to Franchisor indicating the Gross Revenues derived from Franchisee's operation of the Franchised Business for the previous week or as required by Franchisor in the Confidential Operating Manual or otherwise in writing. During the first twelve (12) months of operation, Franchisee shall submit a monthly balance sheet and profit and loss statement within thirty (30) days after each month. Franchisee shall also submit annual balance sheets and profit and loss statements to Franchisor within one hundred ninety (90) days after the end of Franchisee's fiscal year. All reports required herein shall be signed by Franchisee and certified in writing by Franchisee to be accurate. In addition, upon the request of Franchisor, Franchisee shall compile and provide to Franchisor any report that Franchisor may reasonably request for purposes of evaluating or promoting the System in general.

(b) Franchisee shall insure that Franchisor shall have access to Franchisee's daily and to-the-minute financial reports, statements and accounts through Franchisee's point of sale ("POS") system. Franchisee shall be required to process all of its sales through the POS system. If Franchisee's POS system has inventory data management and control functions, Franchisee shall also be required to enter and/or record all inventory purchases through its POS system.

(c) Franchisor shall have the right to disclose the data contained within and any data derived from Franchisee's reports, in Franchisor's sole discretion. All such information derived from or pertaining to the Franchised Business shall be the property of Franchisor and Franchisor shall have the right to use such information in any manner that it deems appropriate without compensation to Franchisee.

(d) Unless required due to Franchisee's underreporting, there are no requirements for audited financial statements.

(e) Franchisee will be required, as specified in the Confidential Operating Manual, to provide all reports to Franchisor in the format specified in the Confidential Operating Manual including Franchisor's specified chart of accounts.

7.10 Use of Operating Assets

Franchisee agrees to use in operating the Franchised Business only those fixtures, furniture, equipment (including kitchen equipment, credit card clearing service equipment, computer with high-speed internet connection and facsimile), furnishings and signs (collectively, the "Operating Assets") that Franchisor designates or approves for the Franchised Business as meeting its specifications and standards for quality, design, appearance, function and performance. Franchisee agrees to place or display at the Franchised Business (interior and exterior) emblems, lettering, logos and display materials that Franchisor approves from time to time. Franchisee agrees to purchase or lease approved brands, types or models of Operating Assets only from designated or approved Suppliers (which may include or be limited to Franchisor and/or its affiliates).

7.11 Computer Software, Hardware and Point of Sale System

(a) Franchisee must obtain and maintain a POS system. Franchisor may in its sole discretion, require Franchisee to lease only a Franchisor approved POS system and only from a Supplier. Franchisee must obtain and maintain computer equipment and software, including administrative software that meets Franchisor's specifications and is compatible with and acceptable by Franchisor's central accounting system. Franchisor may, in its sole discretion, specify the make, model and/or type of the computer equipment, software and POS system, including back office and point of sale systems, data, voice, audio and video storage, retrieval and transmission systems, cash register systems, security systems, printers and other peripheral devices, archival back-up systems and Internet access mode and speed ("Computer System"). If Franchisor specifies the make, model or type of any part of the Computer System, Franchisee may not utilize any alternate manufacturer, brand or distributor of any part of the Computer System without Franchisor's prior written approval. Franchisee may not install additional software to its Computer System without Franchisor's written approval. Franchisee agrees and acknowledges that only personnel trained by Franchisor or Franchisee shall operate the POS system. Franchisor requires Franchisee to maintain a high-speed connection to the Internet. Franchisor may require Franchisee to utilize specified Internet providers or communications software as Franchisor may determine.

(b) Franchisor may, in its sole discretion, require Franchisee to use hardware and software, including administrative software, which accommodates an online system that gives Franchisor access to Franchisee's records via the Internet. If Franchisor elects to gain access to Franchisee's records via the Internet, Franchisee must allow Franchisor to establish and maintain communication with Franchisee's Computer System via a dedicated data transmission line such as a high-speed internet connection to retrieve information, including but not limited to sales data and financial data. All such information derived from or pertaining to the Franchised Business shall be the property of Franchisor and Franchisor shall have the right to use such information in any manner that it deems appropriate without compensation to Franchisee. This equipment and related software must be purchased and installed in accordance with Franchisor's specifications as may be provided in the Confidential Operating Manual or otherwise by Franchisor in writing. Franchisee must provide Franchisor with any user identification and/or password necessary for Franchisor to gain access via the Internet to Franchisee's Computer System and the records contained therein.

(c) Franchisor or a designated third-party may design, update and host the TEAPULSE website which will contain the location and telephone number of the Franchised Business. Franchisor will approve or disapprove and execute any and all changes to the website and to Franchisee's information. Franchisee will not have any right to update, upgrade, amend or host the website. Franchisee may provide Franchisor with updated photographs or such items as news and events, promotions and specials, which Franchisor may incorporate into the System website. The TEAPULSE website will contain information on the services provided by the Franchisor. The TEAPULSE website may also contain information on the awards and achievements of Franchisor, its affiliates, any company-owned or affiliate-owned shop and any franchisee. The website and its content will be updated based upon Franchisor's judgment of what is appropriate; all changes, deletions and additions are at Franchisor's sole discretion. Franchisee shall not, without the prior written approval of Franchisor, create, establish, operate or otherwise utilize an Internet web page for the Franchised Business. Franchisee may not establish or maintain any website for the Franchised Business. Nor may Franchisee use the Principal Trademarks or Franchisor's other proprietary information on the Internet other than in accordance with the System Standards. Franchisor reserves the right to require Franchisee or any hosting service to remove unauthorized websites that contain the Principal Trademarks. Franchisee must assist Franchisor in removing such sites.

(d) Franchisee shall have no rights to market any products or services on the Internet without Franchisor's prior written consent and it is unlikely at this time that such consent shall be granted. Franchisee shall be required to comply with Franchisor's policies and programs concerning search engine optimization.

(e) Franchisee may be assigned an email address for its location. If Franchisee is assigned an email address, Franchisee must use only this email address to conduct its business. To the extent the e-mail address contains the name "TEAPULSE" or any other proprietary designation, Franchisee will only be able to use it as specified by Franchisor and Franchisee will immediately cease use of it when Franchisor so requires.

(f) Franchisee must maintain, upgrade and update the Computer System, including administrative software, the POS system and Internet service providers or other communications system during the term of the franchise, as Franchisor determines without limitation, at Franchisee's expense. Franchisee is solely responsible for protecting itself from viruses, computer hackers and other computer-related problems and Franchisee may not assert any claims against Franchisor or its affiliates for any harm caused by such computer-related problems.

7.12 Insurance

(a) Prior to Franchisee opening its Franchised Business, Franchisee must obtain insurance coverage for the Franchised Business in at least the amounts specified below. This insurance coverage must be maintained during the term of this Agreement and must be obtained from a responsible carrier or carriers rated "A" or better by A.M. Best & Company, Inc. and be approved by Franchisor. The insurance coverage must include the following:

(i) Commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than $1,000,000 per occurrence for bodily injury and property damage combined, $2,000,000 annual general aggregate and $1,000,000 products and completed operations annual aggregate. All liability insurance policies must:

(1) include premises and operations liability coverage, products and completed operations liability coverage and broad form property damage coverage including completed operations;

(2) include blanket contractual liability coverage, including to the maximum extent possible, defense costs outside the limits of liability coverage for Franchisee's indemnification obligations under the Agreement and any other agreement between Franchisee and Franchisor;

(3) provide that the insurance company has the duty to defend all parties insured under the policy;

(4) provide that the defense costs are paid in addition to and not in depletion of any of the policy limits; and

(5) cover liabilities arising out of or incurred in connection with Franchisee's use, operation, occupancy, franchising, licensing, leasing or ownership of the Franchised Business.

(ii) "All risk" insurance in the minimum amount of $100,000 covering fire and extended coverage, vandalism and malicious mischief, sprinkler leakage and all other perils of direct physical loss or damage under the ISO "Special Causes of Loss" form, for the full replacement value of all Franchisee's property or equipment of any nature located at, on, in or about the Franchised Business or in any ways used in the operation of the Franchised Business, including all contents, signs and glass, plus a fire department service charge of up to $15,000, debris removal of up to $25,000, pollutant removal of up to $10,000, with a deductible of not more than $500.

(iii) An "umbrella" policy providing per occurrence coverage limits of not less than $1,000,000 with appurtenant structures up to $50,000 and annual aggregate limits of not less than $2,000,000.

(iv) Workers' compensation insurance or similar insurance as required by applicable law and in amounts required by applicable law, including coverage for trainees as well as those employed or engaged in the operation of the Franchised Business. This coverage must have a minimum limit of the greater of $100,000 or the statutory minimum limit.

(v) Crime (inside/outside money and securities) and employee dishonesty insurance with minimum per occurrence coverage of $10,000.

(vi) Business interruption insurance to cover Franchisee's loss of revenues and ongoing expenses and to cover any amounts due and owing to Franchisor under the Agreement, including but not limited to the Royalty Franchisor would have received had the business interruption not occurred, based upon the average of royalty receipts for all franchises for that sales period, or any other agreement between Franchisee and Franchisor and/or its affiliates, in an amount not less than the actual loss resulting from an interruption of business for a minimum of twelve (12) months.

(vii) Automobile liability coverage, including coverage of owned, non-owned and hired vehicles with coverage in amounts not less than $1,000,000 with combined single limits of $500,000 per occurrence for bodily injury and property damage.

(viii) Employment practices liability insurance covering claims made by Franchisee's employees or potential employees, including but not limited to discrimination, wrongful termination, sexual harassment and other employment related claims.

(ix) Any additional insurance required by law in the state or locality in which the Franchised Business will operate.

(x) For any construction, renovation, remodeling or build-out of the Franchised Business, Franchisee must maintain builder's risk insurance and performance and completion bonds in the forms and amounts and written by a carrier or carriers satisfactory to Franchisor.

(b) Franchisee may, with Franchisor's prior written consent, elect to have reasonable deductibles under the coverage required above. All of the policies must name Franchisor, its affiliates and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of Franchisor and its affiliates as additional insureds and must include a waiver of subrogation in favor of all parties.

(c) Franchisee must provide Franchisor with written proof in the form of Accord certificates or as otherwise required by Franchisor of Franchisee's purchase of the above required insurance policies no later than the business day before Franchisee intends to open the Franchised Business. Franchisee must provide Franchisor with proof of Franchisee's continued insurance coverage no later than thirty (30) days before the expiration of Franchisee's insurance policies. For purposes hereof, proof of purchase of insurance and/or continued insurance coverage shall include written evidence of insurance issued by the insurance company to Franchisee showing compliance with the above requirements. In the event that Franchisee fails to purchase the required insurance, Franchisor may, in its sole discretion pay for the required insurance policies on behalf of Franchisee. Franchisor reserves the right to charge Franchisee a reimbursement fee equal to Franchisor's expenditures in paying for Franchisee's required insurance policies. Franchisee's insurance policies will in no way be limited in any way by any insurance policy maintained by Franchisor.

(d) Franchisor may in its sole discretion, revise its insurance requirements for franchisees. Franchisor may in its sole discretion, require Franchisee to obtain additional or different insurance policies in accordance with Franchisor's then-current insurance requirements for Franchisees.

(e) Franchisee may not reduce any insurance limit, restrict any insurance coverage or cancel any insurance policy without Franchisor's written consent. Franchisee may alter, amend or upgrade any insurance policy without Franchisor's written consent provided that Franchisee maintains the minimum insurance required and Franchisee provides Franchisor with notice of such alteration, amendment or upgrade to the insurance coverage upon the issuance of such coverage.

(f) Franchisee shall require its insurance providers to provide written notice to Franchisor in advance of any alteration, amendment, upgrade, termination or expiration of any insurance policy maintained by Franchisee.

(g) Franchisee agrees and acknowledges that Franchisor's review of and/or consent to any of Franchisee's insurance policies is solely for Franchisor's benefit and is not a guaranty that Franchisee's insurance coverage is sufficient. Franchisee further agrees and acknowledges that it is solely responsible for determining whether or not its insurance coverage is sufficient for the Franchised Business.

7.13 Indemnification

(a) Franchisee shall indemnify, defend and hold harmless Franchisor, its affiliates and the respective shareholders, officers, directors, employees, agents, successors and assignees of Franchisor and its affiliates (the "Indemnified Parties") against and reimburse any one or more of the Indemnified Parties for all claims, obligations and damages arising directly or indirectly from the operation of the Franchised Business or Franchisee's breach of this Agreement, including without limitation those alleged to be or found to have been caused by the Indemnified Party's negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations or damages are determined to be caused solely by Franchisor's gross negligence or willful misconduct in a final, un-appealable ruling issued by a court or arbitrator with competent jurisdiction. This provision shall survive termination and expiration of this Agreement.

(b) For purposes of this Section 7.13 and Franchisee's indemnification, "claims" include all obligations, damages (actual, consequential or otherwise) and costs that any Indemnified Party incurs in defending any claim against it, including without limitation fees incurred for accountants, arbitrators, attorneys and expert witnesses, costs of investigation and proof of facts, court costs, travel and living expenses and other expenses of litigation, arbitration or alternative dispute resolution. Each Indemnified Party may defend any claim against it at Franchisee's expense and agree to settlements or take any other remedial, corrective or other actions. This indemnity will continue in full force and effect subsequent to and notwithstanding this Agreement's expiration or termination. An Indemnified Party need not seek recovery from any insurer or other third-party or otherwise mitigate its losses and expenses, in order to maintain and recover fully a claim against Franchisee under this subsection. Franchisee agrees that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover from Franchisee under this subsection.

7.14 Licensing, Taxes and Compliance with Laws

(a) Franchisee shall ensure that the Franchised Business and each of Franchisee's employees at the Franchised Business meet and maintain the highest standards and shall satisfy all safety and regulation standards which may be imposed upon the Franchised Business and/or its employees, including obtaining all required licenses and permits. It is Franchisee's obligation to determine if Franchisee must be licensed in connection with operating the Franchised Business and to take whatever steps are necessary to meet the requirements of any regulation regarding the operation of the Franchised Business. Franchisee shall provide to Franchisor, within five (5) days of Franchisee's receipt thereof or Franchisor's request, a copy of all inspection reports, warnings, citations, certificates and/or ratings required by law or which result from inspections, audits or inquiries conducted by federal, state or municipal agencies with jurisdiction over the Franchised Business.

(b) Franchisee acknowledges that the food service industry is a highly regulated industry with local health codes governing many aspects of restaurant operations including certain requirements for transportation, storage, preparation and production of food products. Franchisee agrees and acknowledges that Franchisee shall comply with all such health codes.

(c) Franchisee shall comply with all federal, state and local laws and regulations that generally apply to restaurants. Franchisee acknowledges that these laws and regulations include, but are not limited to, the Americans with Disabilities Act; the Fair Labor Standards Act; Equal Employment Opportunities Commission; Occupational Safety and Health Administration; Gramm-Leach-Bliley Act; The Patriot Act; Truth in Lending Act and other laws dealing with credit transactions and collections; Digital Millennium Copyright Act; regulations governing MMS, SMS, emails and telemarketing; the payment of license fees; general restaurant rules and regulations; and, any advertising or content related rules and regulations, etc.

(d) Franchisee acknowledges that Franchisee is aware of federal, state and local labor regulations including minimum age and minimum wage laws that may affect the Franchised Business. Franchisee shall comply with all such federal, state and local labor regulations.

(e) Franchisee shall also pay when due all taxes levied or assessed, including unemployment and sales taxes and Franchisee shall file when due all tax returns due from any individual or entity related to the Franchised Business. Franchisee shall pay to Franchisor an amount equal to any sales tax or gross receipts tax imposed upon Franchisor with respect to any payments to Franchisor required under the Agreement.

7.15 Security Interest

Franchisee hereby grants to Franchisor and its affiliates a security interest in any and all of Franchisee’s inventory, equipment, furniture, fixtures, Operating Assets and all other assets and any proceeds thereof (including but not limited to all accounts receivable and the proceeds of any insurance). The security interest granted herein secures: (a) all of Franchisee’s obligations to Franchisor and its affiliates under this Agreement and any other agreement between Franchisee and Franchisor or its affiliates; and (b) all costs and expenses which Franchisor and its affiliates may incur in the administration and collection of these obligations. This Agreement shall constitute a security agreement and upon request by Franchisor and its affiliates, Franchisee shall execute any additional instruments required to perfect this security interest, including without limitation a standard Uniform Commercial Code ("UCC") financing statement. Franchisee authorizes Franchisor and its affiliates:

(a) To file a copy of this Agreement, a UCC financing statement and any other documents that may be necessary to perfect the security interest granted herein; and

(b) To sign on behalf of Franchisee and to file in any jurisdiction, with or without signature of Franchisee, financing statements with respect to this security interest and security agreement.

7.16 Approved Products and Services

(a) Franchisee agrees and acknowledges that Franchisee shall sell and offer for sale only those products and services approved by Franchisor from the Franchised Business location. Franchisee further agrees and acknowledges that all products shall be prepared in the exact manner and using the exact ingredients required by Franchisor in accordance with the recipes provided by Franchisor. Franchisor reserves the right to amend, revise and/or change any of its recipes and Franchisee shall be required to comply with all such amendments, revisions and/or changes.

(b) Franchisee must notify Franchisor immediately if any of the products and services approved by Franchisor are prohibited, restricted by law or regulation or are adverse to local community standards. Franchisee is required to provide assistance to Franchisor upon request, if government or other local approval is required for the offer and sale of any product or service approved by Franchisor.

(c) Franchisee is obligated to sell and offer for sale all products and services from the Franchised Business location required by Franchisor.

(d) Franchisee shall discontinue selling and offering for sale any products and/or Services that Franchisor disapproves in writing, within a commercially reasonable period of time, as determined in Franchisor's sole discretion.

(e) If Franchisee desires to provide Delivery Services from the Franchised Business, Franchisee must first obtain Franchisor's written consent which consent will not be unreasonably withheld but which consent may be revoked in the event Franchisee fails to comply with Franchisors standards for Delivery Services. If Franchisor does not approve Franchisee's request to provide Delivery Services, in writing within thirty (30) days of Franchisor's receipt, Franchisee's request is deemed to be disapproved. Any vehicle used by Franchisee to provide delivery services shall be maintained in clean and good working order and in the manner required by Franchisor and shall meet Franchisor's System Standards as provided to Franchisee in writing. Franchisee shall place all signs and décor items on and about the vehicle as required by Franchisor. Franchisee shall also require each person providing Delivery Services to comply with all laws, regulations and rules of the road and to use due care and caution operating and maintaining the vehicles.

(f) From time-to-time Franchisor may choose to test new products, sales strategies, equipment, programs, services or other elements of its intellectual property. Upon such an occurrence, Franchisee shall be required to participate in any testing at the request of Franchisor and may also be required to make capital expenditures and incur operating and other costs as part of their participation in the test. Franchisor is not obligated to reimburse Franchisee for those expenditures. Franchisee may be required to maintain records and submit reports to Franchisor, as part of the test, in a timely manner.

7.17 Advertising Cooperatives

There is currently no advertising cooperative in the System. However, Franchisor reserves the right to establish advertising cooperative(s) and to require Franchisee to contribute monies to any required advertising cooperative(s). Franchisor will have the right, in its sole discretion, to determine how funds paid into any such advertising cooperative are expended. Any financial contributions made by Franchisee to the advertising cooperative may be credited against Franchisee's required Local Advertising expenditures. Company-owned units, including any units owned by Franchisor's affiliates, may be active members of any advertising cooperative and may possess voting power in accordance with the rules of the advertising cooperative, as Franchisor may determine in its sole discretion.

7.18 Franchisee's Employees

(a) Franchisee hereby irrevocably agrees, acknowledges, affirms, represents, warrants and covenants that its employees are employed exclusively by Franchisee and that none of its employees are employed, jointly employed or co-employed by Franchisor. Franchisee further agrees, acknowledges, affirms, represents, warrants and covenants that each of its employees are under the exclusive dominion and control of Franchisee and are never under the direct or indirect control of Franchisor. Franchisee is exclusively responsible for, and Franchisor shall not, directly or indirectly, be engaged in, have authority or ability over or otherwise involved with, the hiring of each of its employees, setting their schedules, establishing their compensation, paying all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/unemployment insurance premiums) associated with such employment, disciplining, suspending and/or terminating employees.

(b) Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants and covenants that any minimum staffing suggestions, if established by Franchisor, are solely provided to Franchisee for the purpose of ensuring that the Franchised Business is at all times staffed at those levels necessary to operate the Franchised Business in conformity with the System Standards. Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants and covenants that it may staff the Franchised Business with as many employees as it desires at any time.

(c) Franchisee further hereby irrevocably agrees, acknowledges, affirms, represents, warrants and covenants that any training provided by Franchisor for Franchisee's employees is intended to provide to those employees the various procedures, protocols, systems and operations of a Franchised Business and shall not create an employment relationship between the Franchisor and the Franchisee's employees.

(d) Finally, should it ever be asserted that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees in any private or government investigation, action, proceeding, arbitration or other setting, Franchisee irrevocably agree to assist Franchisor in defending said allegation, including (if necessary) appearing at any venue requested by Franchisor to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that Franchisor is the employer, joint employer or co-employer of any of Franchisee's employees). To the extent Franchisor is the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of Franchisee, should any such appearance by Franchisee be required or requested by Franchisor, Franchisor will recompense Franchisee the reasonable costs associated with its appearing at any such venue.

7.19 Crisis Management Event.

Franchisee agrees to notify Franchisor immediately by telephone and email upon the occurrence of a Crisis Management Event. Franchisor may establish emergency procedures which may, among other things, require Franchisee to temporarily close the Franchised Business to the public, in which case Franchisee agrees that Franchisor will not be held liable to Franchisee for any losses or costs. During a Crisis Management Event, Franchisee shall not communicate to the media nor post any content on any Social Media Platform without the expressed written consent of the Franchisor, which Franchisor may deny for any reason or no reason at all. Franchisor reserves the right to handle all external communications during a Crisis Management Event. For purposes of this Agreement, a Crisis Management Event shall mean any event that occurs at the location of the Franchised Business that has or may cause harm or injury to customers or employees, such as food contamination, food spoilage/poisoning, food tampering/sabotage, contagious diseases, natural disasters, terrorist acts, shootings or any other circumstance which may damage the System, the Principal Trademarks or image or reputation of the Franchised Business, the Franchisor or our affiliates.

VIII. CONFIDENTIAL INFORMATION

8.1 Restriction on Use of Confidential Information

(a) Franchisor possesses (and will continue to develop and acquire) certain knowledge, know-how, methods and procedures some of which constitute trade secrets under applicable law regarding: (i) the Franchisor, its affiliates and its subsidiaries; (ii) the development, management and operation of TEAPULSE franchised businesses, including without limitation: (a) the Confidential Operating Manual; (b) operational specifications, standards, systems and procedures and knowledge and experience used in developing and operating the System; (c) recipes, preparation instructions and methods for preparation of various menu items and inventory system methods including those relating to inventory control, storage, product and handling; (d) site selection criteria; (e) training and operations materials and manuals; (f) methods, formats, specifications, standards, systems, procedures, sales and marketing techniques; (g) business forms and accounting procedures; (h) Advertising Materials, Social Media Materials and use of Social Media Platforms; (i) database material, customer lists, records, files, instructions and other proprietary information; (j) identity of suppliers and knowledge of supplier discounts, specifications, processes, procedures and equipment, contract terms, pricing for authorized products, materials, supplies and equipment; (k) any computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials; (l) knowledge of the operating results and financial performance of the System other than the Franchised Business; and (m) graphic designs and related intellectual property (collectively "Confidential Information") which Franchisor and its affiliates consider proprietary.

(b) It is the parties' intention that the Confidential Information be governed by the Confidentiality, Non-Use and Non-Competition Agreement attached hereto as Exhibit 6 and the Confidentiality, Non-Use and Non-Competition Agreement Form attached hereto as Exhibit 7. Franchisee acknowledges and agrees that Franchisor has granted the franchise in consideration of and in reliance upon Franchisee's agreement to execute the Confidentiality, Non-Use and Non-Competition Agreement and abide by its terms. Franchisee shall require any individual to whom Confidential Information is disclosed, or if a corporation, limited liability company or partnership, its officers, directors, shareholders, employees, agents and affiliates to execute the Confidentiality, Non-Use and Non-Competition Agreement Form as a condition of such disclosure, in the form attached hereto as Exhibit 7.

8.2 Acknowledgments

(a) Franchisee and its Owners acknowledge that Franchisee has been and/or will be given access to the Confidential Information during the course of the relationship between Franchisee and Franchisor.

(b) Franchisee and its Owners acknowledge that (i) Franchisor and its affiliates own all right, title and interest in and to the System; (ii) the System consists of trade secrets, Confidential Information and know-how that gives the Franchisor and its affiliates a competitive advantage; (iii) the Franchisor and its affiliates have taken all measures necessary to protect the trade secrets, Confidential Information and know-how comprising the System; (iv) all Confidential Information now or hereafter provided or disclosed to Franchisee regarding the System is disclosed in confidence; (v) Franchisee has no right to disclose any Confidential Information to anyone who is not an employee, agent or independent contractor of Franchisee; (vi) Franchisee will not acquire any ownership interest in the Confidential Information and/or System; and (vii) Franchisee's use or duplication of the Confidential Information and/or System or any part of the Confidential Information and/or System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

8.3 Non-Disclosure and Return of Confidential Information

(a) Franchisee and its Owners agree that for a period commencing on the date of this Agreement and continuing thereafter, in the absence of prior written consent by Franchisor they: (i) will keep all Confidential Information in strict confidence; (ii) will not communicate or disclose Confidential Information to any unauthorized person or entity and will only disclose those parts of the System that an employee, agent or independent contractor needs to know; (iii) will not use the Confidential Information for any purpose other than as directed by and needed for Franchisor's use; (iv) will not reproduce or use the Confidential Information; (v) will ensure that any employees, agents, independent contractors and professional and financial advisors requiring access to any Confidential Information will, prior to obtaining such access execute Confidentiality, Non-Use and Non-Competition Agreement Forms in the form attached hereto as Exhibit 7.

(b) Confidential Information provided by Franchisor to Franchisee and its Owners in the course of the parties' relationship shall be returned to Franchisor immediately upon termination or expiration of the Franchise Agreement. Franchisee and its Owners shall not retain any book, record, report, design, plan, material, copy, note, abstract, compilation, summary, extract or other reproduction, whether in paper or electronic form, of the Confidential Information and shall not retain any copy, note or extract of such Confidential Information, except as the parties hereto may agree in writing.

IX. COVENANTS

9.1 Covenants

(a) Franchisee and its Owners acknowledge that Franchisor has granted it the franchise in consideration of and reliance upon the agreement of Franchisee and its Owners to deal exclusively with Franchisor; to maintain the confidentiality of all of the Confidential Information; to refrain from using any Confidential Information in any manner not permitted by Franchisor in accordance with Article VIII above; and to protect and preserve the goodwill of the Franchisor.

(b) Franchisee and its Owners further acknowledge and agree that (i) pursuant to this Agreement, they will have access from the Franchisor and its affiliates to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Franchisee and its Owners under this Agreement are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) Franchisor would be unable to adequately protect the System, its trade secrets and its Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about TEAPULSE franchisees if franchisees and their owners were permitted to hold an interest in Competitive Businesses; and (v) restrictions on the right of Franchisee and its Owners to hold interest in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder the activities of Franchisee and its Owners.

(c) Accordingly, Franchisee and its Owners covenant and agree that during the term of this Agreement and for an uninterrupted period of two (2) years after the later of: (i) the termination (regardless of the cause for termination) or expiration of this Agreement; (ii) the Transfer, as defined in this Agreement; or (iii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 9.1, Franchisee and each of its Owners shall not directly or indirectly for itself or through on behalf of or in conjunction with any person, firm, partnership corporation or other entity in any manner whatsoever:

(1) Divert or attempt to divert any actual or potential business or customer of TEAPULSE to any competitor;

(2) Take any action injurious or prejudicial to the goodwill associated with the Principal Trademarks and the System;

(3) Solicit, encourage or assist anyone else to solicit or encourage any independent contractor providing services to Franchisor to terminate or diminish their relationship with Franchisor; or

(4) Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business (as defined below). Notwithstanding the foregoing, equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subsection).

(d) During the term of this Agreement, there is no geographic limitation on these restrictions, meaning that Franchisee and each of its Owners shall not engage in the conduct referred to in subsections 9.1(c) at any location. During the two (2) year period following the later of: (i) the termination (regardless of the cause for termination) or expiration of this Agreement; (ii) the Transfer of the franchise; or (iii) the date of a final non-appealable judgment, or order of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 9.1, these restrictions shall apply:

(1) at the location of the Franchised Business;

(2) within any Territory assigned to the Franchised Business and within ten (10) miles of the outer boundaries of the Territory assigned to the Franchised Business, if any, and if no Territory is assigned to the Franchised Business herein, within ten (10) miles of the location of the Franchised Business;

(3) within ten (10) miles of the location of any other TEAPULSE shop, within the territory assigned to any other TEAPULSE shop and within ten (10) miles of the outer boundaries of the territory assigned to any other TEAPULSE shop; owned, in operation, under development or to be developed by Franchisor, its affiliates or franchisees of Franchisor and/or its affiliates as of (i) the date of this Agreement; (ii) as of the date of (a) termination (regardless of the cause for termination) or expiration of this Agreement; (b) a Transfer of the franchise; or (iii) on the date of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 9.1.

(e) Franchisee and its Owners further covenant and agree that for a period of two (2) years following the expiration or termination (regardless of the cause for termination) of this Agreement or a Transfer, Franchisee and is Owners will not either directly or indirectly for itself or through, on behalf of or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the Franchised Business location to any person, firm, partnership corporation or other entity that Franchisee or its Owners know or has reason to know intends to operate a Competitive Business at the Franchised Business location.

(f) Franchisee and its Owners covenant not to engage in any activity which might injure the goodwill of the Principal Trademarks or the System at any time. This provision shall survive termination and expiration of this Agreement.

(g) Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, the enforcement of the covenants made in this Section 9.1 will not deprive Franchisee or its Owners of their personal goodwill or ability to earn a living.

(h) Franchisee and its Owners agree and acknowledge that each of the covenants contained herein are reasonable limitations as to time, geographic area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor and its affiliates. Franchisee and its Owners also agree and acknowledge that the legitimate business interests of Franchisor and is Owners include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchisee's former Franchised Business location, within the Territory assigned to the Franchisee and within the territorial boundaries of the restrictive covenant described above in subsection 9.1(d); (iii) preventing potential customer confusion; (iv) protecting other franchisees from competition from Franchisee and its Owners; and (v) protecting the System as a whole including the franchisee network. If any provision of the terms, covenants and/or restrictions of this Section 9.1 (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(i) Franchisor shall have the right, in its sole discretion, to reduce the scope of any covenant contained in this Section 9.1 effective immediately upon Franchisee's receipt of written notice and Franchisee agrees to comply forthwith with any covenants as so modified which will be enforceable notwithstanding the provisions of Section 20.2.

9.2 Enforcement of Covenants Not to Compete

Franchisee and its Owners acknowledge and agree that Franchisor has a compelling interest in protecting the System and that the provisions of this Article IX protect Franchisor's System. Franchisee and its Owners Franchisee and its Owners acknowledge that violation of the covenants contained in this Article IX would result in immediate and irreparable injury to Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Franchisee and its Owners hereby consent to the entry of an injunction procured by Franchisor and/or its affiliates prohibiting any conduct by Franchisee and its Owners in violation of the terms, covenants and/or restrictions of this Article IX without the need of a bond. Franchisee and its Owners expressly agree that it may conclusively be presumed in any legal action that any violation of these terms, covenants and/or restrictions was accomplished by and through the unlawful utilization of the Confidential Information. Further, Franchisee and its Owners expressly agree that any claims Franchisee or its Owners may have against Franchisor and/or its affiliates will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Article IX by Franchisor and/or its affiliates. Franchisee and its Owners further agree to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisor and/or its affiliates in connection with the enforcement of the terms, covenants and/or restrictions of this Article IX.

9.3 Definitions

(a) The term "affiliates" (with respect to Franchise) means any and all corporations, limited liability companies, partnerships, trusts or other entities controlling, controlled by or under common control with Franchisee, including but not limited to subsidiaries, parents and sibling entities. For purposes of this definition, the term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity to which referred.

(b) The term "Competitive Business" means: (i) any food service business which is the same or substantially similar to the Franchised Business or which offers or sells any products or services which are the same or substantially similar to any of the products or services offered by the Franchised Business, including but not limited to a tea shop providing eat-in, take-out and delivery services); or (ii) any business granting franchises or licenses to others to operate such a business (other than a Franchised Business operated under a franchise agreement with Franchisor).

(c) The term "Owner" means any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that has any direct or indirect ownership interest of five percent (5%) or more in Franchisee (or at such later time as they assume such status), whether or not such interest is of record, beneficially or otherwise. The term "Owners" shall also include individuals, partners, members and shareholders and (spouses of such individuals, partners, members and shareholders) with an ownership interest of five percent (5%) or more in any partnership, corporation or limited liability company that holds a controlling interest in the Franchisee entity

9.4 Procurement of Additional Covenants

Franchisee acknowledges and agrees to require and obtain the execution of the Confidentiality, Non-Use and Non-Competition Agreement Form attached hereto as Exhibit 7: (i) before employment or any promotion, of all personnel Franchisee employs who have received training from Franchisor or who will have access to the Confidential Information; (ii) Franchisee's Owners at the same time as the execution of this Agreement (or at such later time as they assume such status); and (iii) all other personnel designated by Franchisor. Franchisee agrees to furnish Franchisor with copies of all executed Confidentiality, Non-Use and Non-Competition Agreement Forms upon Franchisor's request.

9.5 Franchisee's Enforcement of Confidentiality, Non-Use and Non-Competition Agreements

Franchisee acknowledges and agrees to vigorously and vigilantly prosecute breaches of any Confidentiality, Non-Use and Non-Competition Agreement Form executed by any of the individuals referenced herein. Franchisee agrees to prosecute such actions to the fullest extent permitted by law. Moreover, if provisions of the Confidentiality, Non-Use, and Non-Competition Agreement Form have been breached by an individual employed, engaged or otherwise serving the Franchised Business, but who has not executed a Confidentiality, Non-Use, and Non-Competition Agreement Form, Franchisee must nevertheless vigorously and vigilantly prosecute such conduct to the fullest extent permitted by law. Franchisee acknowledges that Franchisor shall have the right, but not the obligation, to enforce the terms of each such executed Confidentiality, Non-Use, and Non-Competition Agreement Forms against any of the individuals referenced herein. Franchisee further acknowledges that Franchisor shall have the right, but not the obligation to bring civil actions to enforce its terms. In the event that Franchisor elects to exercise its rights to enforce the provisions of the Confidentiality, Non-Use and Non-Competition Agreement Form against any of the individuals referenced herein, Franchisee shall be required to reimburse Franchisor for Franchisor's reasonable attorneys' fees, experts' fees, court costs and all other expenses of litigation in connection with Franchisor's enforcement of the provisions of any Confidentiality, Non-Use, and Non-Competition Agreement Form against any of the individuals referenced herein.

9.6 Lesser Included Covenants Enforceable At Law

If all or any portion of the covenants set forth in this Article IX are held unreasonable, void, vague or illegal by any court, arbitrator or agency with competent jurisdiction over the parties and subject matter, the court, arbitrator or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits and should not by necessity invalidate the entire covenants. Franchisee and its Owners acknowledge and agree to be bound by any lesser covenant subsumed within the terms of this Article IX as if the resulting covenants were separately stated in and made a part of this Agreement.

9.7 Severability of Covenants

The parties agree that each of the covenants contained in this Article IX shall be construed independent of each other and any other covenant or provision within this Agreement.

X. ASSIGNMENT AND TRANSFERS

10.1 By Franchisor

Franchisee acknowledges that Franchisor maintains a staff to manage and operate the System and that staff members can change as employees come and go. Franchisee represents that it has not signed this Agreement in reliance on any particular shareholder, director, officer or employee remaining with Franchisor in any capacity or no capacity at all. Franchisor may change its ownership or form and/or assign this Agreement and any other agreement to a third-party without restriction. In the event of Franchisor's assignment of this Agreement to a third-party who expressly assumes the obligations under this Agreement, Franchisor shall no longer have any performance or other obligations under this Agreement.

10.2 By Franchisee

(a) Franchisee understands and acknowledges that the rights and duties this Agreement creates are personal to Franchisee (or, if Franchisee is an entity, to Franchisee's Owners) and that Franchisor has granted to Franchisee the franchise in reliance upon its perceptions of Franchisee's (or its Owners') individual or collective character, skill, aptitude, attitude, business ability and financial capacity. Accordingly, neither this Agreement (nor any interest in this Agreement), the Franchised Business or substantially all of its assets, nor any ownership interest in Franchisee (regardless of its size), nor any ownership interest in any of Franchisee's Owners (if any Owner is a legal entity) may be transferred without Franchisor's prior written approval, which may be withheld for any reason in its sole discretion, subject to the provisions herein. A transfer of the ownership, possession, control, or substantially all of the assets of the Franchised Business may be made only with an appropriate assignment of this Agreement. Any transfer without Franchisor's consent is a breach of this Agreement and shall be considered void and of no effect.

(b) Neither Franchisee nor any Owner shall be permitted or have the power without the prior written consent of Franchisor, to convey, give away, sell, assign, pledge, lease, sublease, devise or otherwise transfer, either directly or by operation of law or in any other manner, including by reason of death, any interest or shares of stock of any kind or nature in Franchisee. In order to assure compliance by Franchisee with the transfer restrictions contained in this Section 10.2, all shares or stock certificates of Franchisee or Franchisee's operating agreement, if Franchisee is a limited liability company, shall at all times contain a legend sufficient under applicable law to constitute notice of the restrictions contained in this Agreement and to allow such restrictions to be enforceable. Franchisee shall provide Franchisor with a copy of its shares or stock certificates, if a corporation, or its operating agreement, if a limited liability company, so that Franchisor may ensure that such share, stock certificate or operating agreement contains the required legend. Such legend shall appear in substantially the following form:

> "The sale, transfer, pledge or hypothecation of this stock is restricted pursuant to the terms of Article X of a Franchise Agreement dated __________ between TEAPULSE Franchise Group, LLC and_______________________."

(c) Notwithstanding anything to the contrary above, Franchisee may grant a security interest (including a purchase money security interest) in the assets of the Franchised Business (not including this Agreement) to a lender that finances its acquisition, development and/or operation of the Franchised Business without having to obtain Franchisor's prior written approval as long as Franchisee gives Franchisor thirty (30) days prior written notice and provided that the security interest is subordinate to Franchisor's rights hereunder or under any other agreement by and between Franchisee and Franchisor.

(d) The term "transfer" means to sell, assign, gift, pledge, mortgage or encumber either voluntarily or by operation of law any interest in: (i) this Agreement or the rights created thereunder; (ii) all or substantially all of the assets of the Franchised Business; and/or (iii) any direct or indirect interest in the ownership of Franchisee.

10.3 Conditions for Approval of Transfer by Franchisee

(a) If Franchisee (and its Owners) has fully complied with this Agreement and any and all other agreements with Franchisor and its affiliates, then subject to the other provisions of this Article X, Franchisor may in its discretion approve a transfer that meets the requirements of this Section 10.3. To effectuate any proposed transfer, Franchisee must comply with all of the following conditions either before or concurrently with the effective date of the transfer:

(i) Franchisee shall first notify Franchisor in writing of the proposed transfer and set forth a complete description of the terms of the proposed transfer including the prospective transferee's name, address, telephone number, financial qualifications and previous five (5) years' business experience. Franchisor or its assignees may within thirty (30) days after receipt of such notice, exercise a right of first refusal to purchase the interest being offered by Franchisee pursuant to the provisions of Article XI herein;

(ii) transferee (and its owners if transferee is an entity) has sufficient business experience, aptitude and financial resources to operate the Franchised Business, must meet all of Franchisor's then-current standards and requirements for becoming a TEAPULSE franchisee (which standards and requirements need not be in writing), and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

(iii) Franchisee has: (i) paid all Royalty, Brand Fund Contributions and other amounts owed to Franchisor, its affiliates and any Suppliers; (ii) submitted all required reports and statements; (iii) cured all other breaches of this Agreement and any other agreement between Franchisee and Franchisor and/or its affiliates and any Suppliers; and (iv) satisfied all its obligations under this Agreement and any other agreement with Franchisor, its affiliates or any Suppliers;

(iv) neither the transferee nor its owners (if the transferee is an entity) or affiliates have an ownership interest (direct or indirect) in or perform services for a Competitive Business;

(v) transferee (or its operating principal) and any other personnel required by Franchisor completes Franchisor's training program to Franchisor's satisfaction at transferee's own expense, including payment to Franchisor of the then-current training fee, which as of the date of this Franchise Agreement is $250 per person per day;

(vi) Franchisee's landlord(s) permits Franchisee to assign or sublease the Franchised Business location(s) to the transferee;

(vii) transferee shall (if the transfer is of this Agreement) or Franchisee shall (if the transfer is of a controlling ownership interest in Franchisee or one of its Owners), execute Franchisor's then-current form of franchise agreement and related documents, the provisions of which may differ materially from those contained in this Agreement for a term equal to the remaining term of this Agreement or in Franchisor's sole discretion, the then-current term offered to new franchisees. If the latter, Franchisee shall pay Franchisor the then-current franchise fee and agree to comply in all respects with all of Franchisor's requirements;

(viii) transferee shall upgrade the Franchised Business to meet Franchisor's then-current standards for a TEAPULSE shop;

(ix) transferee (and its owners if transferee is an entity) agree and acknowledge that Franchisor is not responsible for any representations not included in the disclosure document or this Franchise Agreement;

(x) Franchisee or the transferee pays Franchisor the transfer fee. The transfer fee is as follows:

(1) No fee for a transfer to the surviving spouse, parent or child of Franchisee or an Owner upon the death or disability of Franchisee or an Owner;

(2) No fee for a transfer to an entity in which Franchisee: (i) maintains management control; and (ii) owns and controls one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that (a) such entity conducts no other business other than the Franchised Business; (b) all of the assets of the Franchised Business are owned by that single entity; and (c) the Franchised Business is conducted only by that single entity. Further, the transferee entity must expressly assume all of Franchisee's obligations under this Agreement and Franchisee must agree to remain personally liable under this Agreement as if the transfer to this entity did not occur;

(3) A flat fee of $10,000;

(xi) Franchisee (and its Owners) signs a General Release in the form attached as Exhibit 3, of any and all claims against the Released Parties;

(xii) Franchisor, in its sole discretion, has determined that the terms of the transfer, including but not limited to price, method and the extent of financing will not adversely affect the transferee's operation of the Franchised Business;

(xiii) if Franchisee or its Owners finance any part of the purchase price, Franchisee and/or its Owners agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Franchised Business are subordinate to the transferee's obligation to pay the Royalty, Brand Fund Contributions and other amounts due to Franchisor, its affiliates, Suppliers and otherwise comply with this Agreement;

(xiv) Franchisee and its Owners will not for two (2) years beginning on the effective date of the transfer, engage in any of the activities prohibited in Article IX of this Agreement;

(xv) Franchisee and its Owners will not directly or indirectly at any time or in any manner (except with respect to other TEAPULSE franchises they own and operate) identify themselves or any business as a current or former TEAPULSE franchise or as one of Franchisor's franchisees; use of any of the Principal Trademarks, any colorable imitation of a Principal Trademark or other indicia of the TEAPULSE System in any manner or for any purpose; or utilize for any purpose any trade name, trademark or service mark, or other commercial symbol that suggests or indicates a connection or association with Franchisor;

(xvi) Franchisee shall comply with all other applicable transfer requirements as designated in the Confidential Operating Manual or otherwise in writing;

(xvii) Franchisor in its sole discretion determines that the terms of the transfer are substantially the same as those offered to Franchisor pursuant to Franchisor's right of first refusal in accordance with Article XI herein;

(xviii) Franchisor may require any transferee of any interest or shares of stock of any kind or nature in Franchisee to guarantee the obligations of Franchisee under this Agreement or under any new franchise agreement entered into pursuant to Section 10.3 (vii) above;

(xix) transferee (and its owners if transferee is an entity) passes a credit and criminal background check; and

(xx) transferee (and its owners if transferee is an entity) execute a personal guaranty in the form attached as Exhibit 9 guaranteeing the obligations of Franchisee.

(b) Franchisor may review all information regarding the Franchised Business that Franchisee gives the transferee, correct any information that it believes is inaccurate and give the transferee copies of any reports that Franchisee has given Franchisor or Franchisor has made regarding the Franchised Business.

10.4 Death or Disability of Franchisee

(a) Transfer Upon Death or Disability.

Upon the death or disability of Franchisee or its Operating Principal, the executor, administrator, conservator, guardian or other personal representative of Franchisee or its Operating Principal must transfer Franchisee's interest in this Agreement or the Operating Principal's ownership interest in Franchisee to a third-party (which may be the heirs, beneficiaries or devisees of Franchisee or the Operating Principal). That transfer must be completed within a reasonable time not to exceed six (6) months from the date of death or disability and is subject to all of the terms and conditions in this Article X. A failure to transfer Franchisee's interest in this Agreement or the Operating Principal's ownership interest in Franchisee within this time period is a breach of this Agreement. The term "disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee or the Operating Principal from supervising the management and operation of the Franchised Business.

(b) Operation Upon Death or Disability.

If upon the death or disability of Franchisee or the Operating Principal, a manager trained by Franchisor or Franchisee is not managing the Franchised Business, the executor, administrator, conservator, guardian or other personal representative of the Franchisee or the Operating Principal must within a reasonable time not to exceed fifteen (15) days from the date of death or disability, appoint a manager. The replacement manager must complete Franchisor's standard training program at Franchisee's sole expense. A new Operating Principal acceptable to Franchisor also must be appointed within thirty (30) days. If in Franchisor's judgment, the Franchised Business is not being managed properly any time after the death or disability of Franchisee or the Operating Principal, Franchisor, an affiliate or a third party designated by the Franchisor may but need not assume the management of the Franchised Business. All funds from the operation of the Franchised Business while under the management of the Franchisor, an affiliate or a third-party will be kept in a separate account and all expenses will be charged to this account. Franchisor may charge Franchisee (in addition to the Royalty, Brand Fund Contributions and other amounts due under this Agreement) a per diem fee, plus direct out-of-pocket costs and expenses of the Franchisor, an affiliate or a third-party, if Franchisor, an affiliate or a third-party assumes the management of the Franchised Business under this subsection. Franchisor, an affiliate or a third-party, as applicable, has a duty to utilize only reasonable efforts and will not be liable to Franchisee or its Owners for any debts, losses or obligations incurred by the Franchised Business, or to any of Franchisee's creditors for any products, other assets, or services the Franchised Business purchases while under the management of Franchisor, an affiliate or a third-party.

10.5 Effect of Consent to Transfer

Franchisor's consent to a transfer of this Agreement, the Franchised Business or any interest in Franchisee or its Owners is not (i) a representation of the fairness of the terms of any contract between Franchisee and the transferee; (ii) a guarantee of the prospects of success of the Franchised Business or transferee; nor (iii) a waiver of any claims Franchisor has against Franchisee (or its Operating Principals) or of Franchisor's right to demand the transferee's full compliance with this Agreement. In the event of a transfer, Franchisee and/or its Owners shall continue to remain obligated to Franchisor in accordance with the terms of this Agreement.

10.6 Proposed Assignment as a Result of Franchisee's Bankruptcy

(a) Franchisee again acknowledges that the rights and duties along with the Franchise granted in this Agreement are personal to Franchisee (or any of its Owners), and Franchisor has entered into this Agreement in reliance on the representations given by Franchisee to secure the Franchise, Franchisee's and its Owners, as applicable, personal and/or collective skills and Franchisee's financial ability. Franchisee further acknowledges and agrees that because of the personal nature of the rights and duties associated with the Franchise, this Agreement is not freely assignable by its nature and therefore it would not be appropriate to assign the rights and obligations to any assignee other than in accordance with this Section 10 (and each other applicable provision of this Section 10). In the event that Franchisee shall become a debtor under Chapter 7 of the United States Bankruptcy Code, 11 USC Section 101, et seq., (the "Bankruptcy Code"), and the trustee or Franchisee shall elect to assume this Agreement for the purpose of assigning the same or otherwise, such election and assignment may only be made if all of the terms and conditions of this Agreement are satisfied. No election by the trustee or Franchisee to assume this Agreement, whether under Chapter 7, 11 or 13 of the Bankruptcy Code, shall be effective unless each of the following conditions, and as applicable, any other conditions required in this Section 10, which Franchisor and Franchisee each acknowledge is commercially reasonable in the context of such proceeding, has been satisfied, and Franchisor has so acknowledged in writing:

(i) the trustee or Franchisee has cured, or has provided Franchisor adequate assurance (as provided below) that: (i) within ten (10) days from the date of such assumption, the trustee will cure all monetary defaults under this Agreement; and (ii) within thirty (30) days from the date of such assumption, the trustee will cure all non-monetary defaults under this Agreement;

(ii) the Franchised Business remains at all times under the primary management of an Owner or a manager trained by Franchisor or Franchisee or who otherwise meets Franchisor's qualifications and has completed, to Franchisor's satisfaction, a training program in substance similar to the initial training program described in Section 6.2;

(iii) the trustee or Franchisee has and will continue to have sufficient unencumbered assets after the payment of all secured obligations and administrative expenses to assure Franchisor that the trustee or Franchisee will have sufficient funds to fulfill the obligations of Franchisee under this Agreement, and to keep the Franchised Business open and operating fully stocked and properly staffed with sufficient employees to conduct a fully-operational Franchised Business, and that the assumption or assignment will not disrupt business operations at the Franchised Business; and

(iv) that assumption or assignment of this Agreement will not breach any term or condition of, or constitute a default under, any term or condition of any contract, agreement, arrangement, or other commitment to which the trustee or Franchisee is a party or by which the trustee or Franchisee is bound (including any agreement not to compete), or constitute an event which, with notice, lapse of time or both, would result in such a breach or event of default nor to the trustee's or Franchisee's knowledge, result in the violation by the trustee or Franchisee of any applicable statute, rule, regulation, ordinance, code, judgment, order, injunction or decree.

(b) If a trustee or Franchisee, pursuant to this Agreement, proposes to assign this Agreement or any right in the Franchise pursuant to the provisions of the Bankruptcy Code, to any person or entity who shall have made a bona fide offer to accept an assignment of this Agreement on terms acceptable to the trustee or Franchisee, then, notice of the proposed assignment setting forth (i) the name and address of such person; and (ii) all of the terms and conditions of such offer shall be given to the Franchisor by the Franchisee no later than twenty (20) days after receipt of such offer by the trustee or Franchisee, but in any event no later than ten (10) days prior to the date that the trustee Franchisee shall make application to a court of competent jurisdiction for authority and approval to enter into such assignment and assumption.

(c) If the trustee or Franchisee, pursuant to this Agreement, proposes to assign this Agreement or any right in the Franchise pursuant to the provisions of the Bankruptcy Code, to any person or entity who shall have made a bona fide offer to accept an assignment of this Agreement on terms acceptable to the trustee or Franchisee, Franchisor shall thereupon have the prior right and option, to be exercised by notice to the trustee or Franchisee given at any time prior to the effective date of such proposed assignment, to accept an assignment of this Agreement upon the same terms and conditions and for the same consideration, if any, as the bona fide offer made by such person.

(d) Any person or entity to which the trustee's or Franchisee's interest in this Agreement is assigned pursuant to the provisions of the Bankruptcy Code shall be deemed without further act or deed to have assumed all of the obligations arising under this Agreement on or after the date of such assignment. As part of providing adequate assurance to Franchisor, any such assignee shall, upon demand, execute and deliver to Franchisor an instrument confirming such assumption.

(e) The following factors may be considered by Franchisor as necessary in order to determine whether or not the proposed assignee has furnished Franchisor with adequate assurances of its ability to perform the obligations of this Agreement, in accordance with Section 10.6(a)(i) above:

(i) the assignee (and its owners if assignee is an entity) has satisfied Franchisor that it meets Franchisor's management, business experience and aptitude, and financial standards for franchisees, has met all of Franchisor's then-current standards and requirements for becoming a TEAPULSE franchisee (which standards and requirements need not be in writing) and otherwise possesses the character and capabilities, including business reputation and credit rating, as Franchisor may require to demonstrate ability to conduct the Franchised Business;

(ii) that assumption or assignment of this Agreement is subject to all the provisions hereof, including provisions such as location, use, and the restrictive covenants set forth in Articles 8 and 9, and will not breach any term or condition of, or constitute a default under, any term or condition of any contract, agreement, arrangement, or other commitment to which the assignee or any holder of a legal or beneficial interest in assignee is a party or by which assignee or such holder of a legal or beneficial interest in assignee is bound (including any agreement not to compete), or constitute an event which, with notice, lapse of time or both, would result in such a breach or event of default nor to assignee's knowledge, result in the violation by assignee or any such holder of a legal or beneficial interest in assignee of any applicable statute, rule, regulation, ordinance, code, judgment, order, injunction or decree; and

(iii) demonstration that the assumption or assignment will not disrupt business operations of the Franchised Business.

(f) In the event Franchisor rejects the proposed assignee, to the extent permitted by applicable law, the rights and obligations of the parties hereto shall continue to be governed by the terms of this Agreement, and Franchisee shall have all the rights of a franchisee under applicable law.

XI. RIGHT OF FIRST REFUSAL TO ACQUIRE FRANCHISEE'S BUSINESS

11.1 Franchisor's Right of First Refusal

(a) Franchisor shall have the right, exercisable within thirty (30) days after receipt of notice set forth in Section 10.3(a)(i) and the details of the proposed transfer and bona fide offer, to send written notice to Franchisee that Franchisor intends to purchase the interest in this Agreement, the Franchised Business or an ownership interest in Franchisee proposed to be transferred. Franchisor may assign this right of first refusal to a third-party either before or after Franchisor exercises such right. However, this right of first refusal shall not apply to transfers among Franchisee's current Owners or to a legal entity wholly owned by Franchisee.

(b) Notice of the bona fide offer must include a description of the interest in the Franchisee or this Agreement and the Franchised Business to be sold, the proposed payment terms, including amount of the contract deposit, the sources and terms of any financing for the proposed purchase price and a description of any conditions to closing which have been requested by the prospective transferee. To be a valid bona fide offer, the proposed purchase price must be stated in U.S. dollars and the prospective transferee must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price. The right of first refusal process will not be triggered by a proposed transfer that would not be permitted under Article X. Franchisor may require Franchisee (or its Owners) to send Franchisor copies of any materials or information sent to the proposed prospective transferee regarding the possible transaction.

(c) Franchisor may by written notice delivered to Franchisee or its selling Owner(s) within thirty (30) days after it receives an exact copy of the bona fide offer and all other information Franchisor requests, elect to purchase the interest offered under the same terms or conditions contained in the bona fide offer provided that:

(i) Franchisor may, in its sole discretion, substitute cash, notes payable monthly in no less than five (5) years, or some combination of each for any form of payment proposed in the bona fide offer (such as ownership interests in a privately-held entity) and Franchisor's credit shall be deemed equal to the credit of any prospective transferee (meaning that if the proposed consideration includes a promissory note, Franchisor may provide a promissory note with the same terms as those offered by the prospective transferee);

(ii) Franchisor will have an additional thirty (30) days to prepare for closing after notifying Franchisee of its election to purchase; and

(iii) Franchisor must receive, and Franchisee and its Owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in a legal entity, as applicable, including without limitation representations and warranties regarding:

(1) ownership and condition of and title to ownership interests and/or assets; liens and encumbrances relating to ownership interests and/or assets; and

(2) validity of contracts and the liabilities, contingent or otherwise, of the entity whose assets or ownership interests are being purchased.

(d) If Franchisor exercises its right of first refusal, Franchisee and its selling Owners agree that for two (2) years beginning on the closing date, they will be bound by the covenants contained in subsection 9.1(d) of this Agreement.

(e) If Franchisor does not exercise its right of first refusal, Franchisor shall, within thirty (30) days after the right of first refusal has expired, notify Franchisee (and/or any of its Owners) in writing of its approval or disapproval of the prospective transferee. Franchisee or its Owners may complete the sale to the prospective transferee on the terms and conditions stated within the bona fide offer provided to Franchisor pursuant to Paragraph 11.1(a), but only if Franchisor otherwise approves the transfer in accordance with Section 10.3 and Franchisee (and its Owners) and the transferee comply with the conditions of that Section. This means that even if Franchisor does not exercise its right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under Section 10.3, then Franchisee (or its Owners) may not complete the transfer.

(f) If Franchisee (or its Owners) does not complete the transfer to the prospective transferee within sixty (60) days after Franchisor notifies Franchisee (and/or any of its Owners) that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the terms of the transfer (which Franchisee and/or its Owners agree to promptly advise Franchisor), then Franchisor or its designee will have an additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or Franchisor's receipt of notice of the material change(s) in the sale's terms. This additional right of first refusal shall be to purchase on the terms originally offered or the modified terms, at the option of Franchisor or its designee.

11.2 Public Offerings

Despite any other provisions in this Agreement, Franchisee (and its Owners) may not attempt to raise or secure funds by selling or offering to sell any ownership interest in Franchisee (including without limitation common or preferred stock, bonds, debentures, membership interests or general or limited partnership interests) in a public offering for which a registration statement must be filed with the Securities Exchange Commission or with any similar state regulatory authority having jurisdiction over the sale of securities where registration is required as a condition of the sale of securities in that state.

XII. PRINCIPAL TRADEMARKS AND COPYRIGHTED INFORMATION

12.1 Ownership of the Principal Trademarks and Copyrighted Information

Franchisee acknowledges and agrees that Franchisor and/or its affiliates are the owners of the Principal Trademarks and that Franchisor and/or its affiliates claim copyright protection in certain material used in the System and in the development and operation of TEAPULSE shops, including the Confidential Operating Manual, Advertising Materials, Social Media Materials and similar materials whether created by Franchisor, any franchisee of Franchisor and/or any third-party ("Copyrighted Information"). Franchisor is authorized to license to Franchisee the limited right to use the Principal Trademarks and Copyrighted Information. Franchisee's right to use the Principal Trademarks and Copyrighted Information is derived solely from this Agreement and is limited to the conduct of business by Franchisee pursuant to and in compliance with this Agreement and all System Standards prescribed by Franchisor from time to time during the term of this Agreement. Franchisee agrees not to represent in any manner that Franchisee has acquired any ownership rights in the Principal Trademarks or Copyrighted Information. Any unauthorized use of the Principal Trademarks or Copyrighted Information by Franchisee is a breach of this Agreement and an infringement of the rights of Franchisor in and to the Principal Trademarks and Copyrighted Information. Franchisee acknowledges and agrees that all usage of the Principal Trademarks and Copyrighted Information by Franchisee and any goodwill established by Franchisee's use of the Principal Trademarks and Copyrighted Information shall inure to the exclusive benefit of Franchisor and its affiliates; that this Agreement does not confer any goodwill or other interests in the Principal Trademarks or Copyrighted Information upon Franchisee; and that upon the expiration or termination of this Agreement for any reason, no monetary amount shall be assigned to Franchisee as attributable to any goodwill associated with Franchisee's use of the Principal Trademarks or Copyrighted Information. Further, in the event Franchisee develops or causes to be developed for its behalf, marketing materials or campaigns, then Franchisee hereby grants an unlimited, royalty-free license to Franchisor to use and to sublicense to other franchisees the right to use such marketing materials or campaigns, and upon written request by Franchisor, Franchisee shall take all actions, including but not limited to executing any and all agreements or documents, to assign to Franchisor or one of its affiliates, all intellectual property rights in and to such marketing materials and campaigns developed by or on behalf of Franchisee, including but not limited to moral rights. Franchisee shall not, at any time during the term of this Agreement or after its termination or expiration, contest the validity or ownership, or assist another person in contesting the validity or ownership, of any of the Principal Trademarks or Copyrighted Information. All provisions of this Agreement applicable to the Principal Trademarks and Copyrighted Information apply to any additional trademarks, service marks, commercial symbols and proprietary information authorized for use by and licensed to Franchisee by Franchisor after the Effective Date.

12.2 Use of Principal Trademarks and Copyrighted Information

Franchisee shall not use any Principal Trademark or Copyrighted Information: (a) as part of any corporate or trade name; (b) with any prefix, suffix or other modifying words, terms, designs, symbols or in any modified form; (c) in connection with the sale of any unauthorized product or service; (d) as part of any domain name, homepage, electronic address or otherwise in connection with a website (unless in connection with Franchisor's approved System website); or (e) in any other manner not expressly authorized in the Confidential Operating Manual or otherwise in writing by Franchisor. Franchisee agrees to give such notices of trademark and service mark registrations as Franchisor specifies and to obtain such fictitious or assumed name registrations required under applicable law. Franchisee agrees that this Agreement does not convey any right or property interest in the Principal Trademarks or Copyrighted Information licensed hereunder. Franchisee agrees to display the Principal Trademarks prominently as Franchisor prescribes at the Franchised Business location and on all Advertising Materials, Social Media Materials and other materials Franchisor designates.

12.3 Unauthorized Use of Principal Trademarks and Copyrighted Information

(a) Franchisee shall immediately notify Franchisor in writing of any apparent infringement or challenge to Franchisee's use of the Principal Trademarks or Copyrighted Information and of any claim by any person of any right in the Principal Trademarks or any similar trade name, trademark or service mark or Copyrighted Information of which Franchisee becomes aware. Franchisee shall not directly or indirectly communicate with any person other than Franchisor, its affiliates and their counsel, in connection with any such infringement, challenge or claim. Franchisor and its affiliates shall have the right to take such action as they deem appropriate (including no action) and the right to control exclusively any litigation, United States Patent and Trademark Office proceeding or other administrative proceeding arising out of such infringement, challenge or claim or otherwise relating to the Principal Trademarks or Copyrighted Information. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of Franchisor, its affiliates and their counsel, be necessary or advisable to protect and maintain the interests of Franchisor and its affiliates in any such litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or otherwise to protect and maintain the interests of Franchisor and its affiliates in the Principal Trademarks and Copyrighted Information, but shall take no action nor incur any expenses on behalf of Franchisor and its affiliates without Franchisor's prior written consent.

(b) In the event that any third-party makes a claim against Franchisee alleging that Franchisee's use of the Principal Trademarks or Copyrighted Information infringes upon the rights of such third-party, Franchisor and/or its affiliates agree to defend such claim and indemnify and hold Franchisee harmless therefrom, provided Franchisee has used the Principal Trademarks and Copyrighted Information only as expressly authorized in this Agreement, the Confidential Operating Manual or otherwise in writing by Franchisor and provided further that Franchisee cooperates with Franchisor and its affiliates in the defense of such claim as set forth in this Section and in any other manner reasonably requested by Franchisor. The obligation of Franchisor and/or its affiliates to defend and indemnify with respect to such claim shall not extend to other claims made by the same third-party against Franchisor, its affiliates and/or Franchisee arising from matters for which Franchisee is responsible under applicable law or this Agreement; as to such other claims, if any, Franchisee agrees to defend the same and indemnify and hold Franchisor and its affiliates harmless therefrom.

(c) In addition to the other restrictions set forth herein regarding the use of the Principal Trademarks and Copyrighted Information:

(i) Franchisee shall use only approved signage as designated by Franchisor;

(ii) Franchisee's use of the Principal Trademarks, Copyrighted Information and other proprietary material is limited to use in conjunction with the Franchised Business;

(iii) Franchisee shall use the Principal Trademarks and Copyrighted Information as designated by Franchisor;

(iv) Franchisee shall display notice of independent ownership of the Franchised Business in signage and on all forms and marketing material as designated by Franchisor;

(v) Franchisee shall acknowledge that any of its customers are customers of the TEAPULSE System and upon request transmit to Franchisor any records maintained by Franchisee on such customers. Franchisee agrees and acknowledges that Franchisee shall only have transactional use of customer information, which is solely to be used for the purpose of managing and operating the Franchised Business. Franchisee shall abide by the privacy right as established by Franchisor from time to time; and

(vi) Franchisee acknowledges and agrees that Franchisee's rights to use the Principal Trademarks and Copyrighted Information granted herein shall cease to exist upon the termination or expiration of this Agreement.

12.4 Franchisor's Right to Modify

(a) If it becomes advisable at any time in Franchisor's sole discretion for Franchisor and/or Franchisee to modify or discontinue use of the Principal Trademarks, and/or use one or more additional or substitute trade names, trademarks, service marks, other commercial symbols or Copyrighted Information, Franchisee agrees to comply with Franchisor's directions within a reasonable time after notice to Franchisee by Franchisor. Franchisor need not reimburse Franchisee for its direct expenses of changing the signs or other materials of the Franchised Business, for any loss of revenue due to any modified or discontinued Principal Trademarks or Copyrighted Information or for Franchisee's expenses incurred in promoting a modified or substitute trademark or service mark.

(b) Franchisor's rights in this subsection apply to any and all of the Principal Trademarks (and any portion of any Principal Trademark) and Copyrighted Information that Franchisor authorizes Franchisee to use in this Agreement. Franchisor may exercise these rights at any time and for any reason, business or otherwise, in Franchisor's sole discretion. Franchisee acknowledges both Franchisor's right to take this action and Franchisee's obligation to comply with Franchisor's directions.

12.5 Reservation of Rights

Franchisee acknowledges and agrees that the license granted to Franchisee to use the Principal Trademarks and Copyrighted Information is non-exclusive and Franchisor and its affiliates reserve any right not specifically granted to Franchisee under this Agreement, including but not limited to the right to: (a) grant other licenses for use of the Principal Trademarks and Copyrighted Information; (b) develop and establish other systems using the Principal Trademarks and/or Copyrighted Information or other names or marks and to grant licenses thereto without providing any rights to Franchisee; and (c) engage directly or indirectly through its employees, representatives, licensees, assigns, agents and others at wholesale, retail or otherwise, in (i) the production, distribution, license and sale of products and services and (ii) the use of the Principal Trademarks and Copyrighted Information (and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by Franchisor) in connection with the production, distribution, licensing and sale of such products and services.

XIII. RELATIONSHIP OF THE PARTIES

13.1 Independent Contractors

Franchisee and Franchisor understand and agree that this Agreement does not create a fiduciary relationship between the parties, that Franchisee and Franchisor are and will be independent contractors and that nothing in this Agreement is intended to make either party a special agent, joint venture partner, partner or employee of the other for any purpose. No employee of Franchisee will be considered an employee of Franchisor. Franchisor will not have the power to hire or fire Franchisee's personnel. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Franchised Business personnel and others as the owner of the Franchised Business under a franchise granted by Franchisor and to place notices of independent ownership on all forms, Advertising Materials, Social Media Materials and other materials Franchisor requires from time to time.

13.2 No Liability for Acts of Other Party

Franchisee and Franchisor may not make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name or on behalf of the other or represent that their relationship is other than franchisor and franchise owner. Franchisor will not be obligated for any damages to any person or property directly or indirectly arising out of the operation of the Franchised Business.

13.3 Taxes

Franchisor will have no liability for any sales, use, service, occupation, excise, gross receipts, income, property or other taxes, whether levied upon Franchisee or the Franchised Business, due to the business Franchisee conducts (except for Franchisor's income taxes). Franchisee is responsible for paying these taxes and must reimburse Franchisor for any taxes that Franchisor must pay to any state taxing authority on account of Franchisee's operation of the Franchised Business or payments that Franchisee makes to Franchisor.

XIV. DEFAULT AND TERMINATION

14.1 Termination by Franchisee

Franchisee may terminate this Agreement only upon written notice to and the written consent of Franchisor, which may be granted or withheld by Franchisor in its sole discretion, for any reason or no reason. In that event, Franchisee shall remain obligated to comply with all post-termination covenants and outstanding obligations, which may include but are not limited to the payment of liquidated damages to Franchisor as provided for herein.

14.2 Termination by Franchisor with Cause

Franchisor may terminate this Agreement if Franchisee defaults under the Agreement as provided herein or is in default under any other agreement with Franchisor, its affiliates or Suppliers. Franchisor's election to terminate this Agreement with Franchisee in no way constitutes a waiver of Franchisor's rights hereunder or any other rights available at law or in equity, including its rights to damages. Termination of this Agreement encompasses termination of any and all rights granted to Franchisee by Franchisor.

14.3 Automatic Termination without Notice

Franchisee will be in default under this Agreement and all rights granted by this Agreement to Franchisee will automatically terminate without notice to Franchisee immediately upon the happening of any of the following: (i) Franchisee (or any of its Owners) makes an assignment for the benefit of creditors or admits in writing its insolvency or inability to pay its debts generally as they become due; (ii) Franchisee (or any of its Owners) files a voluntary petition in bankruptcy or an involuntary petition in bankruptcy is filed against Franchisee and such petition is not withdrawn within thirty (30) days; (iii) Franchisee (or any of its Owners) consents to the appointment of a receiver, trustee or liquidator of all or the substantial part of its property; (iv) the Franchised Business location is attached, seized, subjected to a writ or distress warrant, or levied upon, unless the attachment, seizure, writ, warrant or levy is vacated within thirty (30) days; (v) Franchisee (or any of its Owners) fails to pay any financial obligation owed to any lending institution that provided financing to Franchisee under an arrangement with Franchisor within thirty (30) days of when due; or (vi) any order appointing a receiver, trustee or liquidator of Franchisee (or any of its Owners) or the Franchised Business is not vacated within thirty (30) days following the order's entry.

14.4 Termination by Franchisor upon Notice

Franchisor may terminate this Agreement by written notice of termination to Franchisee without an opportunity to cure, effective immediately upon delivery of notice if any of the following occur:

(a) Franchisee (or any of its Owners) has made or makes any material misrepresentation or omission in acquiring the franchise or operating the Franchised Business;

(b) Franchisee underreports Gross Revenues by two percent (2%) or more in any report on three (3) or more occasions within a thirty-six (36) month period during the term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency;

(c) Franchisee underreports Gross Revenues by more than five percent (5%) in any report during the term of this Agreement, whether or not Franchisee subsequently rectifies such deficiency;

(d) Franchisee engages in any business activity not approved by Franchisor, including the sale of goods or services not approved by Franchisor or fails to obtain the written approval of Franchisor as required;

(e) Franchisee fails to follow the recipes, use the required ingredients in preparation of approved products or obtain ingredients and goods from Suppliers as required for the preparation of approved products.

(f) Franchisee (or any of its Owners) is or has been convicted by a trial court of or pleads or has pleaded no contest to a felony, a crime of moral turpitude or any other crime or offense relating to the operation of the Franchised Business;

(g) Franchisee (or any of its Owners) engages in any dishonest or unethical conduct which in Franchisor's opinion adversely affects the reputation of the Franchised Business or the goodwill associated with the Principal Trademarks;

(h) Franchisee fails to pay when due any federal or state income, service, sales or other taxes due on the operation of the Franchised Business unless Franchisee is in good faith contesting its liability for these taxes;

(i) Franchisee (or any of its Owners): (i) fails on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not such failures are corrected after Franchisor's delivery of notice; or (ii) fails on two (2) or more separate occasions within any six (6) consecutive month period to comply with the same obligation under this Agreement, whether or not such failures are corrected after Franchisor's delivery of notice;

(j) Franchisee violates any health, safety or sanitation law, ordinance or regulation or operates the Franchised Business in an unsafe manner and does not begin to cure the violation immediately and correct the violation within seventy-two (72) hours after Franchisee receives notice from Franchisor or any other party;

(k) Franchisee and/or its Owners fail to comply with the restrictions on use of Confidential Information contained in Article VIII, the covenants contained within Article IX, and the Confidentiality, Non-Use and Non-Competition Agreement or otherwise fail to refrain from copying, duplicating, recording or reproducing the Confidential Operating Manual;

(l) Franchisee fails to comply with any of the requirements pertaining to Franchisor's proprietary information or Principal Trademarks;

(m) Franchisee (or any of its Owners) makes or attempts to make an unauthorized assignment of this Agreement, an ownership interest in Franchisee or the Franchised Business; or

(n) Franchisee relocates or attempts to relocate the Franchised Business without the prior written approval of Franchisor.

14.5 Termination by Franchisor after Notice and Opportunity to Cure

Franchisee will have ten (10) days or any greater number of days permitted by Franchisor or required by law, to cure any default for which Franchisor has given written notice of termination under this Section 14.5 and to provide Franchisor with satisfactory evidence of the cure. If the default is not cured within the prescribed period, this Agreement will terminate without the need for further notice effective immediately on the expiration date of the cure period. Franchisor shall have the sole and exclusive right to determine what actions must be taken by Franchisee to cure a default; if such right is exercised, Franchisor shall advise Franchisee in writing of such actions. These curable defaults are each of the following:

(a) Franchisee fails to maintain the insurance Franchisor requires;

(b) Franchisee fails to maintain any and all licenses required by law;

(c) Franchisee fails to pay Franchisor, its affiliates or any Suppliers any amounts due;

(d) Franchisee fails to provide any reports and information when due;

(e) Franchisee fails to comply with the transfer requirements under Section 10.4;

(f) Franchisee does not commence operating the Franchised Business within twelve (12) months after the Effective Date of this Agreement, unless such time is extended by Franchisor;

(g) Franchisee (or its Operating Principal) does not complete initial training to the satisfaction of Franchisor in its sole discretion;

(h) Franchisee abandons or fails actively and continuously to operate the Franchised Business. A failure to operate the Franchised Business for a period in excess of three (3) consecutive days shall be deemed such a default, whether or not as a result of the fault of Franchisee, except where closure is due to fire, riot, flood, acts of terrorism or natural disaster and Franchisee notifies Franchisor within five (5) days after the particular occurrence to obtain Franchisor's written approval to remain closed for an agreed upon amount of time as is necessary under the circumstances before Franchisee will be required to re-open;

(i) Franchisee fails to maintain or remodel the Franchised Business location as required by Section 7.4 herein;

(j) Franchisee fails to comply with laws as required by Sections 5.6 and 7.14 herein;

(k) Franchisee defaults under any mortgage, deed of trust or lease with any third-party covering the Franchised Business location; such party treats such act or omission as a default; and Franchisee fails to cure such default to the satisfaction of such third-party within any applicable cure period granted to Franchisee by such third-party;

(l) Franchisee loses the right to operate the Franchised Business from the Franchised Business location;

(m) Except as otherwise provided in this Article, Franchisee (or any of its Owners) fails to comply with any other provision of this Agreement, any System Standard or as specified in the Confidential Operating Manual or otherwise by Franchisor in writing; or

(n) Franchisee, its affiliates or any guarantor(s) hereof default in any other agreement with Franchisor, its affiliates and/or any Supplier and such default is not cured in accordance with the terms of such other agreement.

14.6 Franchisee's Obligations on Termination or Expiration

Franchisee shall have the following obligations on termination or expiration of this Agreement unless as otherwise indicated:

(a) Franchisee shall pay to Franchisor, its affiliates and/or Suppliers within fifteen (15) days after the effective date of termination or expiration of this Agreement all sums owed (including all Royalties and Brand Fund Contributions) by Franchisee to Franchisor, its affiliates, or Suppliers which are then unpaid. Franchisee shall pay to any lender who had provided financing to Franchisee under an arrangement with Franchisor if applicable, all sums then unpaid. Upon termination for any default by Franchisee, Franchisee shall also pay all actual and consequential damages, costs and expenses including attorneys' fees incurred by Franchisor as a result of the default;

(b) Franchisee shall immediately cease to be a TEAPULSE franchisee and shall immediately cease operating the Franchised Business. Franchisee may not directly or indirectly at any time or in any manner identify itself or in any business as a current or former TEAPULSE franchisee or as one of Franchisor's current or former franchisees; use any Principal Trademark, any colorable imitation of a Principal Trademark or other indicia of the Franchised Business in any manner or for any purpose; use in any advertising, marketing or promotion any methods, procedures or techniques associated with the System including any Advertising Materials and Social Media Materials; use for any purpose any trade name, trademark or service mark or other commercial symbol that indicates or suggests a connection or association with Franchisor; or use any proprietary software used in the System;

(c) Franchisee agrees to take the action required to cancel all fictitious or assumed names or equivalent registrations relating to its use of any of the Principal Trademarks within fifteen (15) days of termination or expiration;

(d) If Franchisor does not exercise its option to purchase the Franchised Business pursuant to Section 14.7, Franchisee must de-identify the Franchised Business by making all physical changes necessary, including but not limited to removing any and all trade dress, décor, physical characteristics, color combination, signage and uniforms indicative of the TEAPULSE System. Franchisee agrees to return to Franchisor (at no charge or cost to Franchisor) within thirty (30) days all sign-faces, sign-cabinets, Advertising Materials, Social Media Materials, forms and other materials containing any of the Principal Trademarks or otherwise identifying or relating to the Franchised Business that Franchisor requests and to allow Franchisor, without liability to Franchisor or third-parties, to enter the Franchised Business location and to make any change Franchisor deems appropriate and to remove any of the aforementioned items from the Franchised Business location;

(e) Franchisee shall immediately cease using the Copyrighted Information and related information and/or items which bear the Principal Trademarks, all trade secrets and any Confidential Information and any copies, equipment or other property owned by Franchisor or its affiliates. Franchisee shall transfer such materials, property and data in the form maintained by Franchisee to Franchisor (at no charge or cost to Franchisor) within thirty (30) days of termination or expiration of this Agreement. Franchisee shall retain no copy or record of any of the foregoing; provided however, Franchisee may retain its copy of this Agreement, any correspondence between the parties and any other document which Franchisee reasonably needs for compliance with any applicable provision of law;

(f) Franchisee and its Owners and employees shall comply with all post-term covenants as set forth in Article IX of this Agreement and the Confidentially, Non-Use and Non-Competition provisions of Exhibits 6 and 7, all of which shall survive termination or expiration of this Agreement.

(g) Franchisee shall notify the telephone company, all telephone directory publishers, Internet and website listing services and directories, websites, URLs, domain name registers, email hosts and providers and any and all other web based platforms or programs or other media, including but not limited to all Social Media Platforms in which the Franchised Business is listed or Principal Trademarks displayed of the termination or expiration of its right to use any telephone, facsimile or other numbers, telephone directory listings, email addresses, domain names, website addresses, URLs, Internet and website directory listings, web based platform and program accounts, including but not limited to Social Media Platform accounts and other media in which the Franchised Business is listed or the Principal Trademarks is displayed;

(h) Franchisee shall allow Franchisor to utilize the Assignment of Telephone and Website Listings and Advertisements attached as Exhibit 8 hereto;

(i) Franchisee shall authorize and not interfere with the transfer of Franchisee's telephone, facsimile and other numbers, telephone directory listings, email addresses, domain names, website addresses, URLs, Internet and website directory listings, Social Media Platform accounts and other media in which the Franchised Business is listed or the Principal Trademarks displayed to Franchisor;

(j) Franchisor shall instruct the telephone company, all websites, URLs and any other advertising entities or websites to forward all calls made to Franchisee's telephone, facsimile or other numbers as well as Internet and website searches made for Franchisee's websites and URLs, to those telephone number(s) and website(s) and URL(s) that Franchisor specifies and Franchisee shall take all actions necessary to effectuate the forwarding of such calls and Internet and website searches to telephone number(s), website(s) and/or URL(s) Franchisor specifies;

(k) Franchisee shall provide Franchisor with a complete list of a list of employees, clients and customers of the Franchised Business, together with their respective telephone numbers and addresses and a complete list of any outstanding obligations Franchisee may have to any third parties;

(l) Franchisee agrees and acknowledges that in addition to any other rights and remedies to which Franchisor and its affiliates may be entitled, Franchisor and its affiliates may enforce any rights and remedies of a secured party under the UCC as enacted in the state where the Territory is located, pursuant to the security interest granted in Section 7.15 herein, including but not limited to the right to enter the Franchised Business location to remove and repossess any equipment, products and goods in which Franchisor and its affiliates have been granted a security interest, without notice to Franchisee. Franchisee hereby waives and releases the Released Parties from any and all claims in connection therewith and arising therefrom. At the request of Franchisor or its affiliates following an event of default, Franchisee shall assemble and make available to Franchisor and its affiliates all equipment, products and goods in which Franchisor and its affiliates have been granted a security interest, at a place to be designated by Franchisor or its affiliates which is reasonably convenient to both parties; and

(m) Franchisee shall give to Franchisor, within thirty (30) days after the expiration or termination of this Agreement, evidence satisfactory to Franchisor of Franchisee's compliance with these obligations.

14.7 Right to Purchase Franchised Business

Providing Franchisor has not exercised its rights under the security interest defined in Section 7.15 hereof, upon termination of this Agreement (except where Franchisee enters into a successor agreement), then Franchisor shall have the option of acquiring the assets of the Franchised Business, including but not limited to the Operating Assets as Franchisor may determine, at the book value of such assets with no value attributable to goodwill, which the parties hereby agree and acknowledge belongs solely to Franchisor. Franchisor may, in its sole discretion, deliver cash, notes payable monthly in no less than five (5) years or some combination of each as payment for the assets of the Franchised Business.

14.8 Notice Required By Law

If any valid, applicable law or regulation of a competent governmental authority with jurisdiction over this Agreement or the parties to this Agreement limits Franchisor's rights of termination under this Agreement or requires longer notice or cure periods than those set forth above, then this Agreement will be considered modified to conform to the minimum notice, cure periods or restrictions upon termination required by applicable laws and regulations. However, Franchisor will not be precluded from contesting the validity, enforceability or application of the laws or regulations in any action, proceeding, hearing or dispute relating to this Agreement or the termination of this Agreement.

14.9 Liquidated Damages - Lost Future Profits

(a) The parties recognize the difficulty of ascertaining damages to Franchisor resulting from premature termination of this Agreement before its expiration. For this reason, Franchisor and Franchisee have provided for liquidated damages for the lost benefits of the bargain for Franchisor. Such liquidated damages represent Franchisor's and Franchisee's best estimate as to the damages arising from the circumstances in which they are provided; are only damages for the future profits lost to Franchisor due to the termination of this Agreement before its expiration; are not a penalty or as damages for breaching this Agreement; and are not in lieu of any other payment or remedy.

(b) If at any time, Franchisee terminates this Agreement without Franchisor's written consent or this Agreement is terminated by Franchisor for cause, then Franchisee agrees to pay Franchisor within ten (10) days of termination an amount equal to the actual number of months remaining in the term of this Agreement times the monthly average amount of the Royalties, Brand Fund Contributions and other fees owed by Franchisee under the relevant sections of this

Agreement for the twelve (12) month period prior to termination (or the entire term prior to termination if less than twelve (12) months) based on Franchisee's actual Gross Revenues, and reduced by a discount of eight percent (8%) to produce the present value of Franchisor's lost profits.

(c) Franchisee will be entitled to a credit against the sums calculated according to subsection (b) for all amounts paid to Franchisor in advance for that period.

(d) These damages are in addition to any monies due to Franchisor for past due payments or any other actual or consequential damages.

14.10 Assumption of Management: Step-In Rights.

(a) In order to prevent any interruption of operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, Franchisor shall have the right, but not the obligation, to step-in and designate an individual of Franchisor's choosing (an "Interim Manager") for so long as Franchisor deems necessary and practical to temporarily manage the Franchised Business: (i) if Franchisee fails to comply with any System Standard or provision of this Agreement and does not cure the failure within the time period specified by this Agreement or Franchisor; (ii) if Franchisor determines, in its sole judgment, that the operation of the Franchised Business is in jeopardy; (iii) if Franchisor determines, in its sole discretion that operational problems require that Franchisor operates the Franchised Business; (iv) if Franchisee abandons or fails to actively operate the Franchised Business; (v) upon Franchisee or its Operating Principal's absence, termination, serious or chronic illness, death, incapacity, or disability (death, incapacity or disability being subject to Section 10.4 above); or (vi) if Franchisor deems Franchisee or its Operating Principal incapable of operating the Franchised Business ("Step-in Rights"). If Franchisor exercises the Step-In Rights:

(i) Franchisee agrees to pay Franchisor, in addition to all other amounts due under this Agreement, an amount equal to $500 per day that the Interim Manager manages the Franchised Business, plus the Interim Manager's direct out-of-pocket costs and expenses;

(ii) all monies from the operation of the Franchised Business during such period of operation by Franchisor shall be kept in a separate account, and the expenses of the Franchised Business, including fees, compensation and direct out-of-pocket costs and expenses for the Interim Manager, shall be charged to said account;

(iii) Franchisee acknowledges that the Interim Manager will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or your owners for any debts, losses, or obligations the Franchised Business incurs, or to any of your creditors for any supplies, products, or other assets or services the Franchised Business purchases, while Interim Manager manages it;

(iv) the Interim Manager will have no liability to you except to the extent directly caused by its gross negligence or willful misconduct. Franchisor will have no liability to Franchisee for the activities of an Interim Manager unless Franchisor is grossly negligent in appointing the Interim Manager, and Franchisee will indemnify and hold Franchisor harmless for and against any of the Interim Manager's acts or omissions, as regards to the interests of Franchisee or any third parties; and

(v) Franchisee agrees to pay all of Franchisor's reasonable attorney's fees and costs incurred as a consequence of Franchisor's exercise of the Step-In Rights.

(b) Nothing contained herein shall prevent Franchisor from exercising any other right which Franchisor may have under this Agreement, including, without limitation, termination.

XV. UNAVOIDABLE DELAY OR FAILURE TO PERFORM (FORCE MAJEURE)

(a) Any delay in the performance by Franchisor or Franchisee of any duties under this Agreement or any non-performance of such duties that is not the fault of Franchisor or Franchisee (as applicable) or within Franchisee's or Franchisor's reasonable control, including but not limited to: fire; floods; natural disasters; Acts of God; war; riots or other civil disturbances; acts by public enemies; compliance with governmental acts, laws, rules or regulations which were not in effect and could not be reasonably anticipated as of the date of this Agreement; inability to secure necessary governmental priorities for materials; any delays or defaults in deliveries by common carriers and/or postal services and/or overnight couriers; computer network outages; strikes or other labor disturbances; interference by civil or military authorities; and any other similar event beyond such party's control without its fault or negligence will not constitute a breach or cause a default under this Agreement, provided, however, that Franchisor or Franchisee (as applicable) will take all steps reasonably possible to mitigate damages caused by such failure or delay.

(b) Notwithstanding the foregoing, if any such failure or delay continues for more than one hundred eighty (180) days, then Franchisor will have the right at any time thereafter during the continuance of such failure or delay to terminate this Agreement upon thirty (30) days advance written notice to Franchisee.

XVI. WAIVER AND DELAY

No waiver or delay in either party's enforcement of any term, covenant or condition of this Agreement which has been breached will be construed as a waiver by that party of any preceding or succeeding breach, or any other term, covenant or condition of this Agreement. Without limiting any of the foregoing, the acceptance of payment of any amounts will not be, nor be construed to be, payment in full or satisfaction of all amounts due and owing or any amounts to become due and shall not be, nor construed to be a waiver of any breach of any term, covenant or condition of this Agreement.

XVII. FRANCHISOR'S WITHHOLDING OF CONSENT: EXCLUSIVE REMEDY

In no event may Franchisee make any claim for money damages based on any claim or assertion that Franchisor has unreasonably withheld or delayed any consent or approval to a proposed act by Franchisee under the terms of this Agreement. Franchisee waives any such claim for damages. Franchisee may not claim any such damages by way of set-off, counterclaim or defense. Franchisee's sole remedy for the claim will be an action or proceeding to enforce the Agreement provisions, for specific performance or for declaratory judgment.

XVIII. NOTICE OF FRANCHISOR'S ALLEGED BREACH AND RIGHT TO CURE AND PERIOD TO BRING CLAIM

18.1 Notice

Franchisee agrees to give Franchisor immediate written notice of any alleged breach or violation of this Agreement after Franchisee has constructive or actual knowledge of same, or has reason to know, should reasonably know, believes, determines or is of the opinion that there has been an alleged breach of this Agreement by Franchisor including any acts of misfeasance or nonfeasance, whether or not Franchisee believes, determines or is of the opinion that provision of such notice would be futile. Franchisor shall have ninety (90) days from Franchisor's receipt of Franchisee's notice to cure such alleged breach. If Franchisee does not give written notice to Franchisor of any alleged breach of this Agreement within ninety (90) days from the date that Franchisee has constructive or actual knowledge of, or has reason to know, should reasonably know, believes, determines or is of the opinion that there has been an alleged breach by Franchisor then Franchisor's alleged breach will be considered to be condoned, approved, waived and ratified by Franchisee; there will not be considered to be a breach of this Agreement by Franchisor; and Franchisee will be permanently barred from commencing any action against Franchisor for Franchisor's alleged breach or violation or defending any claim brought by Franchisor or its affiliates against Franchisee based on Franchisor's alleged breach or violation. Franchisee agrees that the purported futility of providing Franchisor with notice of an alleged breach shall not excuse the obligation to provide notice, as required hereunder, and such notice and cure period shall be deemed a condition precedent to any claim made by Franchisee.

18.2 Right to Cure

In addition to all other remedies granted pursuant to this Agreement, if Franchisee defaults in the performance of any of its obligations or breaches any term or condition of this Agreement or any related agreement, then Franchisor may, at its election, immediately or at any time thereafter, without waiving any claim for breach under this Agreement and without notice to Franchisee, cure the default on Franchisee's behalf. Franchisor's costs and expenses associated with curing the default and all related expenses will be due and payable by Franchisee on demand.

18.3 Periods in which to Make Claims

(a) Any and all claims and actions arising out of or relating to this Agreement brought by any party against the other or any affiliate, must be commenced within one (1) year from when the party knew or should have known in the exercise of reasonable diligence of such claim or action.

(b) Notwithstanding the foregoing limitations, where any federal, state or local law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern.

(c) The foregoing limitations may, where brought into effect by Franchisor's failure to commence an action within the time periods specified, operate to exclude Franchisor's right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent Franchisor from terminating Franchisee's rights and Franchisor's obligations under this Agreement as provided herein and under applicable law nor prevent Franchisor from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

(d) The foregoing limitations shall not apply to Franchisor's claims arising from or relating to: (1) Franchisee's under-payment or non-payment of any amounts owed to Franchisor or any affiliate or otherwise related entity; (2) indemnification by Franchisee; (3) Franchisee's confidentiality, non-use, non-competition or other exclusive relationship obligations; and/or (4) Franchisee's unauthorized use of the Principal Trademarks.

XIX. INJUNCTION

Franchisee explicitly affirms and recognizes the unique value and secondary meaning attached to the TEAPULSE System and the Principal Trademarks. Accordingly, Franchisee agrees that any non-compliance by Franchisee with the terms of this Agreement, or any unauthorized or improper use of the TEAPULSE System or the Principal Trademarks by Franchisee, will cause irreparable damage to Franchisor and other TEAPULSE franchisees. Franchisee therefore agrees that if it engages in this non-compliance or unauthorized and/or improper use of the TEAPULSE System or Principal Trademarks, during or after the period of this Agreement, Franchisor will be entitled to a declaration, temporary injunctive relief and permanent injunctive relief, without the need of a bond, against Franchisee from any court of competent jurisdiction, in addition to all other remedies which Franchisor may have at law. Franchisee consents to the entry of these temporary and permanent injunctions.

XX. INTEGRATION OF AGREEMENT

20.1 Integration of Agreement

(a) This Agreement and all ancillary agreements executed contemporaneously with this Agreement constitute the entire agreement between the parties with reference to the subject matter of this Agreement and supersede any and all prior negotiations, understandings, representations and agreements; provided, however, that nothing in this sentence is intended to disclaim the representations Franchisor made in the franchise disclosure document that Franchisor provided to Franchisee. Franchisee acknowledges that it is entering into this Agreement and all ancillary agreements executed contemporaneously with this Agreement, as a result of its own independent investigation of the Franchised Business and not as a result of any representations about Franchisor made by Franchisor, Franchisor's shareholders, officers, directors, employees, agents, representatives, independent contractors or franchisees which are contrary to the terms set forth in this Agreement or of any offering circular, prospectus, disclosure document or other similar document required or permitted to be given to Franchisee pursuant to applicable law.

(b) The Confidential Operating Manual and the terms contained therein are incorporated by reference in this Agreement, form a part of this Agreement and are enforceable pursuant to the terms of this Agreement.

20.2 No Oral Modification

This Agreement may not be amended orally, but may be amended only by a written instrument signed by the parties. Franchisee expressly acknowledges that no oral promises or declarations were made to it and that Franchisor's obligations are confined exclusively to the terms in this Agreement. Franchisee understands and assumes the business risks inherent in this enterprise.

XXI. NOTICES

21.1 Notices

Any notice required or permitted to be given under this Agreement must be in writing; must be delivered to the other party personally, by certified mail (and return receipt requested, postage prepaid) or by documented overnight delivery with a reputable carrier and will be effective on the date that delivery is documented to have been first attempted. Any notice to Franchisor will be addressed to Franchisor at:

TEAPULSE Franchise Group, LLC
212-12 Northern Blvd
Bayside, NY 11361
Attn: Yate Liu

With a copy to:

Einbinder & Dunn LLP
112 Madison Ave., 8^{th} Floor
New York, New York 10016
Attn: Richard Bayer, Esq.

Any notice to Franchisee will be sent to:

Franchisee
____
____
____
____

Either party to this Agreement may, in writing on ten (10) days' notice, inform the other of a new or changed address to which notices under this Agreement should be sent.

XXII. MISCELLANEOUS

22.1 Execution, Construction and Interpretation

(b) This Agreement may be executed in multiple counterparts, each of which will be considered an original and all of which together will constitute one and the same instrument. Facsimile or other electronic execution signatures will be considered as binding and conclusive as if original, provided that any party so executing must use all commercially reasonable efforts to furnish to the other party(ies) the originally executed document at the earliest opportunity.

(c) The titles and subtitles of the various Articles, Sections and subsections of this Agreement are inserted for convenience and will not affect the meaning or construction of any of the terms, provisions, covenants and conditions of this Agreement. The terms used in this Agreement, regardless of the number and gender in which they are used shall be construed to include the other number (singular or plural), and other genders (masculine, feminine, or neuter), as the context or sense of this Agreement or any Articles, Sections or subsections may require. The language of this Agreement will be in all cases construed simply according to its fair and plain meaning and not strictly for or against Franchisor or Franchisee.

(d) It is agreed that if any provision of this Agreement is capable of two (2) constructions, one of which would render the provision void and the other of which would render the provision valid, then the provision will have the meaning which renders it valid.

(e) The parties agree to execute all other documents and perform all further acts necessary or desirable to carry out the purposes of this Agreement.

(f) Each reference in this Agreement to a corporation or partnership will also refer to a limited liability company, general or limited partnership and any other entity or similar organization. Each reference to the organizational documents, shareholders, directors, officers and stock of a corporation in this Agreement will also refer to the functional equivalents of the organizational documents, shareholders, directors, officers and voting and/or equity rights, as applicable, in the case of a limited liability company, general partnership, limited partnership or any other entity or similar organization (this specifically includes members and managers, general and limited partners, membership interests and general and limited partnership interests).

22.2 Severability

Nothing contained in this Agreement may be construed as requiring the commission of any act contrary to law. Whenever there is any conflict between any provision of this Agreement and any present or future statute, law, ordinance or regulation required to be made applicable to this Agreement, the latter will prevail, but the affected provision of this Agreement will be curtailed and limited only to the extent necessary to bring it within the requirement of the law. If any Article, Section, subsection, sentence or clause of this Agreement is held to be indefinite, invalid or otherwise unenforceable, the entire Agreement will not fail for this reason and the balance of the Agreement will continue in full force and effect. If any court of competent jurisdiction deems any provision of this Agreement (other than for the payment of money) so unreasonable as to be unenforceable as a matter of law, the court may declare a reasonable modification of this Agreement and this Agreement will be valid and enforceable and the parties agree to be bound by and perform this Agreement as so modified.

22.3 Similar Agreements

Franchisor makes no warranty or representation that anything contained in this Agreement may be construed as requiring that all TEAPULSE franchise agreements heretofore or hereafter issued by Franchisor to contain terms substantially similar to those contained in this Agreement. Further, Franchisee agrees and acknowledges that Franchisor may, in its reasonable business judgment, due to local business conditions or otherwise, waive or modify comparable provisions of other franchise agreements heretofore or hereafter granted to other TEAPULSE franchisees in a non-uniform manner, subject to those provisions of this Agreement which require Franchisor to act toward its franchisees on a reasonably non-discriminatory basis.

XXIII. COSTS OF ENFORCEMENT; ATTORNEYS' FEES; GOVERNING LAW; JURISDICTION AND VENUE; CONSEQUENTIAL AND PUNITIVE DAMAGES; AND JURY WAIVER

23.1 Costs of Enforcement

Franchisor will be entitled to recover from Franchisee all costs and expenses including attorneys’ fees for any failure to pay any amounts when due or any other failure to comply with this Agreement, including but not limited to collection costs and expenses, commissions paid to collection agencies, attorneys and third parties. Franchisor will also be entitled to recover from Franchisee attorneys' fees, experts' fees, court costs and all other expenses of litigation if Franchisor prevails in any action instituted against Franchisee to secure or protect Franchisor’s rights under this Agreement; to enforce the terms of this Agreement or any agreement between Franchisee and Franchisor; or in any action commenced or joined in by Franchisee against Franchisor.

23.2 Attorneys' Fees

If Franchisor becomes a party to any action or proceeding arising out of or relating to this Agreement or any and all related agreements, as a result of any claimed or actual act, error or omission of Franchisee (and/or any of Franchisee’s Owners, officers, directors, management, employees, contractors and/or representatives) or the Franchised Business; by virtue of statutory, "vicarious," "principal/agent" or other liabilities imposed on Franchisor as a result of Franchisor’s status as Franchisor; or if Franchisor becomes a party to any litigation or any insolvency proceeding involving Franchisee pursuant to any bankruptcy or insolvency code (including any adversary proceedings in conjunction with bankruptcy or insolvency proceedings), then Franchisee will be liable to Franchisor and must promptly reimburse Franchisor for the attorneys' fees, experts' fees, court costs, travel and lodging costs and all other expenses Franchisor incurs in such action or proceeding regardless of whether such action or proceeding proceeds to judgment. In addition, Franchisor will be entitled to add all costs of collection, interest, attorneys' fees and experts' fees to Franchisor’s proof of claim in any insolvency or bankruptcy proceeding which Franchisee files.

23.3 Governing Law

This Agreement, all relations between the parties and any and all disputes between the parties, whether sounding in contract, tort or otherwise, are to be exclusively construed in accordance with and/or governed by (as applicable) the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Franchised Business is located outside of New York and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 23.3 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the state of New York or any other state, which would not otherwise apply.

23.4 Jurisdiction and Venue

(a) Franchisee agrees to institute any litigation that Franchisee may commence arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in New York, NY or the United States District Court for the Southern District of New York. Franchisee agrees that any dispute as to the venue for any litigation Franchisee institutes will be submitted to and resolved exclusively by either a New York state court in New York, NY or the United States District Court for the Southern District of New York. Franchisee hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue indicated above.

(b) Franchisee further agrees that Franchisor may institute any litigation that Franchisor commences arising out of or related to this Agreement; any breach of this Agreement; the relations between the parties; and, any and all disputes between the parties, whether sounding in contract, tort or otherwise, in any court of competent jurisdiction wherever situated that Franchisor selects. Franchisee agrees that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and be resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. Franchisee hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate, (including any claim under the judicial doctrine of forum non conveniens).

23.5 Consequential or Punitive Damages

IN NO EVENT WILL FRANCHISOR BE LIABLE TO FRANCHISEE FOR CONSEQUENTIAL OR PUNITIVE DAMAGES IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT; ANY BREACH, TERMINATION, CANCELLATION OR NON-RENEWAL OF THIS AGREEMENT; OR IN ANY OTHER ACTION OR PROCEEDING WHATSOEVER BETWEEN THE PARTIES TO THIS AGREEMENT AND/OR ANY OF THEIR AFFILIATES. FRANCHISEE HEREBY WAIVES AND COVENANTS NEVER TO ADVANCE ANY SUCH CLAIM FOR CONSEQUENTIAL OR PUNITIVE DAMAGES.

23.6 Waiver of Trial by Jury

TO THE EXTENT THAT EACH MAY LAWFULLY DO SO, FRANCHISEE AND FRANCHISOR BOTH WAIVE THEIR RIGHT TO A TRIAL BY JURY IN ANY ACTION THAT MAY BE BROUGHT ON OR WITH RESPECT TO THIS AGREEMENT OR ANY OTHER AGREEMENT EXECUTED IN CONNECTION HEREWITH.

23.7 Waiver of Class Actions.

Each of the parties hereby irrevocably waive the right to litigate on a class action basis (including, but not limited to, on behalf of or in connection with an association of TEAPULSE franchisees, or any other trade association), in any action, proceeding or counterclaim, whether at law or in equity, brought by any party.

XXIV. GUARANTEE

(a) If Franchisee is a partnership, corporation or a limited liability company, personal guarantees shall be required from all Owners. Such personal guarantees must be executed on Franchisor's standard form Guarantee (Exhibit 9) concurrently with the execution of this Agreement.

(b) If Franchisee is in breach or default under this Agreement, Franchisor may proceed directly against each such individual and/or entity without first proceeding against Franchisee and without proceeding against or naming in the suit any other such individuals and/or entities. Franchisee's obligations and those of each such individual and/or entity will be joint and several. Notice to or demand upon one such individual and/or entity will be considered notice to or demand upon Franchisee and all such individuals and/or entities and no notice or demand need be made to or upon all such individuals and/or entities. The cessation of or release from liability of Franchisee or any such individual and/or entity will not relieve any other individual and/or entity from liability under this Agreement, except to the extent that the breach or default has been remedied or money owed has been paid.

XXV. SURVIVAL

Any provision of this Agreement which imposes an obligation following the termination or expiration of this Agreement will survive the termination or expiration and will continue to be binding upon the parties to this Agreement. This Agreement will be binding upon and inure to the benefit of the parties, their heirs, successors and assigns.

XXVI. FRANCHISEE'S REPRESENTATIONS AND ACKNOWLEDGMENTS

26.1 Franchisee's Representations

Franchisee represents and warrants to Franchisor with the intention that Franchisor is relying thereon in entering into this Agreement that:

(a) If Franchisee is a corporation, limited liability company, general partnership, partnership or limited partnership, then Franchisee is organized under the laws of the state of its principal place of business (or another state which Franchisee has identified to Franchisor) and is in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Franchised Business.

(b) If Franchisee is a corporation, limited liability company, general partnership, partnership or limited partnership, Franchisee has all corporate power and authority to execute, deliver, consummate and perform this Agreement and it will be binding upon Franchisee and its successors and assigns when executed.

(c) Franchisee does not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of Franchisee's current financial statements which Franchisee has furnished to Franchisor before the execution of this Agreement.

(d) As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending, nor to Franchisee's knowledge or the knowledge (after due inquiry) of any of its officers, directors, Owners or Operating Principals (as applicable), threatened in any court or arbitral forum or before any governmental agency or instrumentality. Nor to the best of Franchisee's knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of Franchisee's assets, properties, rights or business; Franchisee's right to operate and use its assets, properties or rights to carry on its business; and/or which affects or could affect Franchisee's right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

(e) Neither Franchisee nor any of its Owners is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with or be breached by the execution, delivery, consummation and/or performance of this Agreement.

(f) All Franchisee's representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

26.2 Franchisee's Acknowledgments

Franchisee acknowledges, warrants and represents to Franchisor that:

(a) Before executing this Agreement, Franchisee has had the opportunity to contact any and all of Franchisor's existing franchisees.

____
Initials

(b) Franchisee has had the opportunity to independently investigate, analyze and understand both the business opportunity being offered under this Agreement and the terms and provisions of this Agreement.

____
Initials

(c) Franchisee has received from Franchisor a copy of Franchisor's Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise at the earlier of the: (i) first personal meeting between Franchisor or its agent and Franchisee; at (ii) least ten (10) business days before the execution of this Agreement; or (iii) at least ten (10) business days before the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

____
Initials

(d) Franchisee has received from Franchisor a copy of Franchisor's Franchise Disclosure Document, together with a copy of all proposed agreements relating to the sale of the franchise, at least fourteen (14) calendar days before the execution of this Agreement and at least fourteen (14) calendar days before the payment by Franchisee to Franchisor of any consideration in connection with the sale or proposed sale of the franchise granted by this Agreement.

____
Initials

(e) No representation or statement has been made by Franchisor (or any of Franchisor's employees, agents or salespersons) and relied on by Franchisee regarding Franchisee's ability to procure any required license or permit that may be necessary to the offering of one or more of the services contemplated to be offered by the Franchised Business.

____
Initials

(f) Franchisee affirms that all information set forth in all applications, financial statements and submissions to Franchisor are true, complete and accurate in all respects and Franchisee expressly acknowledges that Franchisor is relying on the truthfulness, completeness and accuracy of this information.

____
Initials

(g) Franchisee understands and agrees that Franchisor may operate and change the System and Franchisor's business in any manner that is not expressly prohibited by this Agreement. Whenever Franchisor has the right within this Agreement to take or withhold action or to grant or decline to Franchisee the right to take or withhold action, Franchisor may make such a decision on the basis of Franchisor's best interests and those of the TEAPULSE System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether Franchisor's decision adversely affects Franchisee. Absent applicable statute, Franchisor shall have no liability for such a decision and Franchisee agrees that Franchisor's decision will not be subject to limitation or review. If applicable law implies a covenant of good faith and fair dealing in this Agreement, then Franchisee agrees that such a covenant shall not imply any rights or obligations that are inconsistent with a fair construction of the terms of this Agreement and that this Agreement grants to Franchisor the right to make decisions, take actions and/or refrain from taking actions that are inconsistent with Franchisee's rights and obligations hereunder.

____
Initials

(h) Franchisee understands and agrees that nothing herein shall obligate Franchisor to sell TEAPULSE franchises or otherwise develop, grow and/or expand the TEAPULSE franchised system. Franchisor makes no guaranty, warranty or representation regarding the continued sale of TEAPULSE franchises, the Franchisor's ability to make sales of TEAPULSE franchises, the Franchisor's prospects for making sales of TEAPULSE franchises or any development, growth or expansion of the TEAPULSE franchised system. Further, Franchisee understands and agrees that the failure or inability of Franchisor to sell TEAPULSE franchises or develop, grow and/or expand the TEAPULSE franchised system does not excuse Franchisee's performance of its obligations under this Agreement and Franchisee further understands and agrees that it shall be obligated, at all times, to perform its obligations hereunder.

____
Initials

XXVII. SUBMISSION OF AGREEMENT

The submission of this Agreement to Franchisee does not constitute an offer. This Agreement will become effective only upon the execution of this Agreement by both Franchisor and Franchisee. The date of execution of this Agreement will be the Effective Date.

THIS AGREEMENT WILL NOT BE BINDING ON FRANCHISOR UNLESS AND UNTIL IT HAS BEEN ACCEPTED AND SIGNED BY AN AUTHORIZED OFFICER OF FRANCHISOR. FRANCHISEE HAS READ ALL OF THE FOREGOING AGREEMENT AND ACCEPTS AND AGREES TO EACH AND ALL OF THE PROVISIONS, COVENANTS AND CONDITIONS OF THE FOREGOING AGREEMENT.

FRANCHISEE:
If a corporation or other entity:

____
(Name of Corporation or Other Entity)

By:______________________________________
(Signature) (Date)

Its:______________________________________
(Print Title/Print Name)

If an individual:

____
(Signature) (Date)

____
(Print Name)

____
(Signature) (Date)

____
(Print Name)

FRANCHISOR:

Teapulse Franchise Group, LLC

By: ______________________________________
(Signature) (Date)

FRANCHISE AGREEMENT
EXHIBIT 1

PRINCIPAL TRADEMARKS

Principal Trademarks:
Pending Trademark:

PRINCIPAL TRADEMARKS	SERIAL NUMBER	FILING DATE
TEAPULSE	98452313	March 15, 2024

The principal trademark is owned by Franchisor's President, Yate Liu.

There are no existing or pending material determinations of the US Patent and Trademark Office, Trademark Trial and Appeal Board, the Trademark Administrator of New York or any court, no pending infringement, opposition or cancellation actions, nor any other pending material litigation involving the Principal Trademarks.

FRANCHISE AGREEMENT
EXHIBIT 2

TERRITORY ATTACHMENT

The Territory for this Franchised Business shall be as follows:

____

____

____

____

FRANCHISOR:

Teapulse Franchise Group, LLC

____

By: ____________________________
Its: ____________________________

FRANCHISEE:

____

By: ____________________________
Its: ____________________________

FRANCHISE AGREEMENT
EXHIBIT 3

GENERAL RELEASE

To all to whom these Presents shall come or may Concern, Know That ____________________ [a corporation organized under the laws of the State of ___________] [an individual domiciled in the State of ____________] ("Franchisee") and its Owners (as defined in the Franchise Agreement) collectively as RELEASOR, in consideration of the consent of Teapulse Franchise Group, LLC to the Assignment or Renewal of the Franchise created pursuant to the franchise agreement between Franchisee and Teapulse Franchise Group, LLC (the "Franchise Agreement"); any Transfer of any interest in Franchise or the assets of Franchisee or the Franchised Business; or any relocation of the Franchised Business location, and for other good and valuable consideration, RELEASOR hereby releases and discharges Teapulse Franchise Group, LLC as RELEASEE, RELEASEE'S corporate parents, subsidiaries and affiliates and the respective officers, directors, shareholders, agents, attorneys, contractors and employees of each of the foregoing entities (in their corporate and individual capacities), and RELEASEE'S heirs, executors, administrators, successors and assigns (the "Released Parties"), from all actions, causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law, admiralty or equity, which against the Released Parties, the RELEASOR ever had, now have or hereafter can, shall or may have, upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the day of the date of this RELEASE, including, without limitation, claims arising under federal, state and local laws, rules and ordinances; provided, however, that all liabilities arising under rights enjoyed by RELEASOR under said Franchise Agreement and any causes of action arising in his, her or its favor from the laws of the State of New York without recourse to New York (or any other) choice of law or conflicts of laws principle and any regulations issued by the State of New York shall remain in force; it being the intent of this proviso that any non-waiver provision of the laws of the State of New York shall be satisfied. Additionally, any liabilities arising under any other applicable state law that may not be released in this context shall not be released and shall be excluded from this release without otherwise affecting the validity of the Release.

Whenever the text hereof requires, the use of singular number shall include the appropriate plural number as the text of the within instrument may require.

This RELEASE may not be changed orally.

IN WITNESS WHEREOF, the RELEASOR (if an individual) *has executed this RELEASE,* and if a corporation) has *caused this RELEASE to be executed by a duly authorized officer and its corporate seal to be hereunto affixed on ______________________, _______.*

RELEASOR

By: ______________________________

[SEAL]

ACKNOWLEDGMENT FOR CORPORATE RELEASOR

STATE OF ______________________
COUNTY OF ____________________

ss.:

On ______________________ before me __________________________________

personally came __________________ , to me known, who, by me duly sworn, did depose and day that deponent resides at __________ , that deponent is the ______________ of __________, the corporation described in the foregoing RELEASE, and which executed said RELEASE, that deponent knows the seal of the corporation, that the seal affixed to the RELEASE is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires:_____ (NOTARY SEAL)

ACKNOWLEDGMENT FOR LIMITED LIABILITY COMPANY RELEASOR

STATE OF ______________________
COUNTY OF ____________________
ss.:

On ______________________ before me __________________________________

personally came __________________ , to me known, who, by me duly sworn, did depose and day that deponent resides at __________ , that deponent is the ______________ of __________, the limited liability company described in the foregoing RELEASE, and which executed said RELEASE, that this RELEASE was approved by the members of the limited liability company in accordance with their operating agreement, articles of organization or other governing documents; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires:_____ (NOTARY SEAL)

ACKNOWLEDGMENT FOR INDIVIDUAL RELEASOR

STATE OF ____________________________
ss.:
COUNTY OF _________________________

On this ______ day of ________________ , before me ___________________ (Name of Notary) the undersigned officer, personally appeared, to me personally known, and known to me to be the same person whose name is signed to the foregoing RELEASE, and acknowledged the execution thereof for the uses and purposes therein set forth.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

Notary Public

____

My Commission expires: ______________________

(NOTARY SEAL)

FRANCHISE AGREEMENT
EXHIBIT 4

ELECTRONIC FUNDS AUTHORIZATION

1. As of the effective date of the Franchise Agreement (the "Agreement") and throughout the term of the Agreement, Franchisee agrees to establish and maintain a segregated bank account at a bank or other financial institution which Franchisor approves (the "Bank Account"). Franchisee may, in Franchisor's discretion, be required to establish and maintain an electronic funds transfer account ("EFT Account") and Franchisor or any affiliate may withdraw funds from the EFT Account in the amount of the Royalty, Brand Fund Contribution and any other amounts due to Franchisor or any affiliates of Franchisor. Withdrawals may be made on the first business day the Royalty, Brand Fund Contribution or any other amounts defined in the Agreement become due or on any succeeding day thereafter and the amount of the withdrawal will be based on Gross Revenues. The Bank Account must be established and maintained solely for the purposes set forth in the Agreement and the Confidential Operating Manual.

2. All Gross Revenues, as defined in the Agreement, shall be deposited into the Bank Account. Check stubs, bank statements and other records must be available for review in the event of an audit. Franchisee may use the TEAPULSE trademark on trust or bank account checks, but only as part of the trade name and a statement that the Franchised Business is an "independently owned and operated TEAPULSE business" must appear on the face of all such checks.

3. If Franchisor so requires, Franchisee agrees to instruct the institution holding the Bank Account to allow Franchisor or its affiliates access to the Bank Account for collection of Royalties, Brand Fund Contributions and all other fees and payments provided for in the Agreement, as well as access to any and all records Franchisor deems necessary to review. The Bank Account must have the capacity to make payments and receive credits through electronic debiting. Franchisee hereby grants to Franchisor or its affiliates the right upon Franchisor's election to debit the Bank Account (electronically or otherwise) for Royalties, Brand Fund Contributions and any other amounts due and any and all amounts Franchisee owes Franchisor or its affiliates under the Agreement and Franchisee agrees to execute whatever documents the institution holding the Bank Account and Franchisor's financial institutions may require for this purpose. Under no circumstances will Franchisor's access to the Bank Account be deemed Franchisor's control or the joint control of the Bank Account. Franchisee shall execute and/or provide any documents or information necessary to fulfill these requirements.

4. Franchisee agrees to continuously maintain a minimum balance in the Bank Account adequate to cover the Franchisee's obligations under the Agreement or some higher continuous minimum balance as Franchisor deems reasonably necessary. Franchisee agrees to reimburse Franchisor for all costs Franchisor incurs in collecting or attempting to collect funds due to Franchisor and/or its affiliates from the Bank Account (for example and without limitation, charges for insufficient funds, uncollected funds or other discrepancies in deposits or maintenance of the Bank Account balance as required by the terms of the Agreement).

5. Franchisor will notify Franchisee of the date and amount of each debit Franchisor makes from Franchisee's Bank Account at the time and in the manner specified in the Confidential Operating Manual.

6. The Bank Account must be established so that Franchisor can audit it at any time upon notice to Franchisee. If an electronic funds transfer system enabling Franchisor to electronically debit Franchisee's Bank Account is not functioning at any time for any reason, Franchisee agrees to ensure that Franchisor and/or its affiliates otherwise receive payment for any and all amounts due Franchisor and/or its affiliates and by the date due, in the form of a check, money order or any other form acceptable to Franchisor.

7. Upon the termination or expiration of the Agreement, Franchisee agrees to keep the Bank Account open and to continue Franchisor's ability to debit the Bank Account until Franchisee has satisfied all financial obligations to Franchisor and its affiliates.

Franchisee:_________________________

____

By: ________________________________

Its: ________________________________

Franchisor: Teapulse Franchise Group, LLC

____

By: ________________________________

Its: ________________________________

FRANCHISE AGREEMENT
EXHIBIT 5

COLLATERAL ASSIGNMENT AND ASSUMPTION OF LEASE AGREEMENT

THIS COLLATERAL ASSIGNMENT OF LEASE is made as of the last date below written by and among _________________________(“Tenant” or “Franchisee”), Teapulse Franchise Group, LLC ("Franchisor"), and ____________________________(“Landlord”).

WHEREAS, Tenant is the tenant under a certain lease (or sublease), dated ________ (the "Lease"), wherein Landlord leased to Tenant certain premises at ______________________ (the “Premises”); and

WHEREAS, Tenant and Franchisor have, or will, enter into a Franchise Agreement (the "Franchise Agreement"), whereby Franchisor will grant to Tenant the right to open and operate a franchised shop under Franchisor’s system at the Premises; and

WHEREAS, as a condition to Franchisor entering into the Franchise Agreement, Franchisor has required that Tenant collaterally assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement; and

WHEREAS, in order to induce Franchisor to enter into the Franchise Agreement, Tenant has agreed to collaterally assign its right, title and interest in the Lease, with the right to reassign (as provided therein), as security for Tenant's obligations and Franchisor's rights under the Franchise Agreement.

NOW THEREFORE, in consideration for the foregoing premises and the mutual promises contained herein and in the Franchise Agreement, and in order to secure Tenant's obligations and Franchisor's rights under the Franchise Agreement, Tenant does hereby collaterally assign, transfer and set over unto Franchisor, with the right to reassign (as provided herein), all of its right, title and interest in and to the Lease and in and to the Premises; it being nevertheless expressly understood and agreed that this collateral assignment is made and is consented to by the Landlord contingent upon the following terms, covenants, limitations and conditions:

1. Tenant’s Right to Possession. Tenant shall retain the right to possession of the Premises in accordance with the terms and conditions of the Lease until the occurrence of an Assignment Event (as defined in paragraph 2 of this Agreement).

2. Assignment Events.

2.1 Franchisor shall have the right, but not the obligation, to exercise either of the options set forth in paragraphs 2.1(i) or 2.1(ii) below upon: (a) a default by Tenant under the Franchise Agreement beyond the expiration of all applicable notice and cure periods; (b) the expiration or earlier termination of the Franchise Agreement, including but not limited to, a termination of the Franchise Agreement by the Franchisee; (c) an expression by Tenant of its desire to terminate the Lease; (d) a default by Tenant under the Lease, as defined in the Lease, beyond the expiration of all applicable notice and cure periods; or (e) non-renewal of the Lease (each an "Assignment Event"). Upon the occurrence of an Assignment Event, Franchisor shall have the right, but not the obligation, to either:

(i) assume and occupy the Premises upon written notice to Landlord and Tenant, in which event Franchisor shall be deemed to be substituted as the tenant under the Lease in the place and stead of Tenant and shall be deemed to have assumed expressly all of the terms, covenants and obligations of the Lease theretofore applicable to Tenant and shall likewise be entitled to enjoy all of the rights and privileges granted to Tenant under the terms and conditions of the Lease; or

(ii) assign the Lease to an affiliate of the Franchisor, a franchisee of Franchisor or a prospective franchisee of the Franchisor, without obtaining Landlord's prior written consent, provided that, in the event of an assignment to a franchisee or prospective franchisee of the Franchisor, such party has satisfied the Franchisor's criteria for operating a TEAPULSE shop.

2.2 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Franchisor may expel Franchisee from the Premises and Franchisor shall have all other remedies described herein or in the Franchise Agreement, or at law or in equity, without prejudice to any other rights or remedies of Franchisor under any other agreement or under other applicable laws or equities. In such event, Franchisee shall have no further right, title or interest in the Lease or possession of the Premises, but shall remain liable for all unpaid rents and fees owed under the Lease to Landlord as of the date of the Franchisor's assumption of the Lease. Franchisor may exercise self-help to obtain possession and Landlord shall cooperate and provide whatever legal action is necessary (at no cost to Landlord) to obtain possession.

2.3 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Tenant shall remain obligated under the Lease for all unpaid rents and fees owed under the Lease to Landlord as of the date of the Franchisor's assumption of the Lease. In no event shall Franchisor be responsible for any past due or other defaulted amounts due to Landlord or any other third party incurred by Franchisee prior to Franchisor's assumption of the Lease. In the event that Franchisor pays any past due or other defaulted amounts to Landlord or any other third party on behalf of an obligation, debt or liability incurred by Franchisee prior to the Franchisor's assumption of the Lease, Franchisee agrees to reimburse Franchisor for Franchisor's payments within five (5) calendar days after receipt of Franchisor's written notice of the same. The Franchisee agrees and acknowledges that such payments, whether due to Landlord, a third-party or the Franchisor, are reasonable expenses of foreclosure.

2.4 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above, Landlord shall not terminate or accelerate the rent owed under the Lease in connection with any such assignment. Nothing in this Paragraph 2.4 shall serve to extend the term of the Lease or provide Franchisor with occupancy rights, options to renew or other rights not expressly set forth to

Tenant in the Lease.

2.5 If Franchisor exercises either of the rights set forth in paragraphs 2.1(i) or 2.1(ii) above and assumed the Lease directly or assigned the Lease to an affiliate of the Franchisor, then such party (either the Franchisor or the affiliate) shall have the right, during the remaining term of the Lease and any extension thereof, to further assign the Lease to a franchisee of Franchisor or a prospective franchisee of the Franchisor upon not less than ten (10) day written notice to Landlord, without obtaining Landlord's prior written consent, provided that, such franchisee or prospective franchisee of the Franchisor has satisfied the Franchisor's criteria for operating a TEAPULSE shop.

3. Agreement of Landlord.

3.1 Landlord agrees to furnish Franchisor with copies of any and all letters and notices to Tenant pertaining to the Lease and the Premises at the same time that such letters and notices are sent to Tenant.

3.2 Landlord further agrees that, if it intends to terminate the Lease, Landlord will give Franchisor the same advance written notice of such intent as provided to Tenant, specifying in such notice all defaults that are the cause of any proposed termination. Franchisor shall have the right, but not the obligation, to cure any such default within the time periods granted to Tenant under the Lease. In the event that Franchisor cures such default, Franchisee agrees to reimburse Franchisor for all costs and expenses incurred by the Franchisor, within five (5) calendar days after receipt of Franchisor's written notice of the same.

3.3 If neither Tenant or Franchisor cures all such defaults within the prescribed time periods (or such longer period as may be specifically permitted by the Lease), then the Landlord may terminate the Lease, re-enter the Premises and/or exercise all other rights as set forth in the Lease, provided, however, that Landlord provides Franchisor with an additional five (5) day notice advising Franchisor of Landlord's intention to terminate the Lease and affording Franchisor the right, but not the obligation, to exercise the Franchisor's rights under paragraphs 2.1(i) or 2.1(ii) above. Landlord will promptly notify Franchisor of any expression by Tenant of its desire to terminate the Lease.

4. Right to Enter and Make Modifications to Premises. Before the expiration or termination of the Lease, Franchisor shall have the right to enter the Premises to make any reasonable modifications or reasonable alterations necessary to protect Franchisor's interest in the franchise system, Franchisor's proprietary marks and system, or to cure any default under the Franchise Agreement entered into by Franchisor and Tenant, or any affiliate of Tenant. Landlord and Tenant agree that Franchisor shall not be liable for trespass or any other crimes or tort.

5. Notices. All notices and demands required to be given hereunder shall be in writing and shall be sent by personal delivery, expedited delivery service, certified or registered mail, return receipt requested, first-class postage prepaid, facsimile, telegram or telex (provide that the sender confirm the facsimile, telegram or telex by sending an original confirmation copy by certified transmission), to the respective parties at the following addresses unless and until a different address has been designated by written notice to the other parties.

If to Franchisor:

Teapulse Franchise Group, LLC
212-12 Northern Blvd
Bayside, NY 11361
Attn: Yate Liu

With a copy to: Einbinder & Dunn LLP
112 Madison Ave., 8th Floor
New York, NY 10016
Attn: Richard Bayer, Esq.

If to Tenant:

If to Landlord:

Any notices sent by personal delivery shall be deemed given upon receipt. Any notices given by telex or facsimile shall be deemed given on the business day of transmission, provided confirmation is made as provided above. Any notice sent by expedited delivery service or registered or certified mail shall be deemed given three (3) business days after the time of mailing. Any change in the foregoing addresses shall be effected by giving fifteen (15) days written notice of such change to the other parties.

6. No Material Modification of Lease. Landlord and Tenant will not amend, renew, extend, or otherwise modify the Lease in any manner which would materially affect any of the foregoing provisions without Franchisor's prior written consent. Any attempt at termination, modification or amendment of any of the terms without such written consent is null and void.

7. Acknowledgment. The parties hereby acknowledge and agree that, so long as Franchisor shall not have exercised its option to take possession of the Premises under this Agreement, Franchisor shall not be liable for rent or any other obligations under the Lease.

8. Recording; UCC Filings. Franchisee authorizes Franchisor and its affiliates to record a copy of this Agreement (or a memorandum concerning this Agreement) and any other documents required by Franchisor, including but not limited to any and all Uniform Commercial Code financing statements. Franchisee shall execute all such documents necessary to record the same and shall cooperate with Franchisor in all respects with the recording of the same. Franchisee explicitly affirms and recognizes the value of the Lease and Franchisee agrees that any non-compliance by Franchisee with Franchisor's right, but not obligation, to take possession of the Premises and assume all of Franchisee's rights, title and interest in the Lease will cause irreparable damage to Franchisor, the Franchisor's system and other TEAPULSE shops for which no adequate remedy at law will be available.

9. No Subordination. Franchisee shall not permit Franchisor's security interest in the Lease to be subordinate to any lien, except for Landlord's rights, without first obtaining Franchisor's written consent.

10. Successors and Assigns. This Agreement and all provisions hereof shall (i) be binding upon Franchisee, its successors, assigns and legal representatives and all other persons or entities claiming under them or through them, (ii) shall inure to the benefit of Franchisor and Franchisor's assigns or successors, and (iii) shall be binding upon Landlord and Landlord's successors and assigns. The term "Franchisee" when used herein shall include all such persons and entities and any others liable for payment of amounts under the Lease or the Franchise Agreement. All individuals executing on behalf of corporate entities hereby represent and warrant that such execution has been duly authorized by all necessary corporate and shareholder authorizations and approvals.

11. Indemnification. Franchisee agrees to indemnify and hold Franchisor and its stockholders, partners, members, directors, officers and representatives harmless from and against any and all losses, liabilities, claims, proceedings, demands, damages, judgments, injuries, attorneys' fees, costs and expenses, that they incur resulting from any claim brought against any of them or any action which any of them are named as a party or which any of them may suffer, sustain or incur by reason of, or arising out of, the Franchisee's breach of any of the terms of the Lease, including the failure to pay rent or any other terms and conditions of the Lease.

12. Authority. Franchisee represents and warrants to Franchisor that it has full power and authority to so assign the Lease and its interest therein and that Franchisee has not previously assigned or transferred, and is not obligated to assign or transfer, any of its interest in the Lease or the Premises demised thereby.

IN WITNESS WHEREOF, the parties hereto have executed this Collateral Assignment of Lease this ___day of _, ______.

TENANT/FRANCHISEE:

______________________________	By:
WITNESS	Print Name:
	Title:

FRANCHISOR:
TEAPULSE Franchise Group, LLC

______________________________	By:
WITNESS	Print Name:
	Title:

LANDLORD:

______________________________	By:
WITNESS	Print Name:
	Title:

FRANCHISE AGREEMENT
EXHIBIT 6

CONFIDENTIALITY, NON-USE AND NON-COMPETITION AGREEMENT

This Confidentiality, Non-Use and Non-Competition Agreement ("Agreement"), dated this_____day of ____________, _____, by and between Teapulse Franchise Group, LLC ("Franchisor") having an address at 212-12 Northern Blvd, Bayside, NY 11361, and ___________________ having an address at ___________ ("Franchisee"); and Franchisee's owners ___________________ having an address at ___________________ ("Owners"),

W I T N E S S E T H:

WHEREAS, Franchisor is principally engaged in the business of developing and selling franchises operating under the name TEAPULSE. Franchises will operate a shop featuring a variety of boba tea, fruit tea, smoothies, slushies, coffee, juices, milk teas, tea-based beverages, pastries, and compatible food products; and

WHEREAS, Franchisee is an individual or enterprise which has entered into a Franchise Agreement with Franchisor dated _______________ ("Franchise Agreement") for the operation of a TEAPULSE franchise;

WHEREAS, if Franchisee is an enterprise, Franchisee's Owners agree to be bound by the terms and conditions of this Agreement; and

WHEREAS, during the course of the relationship between Franchisor and Franchisee certain information has been and/or will be provided to and received by Franchisee and its Owners relating to the Franchisor, including without limitation, certain knowledge, know-how, methods and procedures some of which constitute trade secrets under applicable law regarding the Franchisor, its affiliates and its subsidiaries and the development, management and operation of TEAPULSE franchised businesses which Franchisor and its affiliates consider proprietary (collectively "Confidential Information"), including without limitation:

(a) The Confidential Operating Manual;

(b) Operational specifications, standards, systems and procedures and knowledge and experience used in developing and operating the System;

(c) Recipes, preparation instructions and methods for preparation of various menu items and inventory system methods including those relating to inventory control, storage, product and handling;

(d) Site selection criteria;

(e) Training and operations materials and manuals;

(f) Methods, formats, specifications, standards, systems, procedures, sales and marketing techniques;

(g) Business forms and accounting procedures;

(h) Advertising Materials, Social Media Materials and use of Social Media Platforms;

(i) Database material, customer lists, records, files, instructions and other proprietary information;

(j) Identity of suppliers and knowledge of supplier discounts, specifications, processes, services, procedures and equipment, contract terms, pricing for authorized products, materials, supplies and equipment;

(k) Computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials;

(l) Knowledge of the operating results and financial performance of the System other than the Franchised Business; and

(m) Graphic designs and related intellectual property.

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged the parties hereto agree as follows:

1. Acknowledgments

(a) Franchisee and its Owners acknowledge that Franchisee and its Owners have been and/or will be given access to Confidential Information during the course of the relationship between Franchisee and Franchisor.

(b) Franchisee and its Owners acknowledge that (i) Franchisor and its affiliates own all right, title and interest in and to the System; (ii) the System consists of trade secrets, Confidential Information and know-how that gives the Franchisor and its affiliates a competitive advantage; (iii) the Franchisor and its affiliates have taken all measures necessary to protect the trade secrets, Confidential Information and know-how comprising the System; (iv) all Confidential Information now or hereafter provided or disclosed to Franchisee and its Owners regarding the System is disclosed in confidence; (v) Franchisee and its Owners have no right to disclose any Confidential Information to anyone who is not an employee, agent or independent contractor of Franchisee; (vi) Franchisee and its Owners will not acquire any ownership interest in the System; and (vii) the use or duplication of the System or any part of the System by Franchisee or its Owners in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

2. Non-Disclosure and Return of Confidential Information

(a) Franchisee and its Owners pledge and agree that for a period commencing on the date of this Agreement and continuing thereafter, in the absence of prior written consent by Franchisor, they: (i) will keep all Confidential Information in strict confidence; (ii) will not communicate or disclose Confidential Information to any unauthorized person or entity; (iii) will not use the Confidential Information for any purpose other than as directed by and needed for Franchisor's use; (iv) will not reproduce or use the Confidential

Information; and (v) will have a system in place to ensure that all recipients who require access to any of the Confidential Information, execute the Confidentiality, Non-Use and Non-Competition Agreement Form in the form attached to the Franchise Agreement as Exhibit 7.

(b) Confidential Information provided by Franchisor to Franchisee and its Owners in the course of the parties' relationship shall be returned to Franchisor immediately upon termination or expiration of the Franchise Agreement. Franchisee and its Owners shall not retain any book, record, report, design, plan, material, copy, note, abstract, compilation, summary, extract or other reproduction, whether in paper or electronic form, of the Confidential Information and shall not retain any copy, note or extract of such Confidential Information, except as the parties hereto may agree in writing.

3. Covenants

(a) Franchisee and its Owners acknowledge that Franchisor has granted it the franchise in consideration of and reliance upon the agreement by Franchisee and its Owners to, among other things, (i) to deal exclusively with Franchisor; (ii) to maintain the confidentiality of all of the Confidential Information; (iii) to ensure that all recipients with access to the Confidential Information execute the Confidentiality, Non-Use and Non-Competition Agreement in the Form attached hereto as Exhibit 7; (iv) to refrain from using any Confidential Information in any manner not permitted by Franchisor in accordance with Section 2 above; and (v) to protect and preserve the goodwill of the Franchisor.

(b) Franchisee and its Owners further acknowledge and agree that (i) pursuant to the Franchise Agreement, they will have access from the Franchisor and its affiliates to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Franchisee and its Owners under the Franchise Agreement are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) the Franchisor would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about TEAPULSE franchisees if franchisees were permitted to hold interests in Competitive Businesses; and (v) restrictions on the right of Franchisee and its Owners to hold interests in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder the activities of Franchisee or its Owners.

(c) Accordingly, Franchisee and is Owners covenant and agree that during the term of the Franchise Agreement and for an uninterrupted period of two (2) years after the later of: (i) the termination (regardless of the cause of termination) or expiration of the Franchise Agreement; (ii) a Transfer, as defined in the Franchise Agreement; and (iii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, Franchisee and each of its Owners shall not directly or indirectly for itself or through on behalf of or in conjunction with any person, firm, partnership corporation or other entity in any manner whatsoever:

(1) Divert or attempt to divert any actual or potential business or customer of the TEAPULSE System to any competitor;

(2) Take any action or engage in any activity injurious or prejudicial to the goodwill associated with the Principal Trademarks and the System;

(3) Solicit, encourage or assist anyone else to solicit or encourage any independent contractor providing services to Franchisor to terminate or diminish their relationship with Franchisor; or

(4) Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business (defined below). Notwithstanding the foregoing, equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subsection).

(d) During the term of the Franchise Agreement, there is no geographical limitation on these restrictions, meaning that Franchisee and each of its Owners shall not engage in the conduct referred to in subsection 3(c) at any location. During the two year period following the later of: (i) the termination, regardless of cause, or expiration of the Franchise Agreement; (ii) a Transfer, as defined in the Franchise Agreement; or (iii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, these restrictions shall apply:

(1) at the location of the Franchised Business;

(2) within the Territory assigned to the Franchised Business and within ten (10) miles of the outer boundaries of the Territory assigned to the Franchised Business;

(3) within ten (10) miles of the location of any other TEAPULSE shop; and

(4) within the territory assigned to any TEAPULSE shop and within ten (10) miles of the outer boundaries of the territory assigned to any other TEAPULSE shop; owned, in operation, under development or to be developed by Franchisor, its affiliates, franchisees of Franchisor and/or its affiliates as of (i) the date of the Franchise Agreement; (ii) as of the date of (a) termination (regardless of the cause for termination) or expiration of the Franchise Agreement or (b)a Transfer of the franchise, as defined in the Franchise Agreement; or (iii) as of the date of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3.

(e) Franchisee and its Owners further covenant and agree that for a period of two years following the expiration or termination of the Franchise Agreement or a Transfer, Franchisee and its Owners will not either directly or indirectly for itself or through, on behalf of or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the Franchised Business location to any person, firm, partnership corporation or other entity that Franchisee or its Owners know or has reason to know intends to operate a Competitive Business at the Franchised Business location.

(f) Franchisee and its Owners covenant not to engage in any activity which might injure the goodwill of the Principal Trademarks or the System at any time. This provision shall survive termination of this Agreement.

(g) Franchisee and its Owners expressly acknowledge that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, the enforcement of the covenants made in this Section 3 will not deprive Franchisee or its Owners of their personal goodwill or ability to earn a living.

(h) Franchisee and its Owners agree and acknowledge that each of the covenants contained herein are reasonable limitations as to time, geographical area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor and its affiliates. Franchisee and its Owners also agree and acknowledge that Franchisor's legitimate business interests include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchisee's former Franchised Business location, within the Franchisee's Territory and within the territorial boundaries of the restrictive covenant described above in subsection 3(d); (iii) preventing potential customer confusion; (iv) protecting other franchisees from competition from Franchisee and its Owners; and (v) protecting the System as a whole including the franchisee network. If any provision of this Confidentiality, Non-Use and Non-Competition Agreement (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(i) Franchisor shall have the right to reduce the scope of any covenant contained in this Section 3 effective immediately upon receipt by Franchisee and its Owners of written notice and Franchisee and its Owners agree to comply forthwith with any covenants as so modified which will be enforceable notwithstanding the provisions of Section 6.

4. Enforcement

Franchisee and its Owners acknowledge that violation of the covenants contained in this Agreement would result in immediate and irreparable injury to Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Franchisee and its Owners hereby consent to the entry of an injunction procured by Franchisor and/or its affiliates prohibiting any conduct by Franchisee and its Owners in violation of the terms, covenants and/or restrictions of this Agreement without the need of a bond. Franchisee and its Owners expressly agree that it may conclusively be presumed in any legal action that any violation of the terms of these terms, covenants and/or restrictions was accomplished by and through my unlawful utilization of the Confidential Information. Further, Franchisee and its Owners expressly agree that any claims Franchisee and its Owners may have against Franchisor and/or its affiliates will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Agreement by Franchisor and/or its affiliates. Franchisee and its Owners further agree to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisor and/or its affiliates in connection with the enforcement of the terms, covenants and/or restrictions of this Agreement.

5. Definitions

(a) The term "affiliates" (with respect to Franchisee) means any and all corporations, limited liability companies, partnerships, trusts or other entities controlling, controlled by or under common control with Franchisee, including but not limited to subsidiaries, parents and sibling entities.

(b) The term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity referred to.

(c) The term "Competitive Business" means (i) any food service business which is the same as or substantially similar to the Franchised Business or offers to sell or which sells any products or services which are the same or substantially similar to any of the products or services offered by the Franchised Business (including but not limited to a tea shop providing eat-in, take-out and delivery services), or (ii) any business granting franchises or licenses to others to operate such a business (other than a franchised business operated under a franchise agreement with Franchisor).

(d) The term "Owners" shall mean any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that has any direct or indirect ownership interest of over five percent (5%) in Franchisee, (or at such later time as they assume such status) whether or not such interest is of record, beneficially or otherwise. The term "Owners" shall also include individuals, partners, members and shareholders and (spouses of such individuals, partners, members and shareholders) with an ownership interest of over five percent (5%) in any partnership, corporation or limited liability company that holds a controlling interest in the Franchisee entity.

(e) Any capitalized term that is not defined in this Agreement shall have the meaning given to it in the Franchise Agreement.

6. Miscellaneous

(a) Franchisor and/or its affiliates make no representations or warranties as to the accuracy or completeness of the Confidential Information provided to Franchisee and shall not be liable, directly or indirectly, to Franchisee, its Owners or any of Franchisee's affiliates as a result of any use of the Confidential Information by or on behalf of Franchisee, its Owners and/or its affiliates. Franchisee and its Owners specifically waive any and all claims for any loss or damage suffered by it due to their use of the Confidential Information and agree to indemnify and hold Franchisor and its affiliates harmless for any claims made against Franchisor and/or its affiliates based upon the provision by Franchisee or its Owners of the Confidential Information to third parties.

(b) This Confidentiality, Non-Use and Non-Competition Agreement shall be binding upon and shall inure to the benefit of Franchisee, its Owners, Franchisor and their respective subsidiaries, affiliates, successors and assigns.

(c) This Confidentiality, Non-Use and Non-Competition Agreement shall be governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflict of law principles.

(d) This Agreement contains the complete understanding of Franchisee and its Owners and Franchisor with respect to the Confidential Information and this Confidentiality, Non-Use and Non-Competition Agreement shall not be amended without the prior written consent of the parties.

(e) This Agreement may be executed in counterparts and each copy so executed and delivered shall be deemed an original.

7. Choice of Law and Venue

(a) This Agreement is to be exclusively construed in accordance with and/or governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Franchised Business is located outside of New York and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, “implied covenant,” unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

(b) Franchisee and its Owners agree to institute any litigation arising out of or related to this Agreement or the Franchise Agreement; any breach of the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in New York, NY or the United States District Court for the Southern District of New York in New York, NY. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned further agree that Franchisor may institute any litigation that it commences arising out of or related to this Agreement or the Franchise Agreement; any breach of this Agreement or the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, in any court of competent jurisdiction, wherever situated, that Franchisor selects. The undersigned agree that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue where any such litigation is commenced.

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

Franchisee: ________________________________

____

By: ______________________________________
Its: ______________________________________

Owner: ____________________________________

____

Franchisor: Teapulse Franchise Group, LLC

____

By: ______________________________________
Its: ______________________________________

FRANCHISE AGREEMENT
EXHIBIT 7

CONFIDENTIALITY, NON-USE AND NON-COMPETITION AGREEMENT FORM

This Confidentiality, Non-Use and Non-Competition Agreement ("Agreement"), dated this_____ day of ____________, _____, by and between ____________________ ("Franchisee") having an address at _________________________and ___________________ having an address at _______________________ ("Recipient"),

W I T N E S S E T H:

WHEREAS, Franchisee is principally engaged in the business of operating a retail shop under the name TEAPULSE (the Franchised Business") pursuant to a franchise agreement with Teapulse Franchise Group, LLC ("Franchise Agreement");

WHEREAS, Recipient is an individual or enterprise who is about to be employed by Franchisee, has entered into some form of contractual relationship with Franchisee or is considering the same; and

WHEREAS, during the course of the relationship between Franchisee and Recipient certain information, knowledge, know-how, methods and procedures some of which constitute trade secrets under applicable law has been and/or will be provided to and received by Recipient regarding the Franchisor, its affiliates and its subsidiaries and the development, management and operation of TEAPULSE franchised businesses, which Franchisor and its affiliates consider proprietary (collectively "Confidential Information"), including without limitation:

(a) The Confidential Operating Manual;

(b) Operational specifications, standards, systems and procedures and knowledge and experience used in developing and operating the System;

(c) Recipes, preparation instructions and methods for preparation of various menu items and inventory system methods including those relating to inventory control, storage, product and handling;

(d) Site selection criteria;

(e) Training and operations materials and manuals;

(f) Methods, formats, specifications, standards, systems, procedures, sales and marketing techniques;

(g) Business forms and accounting procedures;

(h) Advertising Materials, Social Media Materials and use of Social Media Platforms;

(i) Database material, customer lists, records, files, instructions and other proprietary information;

(j) Identity of suppliers and knowledge of supplier discounts, specifications, processes, services, procedures and equipment, contract terms, pricing for authorized products, materials, supplies and equipment;

(k) Computer software or similar technology which is proprietary to Franchisor or its affiliates, including without limitation digital passwords and identifications and any source code, as well as data, reports and other printed materials;

(l) Knowledge of the operating results and financial performance of the System other than the Franchised Business; and

(m) Graphic designs and related intellectual property.

NOW, THEREFORE, for One Dollar ($1.00) and other good and valuable consideration, receipt of which is hereby acknowledged the parties hereto agree as follows:

1. Acknowledgment

(a) Recipient acknowledges that Recipient has been and/or will be given access to the Confidential Information during the course of the relationship between Franchisee and Recipient.

(b) Recipient acknowledges that (i) Franchisor and its affiliates own all right, title and interest in and to the System; (ii) the System consists of trade secrets, Confidential Information and know-how that gives the Franchisor and its affiliates a competitive advantage; (iii) the Franchisor and its affiliates have taken all measures necessary to protect the trade secrets, Confidential Information and know-how comprising the System; (iv) all Confidential Information now or hereafter provided or disclosed to Recipient regarding the System is disclosed in confidence; (v) Recipient has no right to disclose any Confidential Information to anyone who is not an employee, agent or independent contractor of Franchisee; (vi) Recipient will not acquire any ownership interest in the System; and (vii) Recipient's use or duplication of the System or any part of the System in any other business would constitute an unfair method of competition, for which Franchisor would be entitled to all legal and equitable remedies, including injunctive relief without posting a bond.

2. Non-Disclosure and Return of Confidential Information

(a) Recipient pledges and agrees that for a period commencing on the date of the Franchise Agreement and continuing thereafter, in the absence of prior written consent by Franchisee: (i) will keep all Confidential Information in strict confidence; (ii) will not communicate or disclose Confidential Information to any unauthorized person or entity; (iii) will not use the Confidential Information for any purpose other than as directed by and needed for Franchisee's use; (iv) will not reproduce the Confidential Information.

(b) Confidential Information provided by Franchisor, its affiliates and/or Franchisee to Recipient in the course of the parties' relationship shall be returned to Franchisee immediately upon termination or expiration of Recipient's relationship with Franchisee. Recipient shall not retain any book, record, report, design, plan, material, copy, note, abstract, compilation, summary, extract or other reproduction, whether in paper or electronic form, of the Confidential Information and shall not retain any copy, note or extract of such Confidential Information, except as the parties hereto may agree in writing.

3. <u>Covenants</u>

(a) Recipient acknowledges that Franchisee has entered into the relationship described above in consideration of and reliance upon, among other things, Recipient's agreement to: deal exclusively with Franchisee; maintain the confidentiality of all of the Confidential Information; refrain from using any Confidential Information in any manner not permitted by Franchisor, its affiliates and/or Franchisee in accordance with Section 2 above; and protect and preserve the goodwill of the Franchisor.

(b) Recipient further acknowledges and agrees that (i) pursuant to its relationship with Franchisee, it will have access from the Franchisor, its affiliates and/or Franchisee to valuable trade secrets, specialized training and Confidential Information regarding the development, operation, management, purchasing, sales and marketing methods and techniques of the System; (ii) the System and the opportunities, associations, and experience established by Franchisor and acquired by Recipient pursuant to its relationship with Franchisee are of substantial and material value; (iii) in developing the System, Franchisor and its affiliates have made and continue to make substantial investments of time, technical and commercial research and money; (iv) Franchisor would be unable to adequately protect the System and its trade secrets and Confidential Information against unauthorized use or disclosure and would be unable to adequately encourage a free exchange of ideas and information about TEAPULSE franchises if recipients were permitted to hold interests in Competitive Businesses; and (v) restrictions on Recipient’s right to hold interest in or perform services for, Competitive Businesses will not unreasonably or unnecessarily hinder Recipient’s activities.

(c) Accordingly, Recipient covenants and agrees that during the term of the Recipient’s relationship with Franchisee and for an uninterrupted period of two (2) years after the later of: (i) the termination (regardless of cause of termination) or expiration of Recipient’s relationship with Franchisee (regardless of the cause for termination or expiration); or (ii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, Recipient shall not directly or indirectly for itself or through on behalf of or in conjunction with any person, firm, partnership corporation or other entity in any manner whatsoever:

(1) Divert or attempt to divert any actual or potential business or customer of TEAPULSE to any competitor;

(2) Take any action or engage in any activity injurious or prejudicial to the goodwill associated with the Principal Trademarks and the System;

(3) Employ or seek to employ any person who is then employed or who was employed within the immediately preceding twenty-four (24) months, by Franchisor, its affiliates, Franchisee or any TEAPULSE franchisee or develop, or otherwise directly or indirectly induce such person to leave his or her employment without obtaining the employer's prior written permission; or

(4) Own, maintain, develop, operate, engage in, franchise or license, make loans or gifts to or have any direct or indirect interest in or render services as a director, officer, manager, employee, consultant, representative, or agent or give advice to any Competitive Business (except that equity ownership of less than five percent (5%) of a Competitive Business whose stock or other forms of ownership interest are publicly traded on a recognized United States stock exchange will not be deemed to violate this subsection).

(d) During the term of the Recipient's relationship with Franchisee, there is no geographical limitation on these restrictions, meaning that Recipient shall not engage in the conduct referred to in subsection 3(c) at any location. During the two year period following the later of: (i) the termination (regardless of the cause for termination) or expiration of Recipient's relationship with Franchisee; or (ii) the date of a final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3, these restrictions shall apply:

(1) at the location of the Franchisee's Franchised Business;

(2) within the Territory assigned to the Franchisee's Franchised Business and within ten (10) miles of the outer boundaries of the Territory assigned to the Franchisee's Franchised Business;

(3) within ten (10) miles of the location of any other TEAPULSE shop; and

(4) within the territory assigned to any TEAPULSE shop and within ten (10) miles of the outer boundaries of the territory assigned to any TEAPULSE shop; owned, in operation, under development or to be developed (1) as of the date of this Agreement; (2) as of the date of termination (regardless of the cause for termination) or expiration of Recipient's employment or contractual relationship with Franchisee; and (3) as of the date of any final non-appealable judgment, order or award of any court, arbitrator, panel of arbitrators or tribunal that enforces this Section 3.

(e) Recipient further covenants and agrees that for a period of two (2) years following the expiration or termination of Recipient's relationship with Franchisee, Recipient will not either directly or indirectly for itself or through, on behalf of or in conjunction with any person, firm, partnership, corporation or other entity, sell, assign, lease or transfer the Franchisee's Franchised Business location to any person, firm, partnership corporation or other entity that Recipient knows or has reason to know intends to operate a Competitive Business at the Franchisee's Franchised Business location.

(f) Recipient covenants not to engage in any activity which might injure the goodwill of the Principal Trademarks or the System at any time. This provision shall survive termination of the Recipient's relationship with Franchisee.

(g) Recipient acknowledges that his or her skills and abilities are of a general nature and Recipient has other opportunities for exploiting these skills. Consequently, the enforcement of the covenants made in this Section 3 will not deprive Recipient of his or her personal goodwill or ability to earn a living.

(h) Recipient agrees and acknowledges that each of the covenants contained herein are reasonable limitations as to time, geographical area and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect the know-how, reputation, goodwill and other legitimate business interests of Franchisor, its affiliates and Franchisee. Recipient also agrees and acknowledges that the reputation, goodwill and foregoing are legitimate business interests of Franchisor, its affiliates and Franchisee and they require the protection of the covenants contained herein. The legitimate business interests of Franchisor, its affiliates and Franchisee also include but are not limited to: (i) maintaining the confidential nature of the Confidential Information; (ii) preserving the Franchisor's ability to develop franchises at or near the Franchised Business location, within the Territory assigned to the Franchisee and within the territorial boundaries of the restrictive covenant described above in subsection 3(d); (iii) preventing potential customer confusion; (iv) protecting Franchisee and other franchisees from competition from Recipient; and (v) protecting the System as a whole including the franchisee network. If any provision of this Confidentiality, Non-Use and Non-Competition Agreement Form (including any sentences, clauses, or any part thereof) shall be held contrary to law or incomplete or unenforceable in any respect, the remaining provisions shall not be affected but shall remain in full force and effect; any invalidated provisions shall be severed and this Agreement modified to the extent necessary to render it valid and enforceable.

(i) Franchisor, its affiliates and Franchisee shall have the right to reduce the scope of any covenant contained in this Section 3 effective immediately upon Recipient's receipt of written notice and Recipient agrees to comply forthwith with any covenants as so modified which will be enforceable notwithstanding the provisions of Section 6.

4. Enforcement

Recipient acknowledges that violation of the covenants contained in this Agreement would result in immediate and irreparable injury to Franchisee, Franchisor and its affiliates for which no adequate remedy at law will be available. Accordingly, Recipient hereby consents to the entry of an injunction procured by Franchisee, Franchisor and/or its affiliates prohibiting any conduct by Recipient in violation of the terms, covenants and/or restrictions of this Agreement without the need of a bond. Recipient expressly agrees that it may conclusively be presumed in any legal action that any violation of the terms of these terms, covenants and/or restrictions was accomplished by and through my unlawful utilization of the Confidential Information. Further, Recipient expressly agrees that any claims Recipient may have against Franchisee, Franchisor and/or its affiliates will not constitute a defense to the enforcement of the terms, covenants and/or restrictions set forth in this Agreement by Franchisee, Franchisor and/or its affiliates. Recipient further agrees to pay all costs and expenses (including attorneys' fees, experts' fees, court costs and all other expenses of litigation) incurred by Franchisee, Franchisor and/or its affiliates in connection with the enforcement of the terms, covenants and/or restrictions of this

Agreement.

5. Definitions

(a) The term “affiliates” (with respect to Recipient) means any and all corporations, limited liability companies, partnerships, trusts or other entities controlling, controlled by or under common control with Recipient, including but not limited to subsidiaries, parents and sibling entities.

(b) The term "control" shall mean the control or ownership of ten percent (10%) or more of the beneficial interest in the person or entity referred to.

(c) The term "Competitive Business" means: (i) any food service business which is the same as or substantially similar to the Franchised Business or offers to sell or which sells any products or services which are the same or substantially similar to any of the products or services offered by the Franchised Business (including but not limited to a tea shop providing eat-in, take-out and delivery services), or (ii) any business granting franchises or licenses to others to operate such a business (other than a franchised business operated under a franchise agreement with Franchisor).

(d) The term “Owner” means any individual or entity (including all spouses, partners, members or shareholders of such individual or entity) that has any direct or indirect ownership interest of five percent (5%) or more in Recipient (or at such later time as they assume such status), whether or not such interest is of record, beneficially or otherwise. The term “Owners” shall also include individuals, partners, members and shareholders and (spouses of such individuals, partners, members and shareholders) with an ownership interest of five percent (5%) or more in any partnership, corporation or limited liability company that holds a controlling interest in the Recipient entity.

6. Miscellaneous.

(a) Franchisee, Franchisor and its affiliates make no representations or warranties as to the accuracy or completeness of the Confidential Information provided to Recipient and shall not be liable, directly or indirectly, to Recipient or any of Recipient's affiliates as a result of any use of the Confidential Information by or on behalf of Recipient and/or its affiliates. Recipient specifically waives any and all claims for any loss or damage suffered by it due to its use of the Confidential Information and agrees to indemnify and hold Franchisee, Franchisor and its affiliates harmless for any claims made against Franchisee, Franchisor and/or its affiliates based upon Recipient's provision of the Confidential Information to third parties.

(b) If all or any portion of the covenants not to compete set forth in this Agreement are held unreasonable, void, vague or illegal by any court or agency with competent jurisdiction over the parties and subject matter, the court, arbitrator or agency will be empowered to revise and/or construe the covenants to fall within permissible legal limits, and should not by necessity invalidate the entire covenants. Recipient acknowledges and agrees to be bound by any lesser covenant subsumed within the terms of this Agreement as if the resulting covenants were separately stated in and made a part of this Agreement.

(c) This Agreement shall be binding upon and shall inure to the benefit of Franchisee and Recipient and their respective subsidiaries, affiliates, successors and assigns.

(d) This Agreement shall be governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles.

(e) This Agreement contains the complete understanding of Recipient and Franchisee with respect to the Confidential Information and this Agreement shall not be amended without the prior written consent of the parties.

(f) Recipient acknowledges that Franchisor, its affiliates, successors and assigns, are third-party beneficiaries under this Agreement and may enforce this Agreement. Recipient further acknowledges that: (i) a copy of this Agreement is being delivered to Franchisor; (ii) Franchisor is relying on the parties' compliance with this Agreement; and (iii) this Agreement may not be amended, or terminated nor any rights or obligations of Recipient waived hereunder without the prior written consent of the Franchisor.

(g) This Agreement may be executed in counterparts and each copy so executed and delivered shall be deemed an original.

7. Choice of Law and Venue

(a) This Agreement is to be exclusively construed in accordance with and/or governed by the laws of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Agreement would not be enforceable under the laws of New York, and if the Franchised Business is located outside of New York and the provision would be enforceable under the laws of the state in which the Franchised Business is located, then that provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Agreement is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the State of New York or any other state, which would not otherwise apply.

(b) Recipient and Franchisee agree to institute any litigation that the undersigned may commence arising out of or related to this Agreement or the Franchise Agreement; any breach of the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in New York, NY or the United States District Court for the Southern District of New York in New York, NY. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned further agree that Franchisor may institute any litigation that it commences arising out of or related to this Agreement or the Franchise Agreement; any breach of this Agreement or the Franchise Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, in any court of competent jurisdiction, wherever situated, that Franchisor selects. The undersigned agree that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue where any such litigation is commenced.

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

Recipient: ___________________________________

By: ___________________________________

Franchisee: ___________________________________

____

By: ___________________________________

Its: ___________________________________

FRANCHISE AGREEMENT
EXHIBIT 8

ASSIGNMENT OF TELEPHONE AND INTERNET LISTINGS AND ADVERTISEMENTS

Pursuant to its obligations under a certain franchise agreement dated ________________, _______, by and among Teapulse Franchise Group, LLC as Franchisor and __________________________ as Franchisee (the "Franchise Agreement"), for good and valuable consideration the receipt and sufficiency is hereby acknowledged, does hereby assign, sell, transfer and convey to Teapulse Franchise Group, LLC, all of Franchisee's right, title and interest as of the date hereof in and to all telephone, facsimile and other numbers, telephone directory listings, email addresses, domain names, website addresses, URLs, Internet and website directory listings, web based platform and program accounts, including but not limited to Social Media Platform (as defined in the Franchise Agreement) accounts and other media in which the Franchised Business is listed or the Principal Trademarks displayed (collectively "Telephone and Internet Listings and Advertisements") in existence as of the date of the expiration or termination of the Franchise Agreement.

Without limitation, the Telephone and Internet Listings and Advertisements include the following:

Telephone, facsimile and other numbers: ____
____
____

Telephone directory listings: ____
____
____
____
____

Email addresses: ____
____
____

Domain names: ____
____
____

Website addresses: ____
____
____

URLs:____
____
____

Internet and website directory listings: ___________________________
____
____
____
____
____

Web based platform and program accounts, including but not limited to Social Media Platform accounts: ____
____
____
____

Other Media referencing the Franchised Business: ____________________
____
____
____

Upon the expiration or termination of the Franchise Agreement, Franchisor shall have the right but not the obligation, and is hereby authorized to take possession of the Telephone and Internet Listings and Advertisements and assume all of the rights, title and interest of the Franchisee in the Telephone and Internet Listings and Advertisements.

Franchisee represents and warrants to Teapulse Franchise Group, LLC that it is the lawful owner of the Telephone and Internet Listings and Advertisements, and that Franchisee has the right to assign the Telephone and Internet Listings and Advertisements free and clear of any interest therein.

Franchisee hereby appoints Teapulse Franchise Group, LLC and/or its successors and assigns as attorney-in-fact for Franchisee to execute such documents as are necessary or desirable to effect the assignment of the Telephone and Internet Listings and Advertisements to Teapulse Franchise Group, LLC Franchisee authorizes Teapulse Franchise Group, LLC and/or its successors and assigns as attorney-in-fact to insert references to those Telephone and Internet Listings and Advertisements in existence as of the date of the expiration or termination of the Franchise Agreement where applicable above at such times as Franchisor may determine, including but not limited to upon the expiration or termination of the Franchise Agreement. Franchisee will, at any time and from time to time after the date hereof, upon the reasonable request of Teapulse Franchise Group, LLC, do execute, acknowledge and deliver, or will cause to be done, executed, acknowledged or delivered, all such further acts, deeds, assignments, transfers, conveyances, powers of attorney or assurances as may be required for transferring, assigning, conveying and confirming to Teapulse Franchise Group, LLC, or for aiding and assisting in reducing to possession by Teapulse Franchise Group, LLC, any of the Telephone and Internet Listings and Advertisements or rights being assigned hereunder, or to vest in Teapulse Franchise Group, LLC good, valid and marketable rights to such Telephone and Internet Listings and Advertisements.

This Assignment of Telephone and Internet Listings and Advertisements shall inure to the benefit of Teapulse Franchise Group, LLC and shall be binding upon Franchisee and its successors and assigns.

IN WITNESS WHEREOF, Franchisee has caused this Assignment of Telephone and Internet Listings and Advertisements to be duly executed this __________ day of _____, ____.

ASSIGNOR:

By: ________________________________

Its
Duly Authorized

STATE OF ____________________)
) ss.:
COUNTY OF ____________________)

On ______________, ____ before me ____

personally came ____, to me known, who, by me duly sworn, did depose and say that deponent resides at __________________________, that deponent is the ______________________ of Franchisee, the corporation described in the foregoing Assignment of Telephone and Internet Listings and Advertisements, and which executed said Assignment of Telephone and Internet Listings and Advertisements, that deponent knows the seal of the corporation, that the seal affixed to the Assignment of Telephone and Internet Listings and Advertisements is the corporate seal, that it was affixed by order of the board of directors of the corporation; and that deponent signed deponent's name by like order.

IN WITNESS WHEREOF I have hereunto set my hand and official seal.

____

Notary Public

My Commission expires:

FRANCHISE AGREEMENT
EXHIBIT 9

GUARANTEE

In consideration of the execution by Franchisor of the Franchise Agreement (the "Agreement") dated the ___________day of _______________, 20 ______, between Teapulse Franchise Group, LLC ("Franchisor") and _________________________________ ("Franchisee") and for other good and valuable consideration, each of the undersigned, for themselves, their heirs, successors and assigns, do jointly, individually and severally hereby absolutely and unconditionally guarantee the payment of all amounts and the performance of all covenants, terms, conditions, agreements and undertakings contained and set forth in said Franchise Agreement and in any other agreement(s) by and between Franchisee and Franchisor.

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

2. The undersigned, individually and jointly, hereby agree to be personally bound by each and every covenant, term, condition, agreement and undertaking contained and set forth in said Agreement and any other agreement(s) by and between Franchisee and Franchisor, and agree that this Guarantee shall be construed as though the undersigned and each of them executed agreement(s) containing the identical terms and conditions of the Franchise Agreement and any other agreement(s) by and between Franchisee and Franchisor.

3. The undersigned hereby agree that without the consent of or notice to any of the undersigned and without affecting any of the obligations of the undersigned hereunder (a) any term, covenant or condition of the Agreement may be amended, compromised, released or otherwise altered by Franchisor and Franchisee, and the undersigned do guarantee and promise to perform all the obligations of Franchisee under the Agreement as so amended, compromised, released or altered; (b) any guarantor of or party to the Agreement may be released, substituted or added; (c) any right or remedy under the Agreement, this Guarantee or any other instrument or agreement between Franchisor and Franchisee may be exercised, not exercised, impaired, modified, limited, destroyed or suspended; and (d) Franchisor or any other person may deal in any manner with Franchisee, any of the undersigned, any party to the Agreement or any other person.

4. Should Franchisee be in breach or default under the Agreement or any other agreement(s) by and between Franchisee and Franchisor, Franchisor may proceed directly against any or each of the undersigned without first proceeding against Franchisee and without proceeding against or naming in such suit any other Franchisee, signatory to the Agreement or any others of the undersigned.

5. Notice to or demand upon Franchisee or any of the undersigned shall be

deemed notice to or demand upon Franchisee and all of the undersigned, and no notice or demand need be made to or upon any or all of the undersigned. The cessation of or release from liability of Franchisee or any of the undersigned shall not relieve any other guarantor from liability pursuant to this Guarantee, under the Agreement, or under any other agreement(s) between Franchisor and Franchisee, except to the extent that the breach or default has been remedied or moneys owed have been paid.

6. Any waiver, extension of time or other indulgence granted by Franchisor or its agents, successors or assigns, with respect to the Agreement or any other agreement(s) by and between Franchisee and Franchisor, shall in no way modify or amend this Guarantee, which shall be continuing, absolute, unconditional and irrevocable.

7. It is understood and agreed by the undersigned that the provisions, covenants and conditions of this Guarantee shall inure to the benefit of the Franchisor, its successors and assigns. This Guarantee may be assigned by Franchisor voluntarily or by operation of law without reducing or modifying the liability of the undersigned hereunder.

8. Governing Law/Consent to Jurisdiction

a. This Guarantee, all relations between the parties and any and all disputes between the parties, whether sounding in contract, tort or otherwise, are to be exclusively construed in accordance with and/or governed by the law of the State of New York without recourse to New York (or any other) choice of law or conflicts of law principles. If, however, any provision of this Guarantee would not be enforceable under the laws of New York, and if any Franchised Business is located outside of New York and the provision would be enforceable under the laws of that state, then the provision (and only that provision) will be interpreted and construed under the laws of that state. Nothing in this Section 8 is intended to invoke the application of any franchise, business opportunity, antitrust, "implied covenant," unfair competition, fiduciary or any other doctrine of law of the state of New York or any other state, which would not otherwise apply.

b. The Guarantors and Franchisor agree to institute any litigation that the undersigned may commence arising out of or related to this Guarantee or the Agreement; any breach of this Guarantee or the Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, exclusively in a court of competent jurisdiction which is either a New York state court in New York, NY or the United States District Court for the Southern District of New York in New York, NY. The undersigned hereby waive and covenant never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). The undersigned further agree that Franchisor may institute any litigation that it commences arising out of or related to this Guarantee or the Agreement; any breach of this Guarantee or the Agreement; the relations between the parties; and any and all disputes between the parties, whether sounding in contract, tort, or otherwise, in any court of competent jurisdiction, wherever situated, that Franchisor selects. The undersigned hereby irrevocably submits itself and is guarantors to the jurisdiction and venue of such courts as Franchisor may select. The undersigned agree that any dispute as to the venue for the litigation Franchisor institutes will be submitted to and resolved exclusively by the court of competent jurisdiction in which Franchisor commenced the litigation. The undersigned hereby waives and covenants never to assert or claim that this venue is for any reason improper, inconvenient, prejudicial or otherwise inappropriate (including, without limitation, any claim under the judicial doctrine of forum non conveniens). All depositions in connection with any litigation between the parties shall be held in the jurisdiction and venue where any such litigation is commenced.

c. Franchisor and the undersigned hereby agree and acknowledge that this Section 8 shall bind the undersigned guarantors, whether or not such guarantors were named parties to the litigation.

d. The undersigned explicitly affirms and recognizes the unique value and secondary meaning attached to the System, the Principal Trademarks, any intellectual property and the Confidential Information. Accordingly, the undersigned agrees that any non-compliance by the undersigned with the terms of this Guarantee, the Agreement and/or the terms of any Confidentiality, Non-Use and Non-Competition Agreement, the undersigned's operation of the franchise post-termination or any unauthorized or improper use of the System, the Principal Trademarks, any intellectual property, or Confidential Information by the undersigned, will cause irreparable damage to the Franchisor, its affiliates and other TEAPULSE franchisees. The undersigned therefore agrees that if it engages in any non-compliant, post-termination operation of the Franchised Business or unauthorized and/or improper use of the System, Principal Trademarks or Confidential Information during or after the period of this Guarantee, Franchisor will be entitled to a declaration, temporary injunctive relief and permanent injunctive relief, without the need of a bond, against the undersigned from any court of competent jurisdiction, wherever situated, as Franchisor may select, in addition to all other remedies which the Franchisor may have at law.

e. The provisions of this Section are intended to benefit and bind certain third-party non-signatories (including without limitation the undersigned's Owners and guarantors) and will continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Guarantee.

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

IN WITNESS WHEREOF, each of the undersigned has executed this Guarantee effective as of the date of the Franchise Agreement.

____
Signature

____
Printed Name

____

____
Address

____
Signature

____
Printed Name

____

____
Address

FRANCHISE AGREEMENT
EXHIBIT 10

STATE AMENDMENTS TO FRANCHISE AGREEMENT

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF CALIFORNIA

The Franchise Agreement between ________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated _________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

CALIFORNIA LAW MODIFICATIONS

1. The California Department of Financial Protection and Innovation requires that certain provisions contained in the franchise documents for franchises offered or sold to either a resident of the State of California or non-resident who will be operating a franchise in the State of California be amended to be consistent with California law, including the California Franchise Investment Law §§ 31000 through 31516, and the California Franchise Relations Act, California Business and Professions Code §§ 20000 through 20043 (collectively the "Acts"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded:

a. The Acts provide rights to Franchisee concerning non-renewal and termination of the Agreement. The Federal Bankruptcy Code (11 U.S.C. §101 et seq.) also provides rights to Franchisee concerning termination of the Agreement upon certain bankruptcy-related events. To the extent the Agreement contains a provision that is inconsistent with these laws, these laws will control.

b. If the Franchisee is required in the Agreement to execute a release of claims, such release shall exclude claims arising under the Acts. California Corporations Code 31512 voids a waiver of Franchisee's rights under the Franchise Investment Law (California Corporations Code 31000 through 31516). Business and Professions Code 20010 voids a waiver of Franchisee's rights under the Franchise Relations Act (Business and Professions Code 20000 through 20043.

c. If the Agreement requires payment of liquidated damages that is inconsistent with California Civil Code Section 1671, the liquidated damage clause may be unenforceable.

d. If the Agreement contains a covenant not to compete which extend beyond the expiration or termination of the Agreement, the covenant may be unenforceable under California law.

a. If the Agreement requires litigation, arbitration, or mediation to be conducted in a forum other than the State of California, the requirement may be unenforceable under California law.

b. If the Agreement requires that it be governed by a state's law, other than the State of California, such requirement may be unenforceable.

2. 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.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on _______________, 20____.

FRANCHISEE: ___________________________

BY: _____________________________________
NAME: __________________________________
TITLE: __________________________________

Teapulse Franchise Group LLC

BY: _____________________________________
NAME: __________________________________
TITLE: __________________________________

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF HAWAII

The Franchise Agreement between_________________(“Franchisee”) and Teapulse Franchise Group LLC (“Franchisor”) dated____________, 20___(the “Agreement”), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the “Amendment”):

HAWAII LAW MODIFICATIONS

The Agreement is amended to include the following:

1. **INITIAL FRANCHISE FEE**. The following statement is added to the end of Section 4.1 of the Agreement:

Notwithstanding anything to the contrary in this Section 4.1, Franchisor shall defer collection of the initial franchise fee and other initial payments owed by Franchisee to Franchisor and/or its affiliates until such time as the franchise is operational.

2. 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.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on__, 20_.

FRANCHISEE: ________________________

BY:_________________________________
NAME:______________________________
TITLE: ______________________________

Teapulse Franchise Group LLC

BY:_________________________________
NAME:______________________________
TITLE: ______________________________

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF ILLINOIS

The Franchise Agreement between ________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated _________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

ILLINOIS LAW MODIFICATIONS

1. Notwithstanding anything to the contrary within the Agreement, Illinois law governs the Agreement.

2. Paragraph 705/5(2) of the Act requires that Franchisor provide Franchisee with a copy of our Disclosure Document at least 14 days prior to your signing any binding franchise agreement or other agreement or paying us any consideration.

3. In accordance with Illinois law 815 ILCS 705/4, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement.

4. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Agreement that designates jurisdiction and venue in a form outside of the State of Illinois is void. However, the Agreement may provide for arbitration to take place outside of Illinois.

5. Franchisee's rights upon termination and non-renewal of the Agreement are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

6. In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

7. There is no formal Training schedule in this franchise system. You must complete Training within 30 days of signing your Franchise Agreement.

8. 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.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on _______________, 20____.

FRANCHISEE: ____________________________

BY: ______________________________________
NAME: ___________________________________
TITLE: ___________________________________

Teapulse Franchise Group LLC

BY: ______________________________________
NAME: ___________________________________
TITLE: ___________________________________

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF INDIANA

The Franchise Agreement between ________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated _________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

INDIANA LAW MODIFICATIONS

1. The Indiana Securities Commissioner requires that certain provisions contained in the franchise documents offered or sold to either a resident of the State of Indiana or a non-resident who will be operating a franchise in the State of Indiana be amended to be consistent with Indiana law, including the Indiana Deceptive Franchise Practices Law, Indiana Code §§ 23-2-2.7-1 through 23-2-2.7-10, and the Indiana Franchise Disclosure Law, Indiana Code §§ 23-2-2-2.5-1 through 23-2-2-2.5-51 (collectively the "Act"). To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded.

a. The Indiana Deceptive Franchise Practices Act provides rights to Franchisee concerning non-renewal and termination of this Agreement. To the extent the Agreement contains a provision that is inconsistent with the Act, the Act will control.

b. If the Franchisee is required in the Agreement to execute a release of claims or to acknowledge facts that would negate or remove from judicial review any statement, misrepresentation or action that would violate this Act, or a role or order under the Act, such release shall exclude claims arising under the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, and such acknowledgments shall be void with respect to claims under the Acts.

c. If this Agreement contains covenants not to compete upon expiration or termination of the Agreement that are inconsistent with the Indiana Deceptive Franchise Practices Act, the requirements of the Act will control.

d. The Indiana Deceptive Franchise Practices Act provides that substantial modification of the Agreement by Franchisor requires written consent of the Franchisee. If the Agreement contains provisions that are inconsistent with this requirement, the Act will control.

e. If the Agreement requires litigation to be conducted in a forum other than the State of Indiana, the requirement may be unenforceable as a limitation on litigation under the Indiana Deceptive Franchise Practices Act.

f. If the Agreement requires that it be governed by a state's law, other than the State of Indiana, to the extent that such law conflicts with the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, the Act will control.

2. Each provision of the Amendment shall be effective only to the extent that the jurisdictional requirements of the Indiana Deceptive Franchise Practices Act and the Indiana Franchises Act, relating to

each such provision, are met independent of this Agreement. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

3. 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.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on _______________, 20____.

FRANCHISEE: ________________________________

BY: ____
NAME: ____
TITLE: ____

Teapulse Franchise Group LLC

BY: ____
NAME: ____
TITLE: ____

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MARYLAND

The Franchise Agreement between ________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated __________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MARYLAND LAW MODIFICATIONS

1. The Maryland Securities Division requires that certain provisions contained in the franchise documents offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a franchise in the State of Maryland be amended to be consistent with Maryland law, including the Maryland Franchise Registration and Disclosure Law. To the extent that the Agreement contains provisions that are inconsistent with the following, such provisions are hereby amended and superseded.

a. 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.

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

2. Any claims arising under the Maryland Franchisor Registration and Disclosure Law must be brought within three years after the grant of the franchise.

3. The Franchise Agreement requires prospective franchisees to disclaim the occurrence and/or acknowledgment the non-occurrence of acts that would constitute a violation of Section 14-226 of the Maryland Franchise Registration and Disclosure Law and therefore the Franchise Agreement is hereby amended and superseded to state that such representations 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.

4. The Agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its rights to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. INITIAL FRANCHISE FEE. The following statement is added to the end of Section 4.1 of the Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore all initial franchise fees and other initial payments owed by franchisees to the franchisor and/or its affiliates, shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement.

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 liability incurred under the Maryland Franchise Registration and Disclosure Law.

6. 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.

7. 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.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on ______________, 20____.

FRANCHISEE: ________________________________

BY: ____
NAME: ____
TITLE: ____

Teapulse Franchise Group LLC

BY: ____
NAME: ____
TITLE: ____

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF MINNESOTA

The Franchise Agreement between ________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated __________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

MINNESOTA LAW MODIFICATIONS

The franchise agreement is amended to include the following:

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits the Franchisor from requiring litigation to be conducted outside Minnesota. In addition, nothing in the offering circular or agreement can abrogate or reduce any of the Franchisee's rights as provided for in Minnesota Statutes, Chapter 80C, or the Franchisee's rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C. 14, Subs. 3, 4 and *5* which require, except in certain specified cases, that a franchisee be given ninety (90) days' notice of termination (with sixty (60) days to cure) and one hundred eighty (180) days' notice for non-renewal of the Franchise Agreement.

3. The agreements contain a liquidated damages clause. Under Minn. Rule 2860.4400J liquidated damage clauses are prohibited.

4. The Franchisor will protect the Franchisee's right to use the Principal Trademarks and/or indemnify Franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Principal Trademarks.

5. Minn. Rule 2860.4400D prohibits the Franchisor from requiring the Franchisee to assent to a general release. Any release the Franchisee signs as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

6. For Minnesota franchisees, to the extent the Franchise Agreement requires it to be governed by a state's law other than the State of Minnesota or provides for arbitration or mediation, these provisions shall not in any way abrogate or reduce any rights of the franchisee as provided for in the Minnesota Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

7. Section 80Cl7, Subd. 5. of the Minnesota Franchise Act states that no civil action may be commenced for violation of the Minnesota Franchise Act more than three years after the cause of action accrues. Section 18.3 of the Franchise Agreement contains certain time limits on commencing actions. For Minnesota franchisees, to the extent that these limitations are inconsistent with those under the Minnesota Franchise Act, the provisions of the franchise Agreement are superseded by the Minnesota Franchise Act's requirements and shall have no force or effect.

8. Notwithstanding anything to the contrary in the Franchise Agreement, Minn. Rule 2860.4400J prohibits the Franchisee's consent to the Franchisor obtaining injunctive relief. Rather, where injunctive relief is provided for in the Franchise Agreement, the Franchisee acknowledges that the

Franchisor may seek injunctive relief. Further, in connection with injunctive relief, Franchisee and Franchisor acknowledge that a court will determine whether a bond is required.

9. Minn. Stat. §604.113 implements a cap of $30 for service charges applied to NSF checks.

10. 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.

The State of Minnesota has imposed a fee deferral due to our financial condition, which requires that we defer the collection of all initial fees from Minnesota franchisees until we have completed all of our pre-opening obligations and you are open for business.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on ______________, 20____.

FRANCHISEE: ________________________________

BY: ________________________________
NAME: ________________________________
TITLE: ________________________________

Teapulse Franchise Group LLC

BY: ________________________________
NAME: ________________________________
TITLE: ________________________________

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF NORTH DAKOTA

The Franchise Agreement between ________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated ________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

NORTH DAKOTA LAW MODIFICATIONS

The Agreement is amended to include the following:

1. **RELEASES**. The following is added to the end of Sections 3.2, and 10.3 of the Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

b. **COVENANT NOT TO COMPETE**. The following is added as a new Section 9.8 of the Agreement:

9.8. North Dakota Franchise Law

Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we will enforce the covenants to the maximum extent the law allows.

c. **GOVERNING LAW**. The following statement is added to the end of Section 23.3 of the Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, North Dakota law shall apply.

d. **CONSENT TO JURISDICTION**. The following language is added to the end of Section 23.4 of the Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law, you may bring an action in North Dakota for claims arising under the North Dakota Franchise Investment Law.

e. **ARBITRATION**. The following is added at the end of Section 23.4 of the Agreement:

Notwithstanding anything to the contrary herein, the arbitration proceedings shall be conducted in the city where we then have our principal place of business in accordance with the then-current commercial arbitration rules of the AAA, except the parties shall be entitled to limited discovery at the discretion of the arbitrator(s) who may, but are not required to, allow depositions; however, to the extent otherwise required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration proceedings shall be held at a mutually agreeable site in North Dakota.

f. **LIMITATIONS ON LEGAL CLAIMS**. Notwithstanding anything to the contrary in the Agreement, including but not limited to Section 23.5 thereof, nothing in the Agreement shall require a waiver by Franchisee to exemplary or punitive claims. Accordingly, Section 23.5 is deleted in its entirety. Further, any reference to a waiver of exemplary or punitive damages by Franchisee in the Franchise Disclosure Document or any agreement attached to the Agreement is deleted in its entirety.

g. **NO WAIVER OF TRIAL BY JURY**. Notwithstanding anything to the contrary in the Agreement, including but not limited to Section 23.6 thereof, nothing in the Agreement shall require a waiver by Franchisee to a trial by jury. Accordingly, Section 23.6 is deleted in its entirety. Further, any reference to a waiver of a trial by jury in the Franchise Disclosure Document or any agreement attached to the Agreement is deleted in its entirety.

h. **FEE DEFERRAL**. Until such time as all initial obligations have been performed by Franchisor and Franchisee has opened its Franchised Business for business, all initial fees due by Franchisee to Franchisor shall be deferred. Simultaneously upon commencement of the operation of its Franchised Business, Franchisee shall remit payment to Franchisor for all initial fees which have been deferred.

i. 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.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on ____________________, 20____.

FRANCHISEE: ___________________________

BY: _____________________________________
NAME: __________________________________
TITLE: __________________________________

Teapulse Franchise Group LLC

BY: _____________________________________
NAME: __________________________________
TITLE: __________________________________

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF RHODE ISLAND

The Franchise Agreement between ________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated ________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

RHODE ISLAND LAW MODIFICATIONS
The Agreement is amended to include the following:

1. **GOVERNING LAW/CONSENT TO JURISDICTION**. The following statement is added to the end of Article XXIII of the Agreement:

> Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act." To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

2. 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.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on ____________________, 20___.

FRANCHISEE: __________________________

BY: ____________________________________
NAME: _________________________________
TITLE: _________________________________

Teapulse Franchise Group LLC

BY: ____________________________________
NAME: _________________________________
TITLE: _________________________________

AMENDMENT TO TEAPULSE FRANCHISE GROUP LLC
FRANCHISE AGREEMENT
FOR THE STATE OF WASHINGTON

The Franchise Agreement between ______________________________ ("Franchisee") and Teapulse Franchise Group LLC ("Franchisor") dated ___________________, 20___ (the "Agreement"), shall be amended and superseded by the addition of the following language, which shall be considered an integral part of the Agreement (the "Amendment"):

WASHINGTON LAW MODIFICATIONS

The Agreement is amended to include the following:

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

2. 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.

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

4. A release or waiver of rights executed by a franchisee may 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.

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

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

7. RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii)

soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

8. INITIAL FRANCHISE FEE. The following statement is added to the end of Section 4.1 of the Agreement:

Notwithstanding anything to the contrary in this Section 4.1, Franchisor shall defer collection of the initial franchise fee and other initial payments owed by Franchisee to Franchisor and/or its affiliates until such time as the Franchisor has fulfilled its initial pre-opening obligations to the franchisee and the franchise is open for business.

9. Section 26.2(j) of the Agreement is hereby deleted and the following is added as new Section 26.2(j):

Franchisee understands and agrees that Franchisor may operate and change the System and Franchisor's business in any manner that is not expressly prohibited by this Agreement. Whenever Franchisor has the right within this Agreement to take or withhold action or to grant or decline to Franchisee the right to take or withhold action, Franchisor may make such a decision on the basis of Franchisor's best interests and those of the Soccer Stars System and the franchise network, without regard to whether other reasonable alternative decisions exist or whether Franchisor's decision adversely affects Franchisee. Absent applicable statute, Franchisor shall have no liability for such a decision and Franchisee agrees that Franchisor's decision will not be subject to limitation or review.

______

Initials

10. The following statement is added to the end of Exhibit 4 of the Agreement:

The general release does not apply with respect to claims arising under the Washington Franchise Protection Act, RCW 19.100, and the rules adopted thereunder.

Each provision of this Amendment shall be effective only to the extent that the jurisdictional requirements of the Washington Law, applicable to the provision, are met independent of this Amendment. This Amendment shall have no force or effect if such jurisdictional requirements are not met.

Notwithstanding anything to the contrary in Paragraph 14.7 of the Agreement, in the event Franchisor exercises its option under Paragraph 14.7, Franchisor shall pay a lump sum for any asset it purchases from Franchisee in connection with the exercise of such option.

12. NO STATEMENT, QUESTIONNAIRE, OR ACKNOWLEDGMENT SIGNED OR AGREED TO BY A FRANCHISEE IN CONNECTION WITH THE COMMENCEMENT OF THE FRANCHISE RELATIONSHIP SHALL HAVE THE EFFECT OF (I) WAIVING ANY CLAIMS UNDER ANY APPLICABLE STATE FRANCHISE LAW, INCLUDING FRAUD IN THE INDUCEMENT, OR (II) DISCLAIMING RELIANCE ON ANY STATEMENT MADE BY ANY FRANCHISOR, FRANCHISE SELLER, OR OTHER PERSON ACTING ON BEHALF OF THE FRANCHISOR. THIS PROVISION SUPERSEDES ANY OTHER TERM OF ANY DOCUMENT EXECUTED IN CONNECTION WITH THE FRANCHISE.

IN WITNESS WHEREOF, the Franchisee on behalf or itself and its equity owners acknowledges that it has read and understands the contents of this Amendment, that it has had the opportunity to obtain the advice of counsel, and that it intends to comply with this Amendment and be bound by it. The parties have duly executed and delivered this Amendment to the Agreement on ____________________, 20____.

FRANCHISEE: ___________________________

BY: _____________________________________
NAME: __________________________________
TITLE: __________________________________

Teapulse Franchise Group LLC

BY: _____________________________________
NAME: __________________________________
TITLE: __________________________________

EXHIBIT D

CONFIDENTIAL OPERATING MANUAL TABLE OF CONTENTS

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EXHIBIT E

TEAPULSE FRANCHISE GROUP, LLC

LIST OF FRANCHISEES

AS OF DECEMBER 31, 2024

None

LIST OF FRANCHISE LOCATIONS
AND COMPANY OWNED LOCATIONS
AS OF DECEMBER 31, 2024

None

FORMER FRANCHISEES WHO HAVE LEFT THE SYSTEM IN 2024

None.

EXHIBIT F

TEAPULSE FRANCHISE GROUP, LLC

FINANCIAL STATEMENTS

Teapulse Franchise Group LLC

Audited financial statements

April 30, 2025

Teapulse Franchise Group LLC
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April 30, 2025

INDEPENDENT AUDITOR'S REPORT

To the Member and Board of Directors of
Teapulse Franchise Group LLC

Opinion

We have audited the accompanying financial statements of Teapulse Franchise Group LLC (a New York Corporation), which comprise the balance sheet as of April 30, 2025, and the related statement of operations and stockholder's equity, and cash flows for the period from inception (January 9, 2025) to April 30, 2025, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Teapulse Franchise Group LLC as of April 30, 2025, and the results of its operations and its cash flows for the period from inception (January 9, 2025) to April 30, 2025, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Teapulse Franchise Group LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Teapulse Franchise Group LLC's ability to continue as a going concern for a reasonable period of time.

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

HTL CPAs & Business Advisors LLC

HTL CPAs & Business Advisors LLC Houston, Texas
May 28, 2025

Teapulse Franchise Group LLC
Balance Sheet
As of April 30, 2025

Assets		
Current assets:		
Cash	$	62,125
Other current assets		-
Total current assets		62,125
Property, plant and equipment, net		-
Deferred tax assets		-
Total assets	$	62,125
Liabilities and Stockholder's Equity		
Current liabilities:		
Accounts payable	$	-
Accrued expenses and other liabilities		-
Due to related parties		-
Total current liabilities		-
Lease liabilities		-
Total liabilities	$	-
Commitments and contingencies		
Stockholder's equity:		
Additional paid-in capital		70,000
Accumulated deficit		(7,875)
Total stockholder's equity		62,125
Total liabilities and stockholder's equity	$	62,125

The accompanying notes are an integral part of these financial statements.

Teapulse Franchise Group LLC
Statement of Operations
For the period from inception (January 9, 2025) to April 30, 2025

Operating expenses:	
Selling, general and administrative expenses	$ 7,875
Loss from operations	7,875
Other income (expenses)	-
Net loss	$ 7,875

The accompanying notes are an integral part of these financial statements.

Teapulse Franchise Group LLC
Statement of Stockholder's Equity
For the period from inception (January 9, 2025) to April 30, 2025

	Common Stock		Additional Paid-in	Accumulated	Total Stockholder's
	Shares	Amount	Capital	Deficit	Equity
Balance, January 9, 2025 (Inception)	-	$ -	$ -	$ -	$ -
Capital Contribution	-	-	70,000	-	70,000
Net loss	-	-	-	(7,875)	(7,875)
Balance, April 30, 2025	-	$ -	$ 70,000	$ (7,875)	$ 62,125

The accompanying notes are an integral part of these financial statements.

Teapulse Franchise Group LLC
Statement of Cash Flows
For the period from inception (January 9, 2025) to April 30, 2025

Cash flows from operating activities:	
Net loss	$ 7,875
Net cash used in operating activities	(7,875)
Cash flows from financing activities:	
Capital contribution	70,000
Net cash provided in financing activities	70,000
Net increase in cash	62,125
Cash, at inception	-
Cash, end of year	$ 62,125

Note 1. Business and Organization

Teapulse Franchise Group LLC (the "Company") is a limited liability company organized in the state of New York on January 9, 2025 (inception) and is a wholly owned subsidiary of Jidong North America Holdings LLC (“JD NA” or “Parent”). The Company is currently in the application process of becoming a franchisor of a retail quick service restaurant using the trademark “TEAPULSE” selling a variety of boba tea, fruit tea, other tea-based beverages, smoothies, slushies, coffee, juices, and light pastries products.

Note 2. Summary of Significant Accounting Policies

Basis of Presentation - The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of estimates - The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the report amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Because of the inherent uncertainties in these estimates, it is at least reasonably possible that these estimates will change in the near-term. Management periodically evaluates for continued reasonableness. Appropriate adjustments, if any, to the estimates used are adjusted prospectively based upon such periodic evaluation.

Cash and Cash Equivalents - The Company considers all highly liquid investments with original maturities of three months or less when purchased to be cash equivalents. No cash equivalents were held as of April 30, 2025.

Fair Value - Fair value is defined as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participant at the measurement date. A three-level fair value hierarchy is required to prioritize the inputs used to measure fair value. The three levels or the fair value hierarchy are described as follows:

- Level 1 – Quoted prices in active markets for identical assets or liabilities.
- Level 2 – Observable inputs other than quoted prices included in Level 1, such as quoted prices for similar assets and liabilities in active markets; quoted prices for identical or similar assets and liabilities in markets that are not active; or other inputs that are observable or can be corroborated by observable market data.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

Note 2. Summary of Significant Accounting Policies (Continued)

At April 30, 2025, the Company considers the carrying amount of its financial assets which consist primarily of cash and cash equivalents to approximate the fair value as of April 30, 2025 owing to their short-term nature or present value of the assets.

Income Taxes – The Company does not file its own return and is instead included in the consolidated return of its parent company JD NA. Income tax expense of the parent JD NA is allocated among the subsidiaries such as the Company on their separate return basis. The net benefit or cost of filing a consolidated return is allocated to the parent company. JD NA has a policy whereby each subsidiary will pay to or recover from JD NA the amount of federal income taxes it would have incurred (or been entitled to recover) as if that entity were filing its own federal income tax return.

Income taxes are provided based on the liability method for statutory financial reporting purposes. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary timing differences between the financial reporting and tax bases of assets and liabilities. These differences are measured using enacted tax rates expected to apply to taxable income in the years in which those differences are expected to reverse. Statutory valuation allowances are established when necessary to reduce deferred income tax assets to the amount expected to be realized. The statutory-basis of accounting limits the amount of gross deferred tax assets that can be admitted to surplus to those for which ultimate recoverability can be demonstrated. This limit is based on a calculation that considers available tax loss carryback and carryforward capacity, the expected timing of reversal for accumulated temporary differences, gross deferred tax liabilities and the level of Company surplus.

Concentrations of Credit and Custodial Risk - Cash deposits held with banks may exceed the amount of insurance provided on such deposits. Generally, these deposits may be redeemed upon demand and are maintained in financial institutions with reputable credit and, therefore, bear minimal risk.

Related Parties - The Company accounts for related party transactions in accordance with Financial Accounting Standards Board (FASB) Accounting Stands Codification (ASC) 850, Related Party Disclosures. A party is considered to be related to the Company if the party directly or indirectly or through one or more intermediaries, controls, is controlled by, or is under common control with the Company. Related parties also include principal owners of the Company, its management, members of the immediate families of principal owners of the Company and other parties with which the Company may deal if one party controls or can significantly influence the management or operating policies of the other to an extent party which can significantly influence the management or operating policies of the transacting parties or if it has an ownership interest in one of the transacting parties and can significantly influence the other to an extent that one or more of the transacting parties might be prevented from fully pursuing its own separate interests is also a related party. There were no related party transactions for the period from inception (January 9, 2025) to April 30, 2025.

Note 3. Liquidity and Capital Resources

As of April 30, 2025, the Company has working capital of $62,125. There are no liabilities in the company. Franchisor is located in New York and is prohibited from selling franchises until its franchise disclosure document ("FDD") has been registered by the New York Attorney General's office. Upon registration of the FDD, we will engage in the offer and sale of franchises. Upon the sale of a franchise, we will receive royalties and other fees from franchisees, as our revenue.

Note 4. Subsequent Events

The Company has evaluated subsequent events through May 28, 2025, which is the date of the financial statements were available for issuance and has concluded that no other events or transactions occurred which would require disclosure herein.

EXHIBIT G

STATE ADDENDA TO DISCLOSURE DOCUMENT

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF CALIFORNIA

Registration of this franchise does not constitute approval, recommendation, or endorsement by the Commissioner of the Department of Financial Protection and Innovation.

The disclosure document is amended to include the following:

1. Item 3 is amended to reflect that:

Neither Teapulse Franchise Group LLC nor any person identified in Item 2 of the Disclosure Document is subject to any current effective order of any national securities association or national securities exchange as defined in the Securities Exchange Act of 1934, U.S.C.A. 78a et seq., suspending or expelling such persons from membership is such association or exchange.

2. Item 17 is amended by the addition of the following language:

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

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

The Franchise Agreement contains covenants not to compete which extend beyond expiration or termination of the Agreement. These provisions may not be enforceable under California law.

The California Corporations Code, Section 31125 requires Teapulse Franchise Group LLC to give you a disclosure document, approved by the Department of Financial Protection and Innovation, prior to a solicitation of a proposed material modification of an existing franchise.

If the Franchise Agreement contains a liquidated damages clause, under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires the application of the laws of New York. This provision may be unenforceable under California Law.

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

Item 17.t. is amended by adding the following: Any representations or promises outside of the Franchise Disclosure Document and other agreements may not be enforceable.

3. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT AT LEAST 14 DAYS PRIOR TO EXECUTION OF THE AGREEMENT.

4. OUR WEBSITE, www.teapulseusa.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION AND INNOVATION AT WWW.DFPI.CA.GOV.

5. Pursuant to CA 2023 Corporations Code Book Section 31512., Franchise Agreement Provisions Void as contrary to Public Policy:

Any provision of a franchise agreement, franchise disclosure document, acknowledgement, questionnaire, or other writing, including any exhibit thereto, disclaiming or denying any of the following shall be deemed contrary to public policy and shall be void and unenforceable:

(a) Representations made by the franchisor or its personnel or agents to a prospective franchisee.

(b) Reliance by a franchisee on any representations made by the franchisor or its personnel or agents.

(c) Reliance by a franchisee on the franchise disclosure document, including any exhibit thereto.

(d) Violations of any provision of this division.

6. 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.

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF HAWAII

The Disclosure Document is amended to include the following:

The following language is added to Item 5 of the FDD:

The Commissioner of Securities, requires us to defer collection of the initial franchise fee and other initial payments owed by franchisees to the franchisor and/or its affiliates until such time as the franchise is operational.

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.

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF ILLINOIS

1. The Disclosure Document is amended to include the following:

a. Paragraph 705/5(2) of the Act requires that we provide you a copy of our Disclosure Document at least 14 days prior to your signing any binding franchise agreement or other agreement or paying us any consideration.

b. Item 17 of this Disclosure Document is amended by adding the following:

In accordance with Illinois law 815 ILCS 705/4, any provision in the Franchise Agreement that designates jurisdiction or venue in a forum outside Illinois is void with respect to any action which is otherwise enforceable in Illinois, except that the Franchise Agreement may provide for arbitration outside Illinois. In addition, Illinois law will govern the Franchise Agreement.

c. The following should be added to Item 17 of this Disclosure Document:

The conditions under which we may terminate the Franchise Agreement may be affected by Illinois law, 815 ILCS 705/19 and 705/20.

2. 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.

**ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF INDIANA**

The Disclosure Document is amended to include the following:

1. Item 17 of the Disclosure Document is amended by inserting the following provision:

    Notwithstanding any other provision in this document, any release executed in connection with the Franchise Agreement, whether upon renewal or transfer, will not apply to any claims that may arise under the Franchise Disclosure Law and the Indiana Deceptive Practices Act.

2. The post termination covenant not to compete of the Disclosure Document shall not apply to a franchisee's activities outside the Territory.

3. Indiana law makes unilateral termination of a franchise unlawful unless there is a material violation of the Franchise Agreement and the termination is not done in bad faith.

4. If Indiana law requires the Franchise Agreement and all related documents to be governed by Indiana law, then nothing in the Franchise Agreement or related documents referring to Tennessee law will abrogate or reduce any of your rights as provided for under Indiana law.

5. 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.

ADDENDUM TO TEAPULSE FRANCHISE GROUP, LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MARYLAND

The Disclosure Document is amended to include the following:

1. 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.

2. Item 17 of the Disclosure Document is amended to reflect that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

3. Item 17 of the Disclosure Document is amended to state that you may sue in Maryland for any claims arising under the Maryland Franchise Registration and Disclosure Law.

4. Item 17 of the Disclosure Document is amended to state that the provision in the franchise agreement 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.)

5. Item 17 of the Disclosure Document is amended to state that the franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its rights to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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.

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF MINNESOTA

1. Item 17 of the disclosure document is hereby amended to include the following:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the Franchisor will comply with Minn. Stat. Sec. 80C. 14, Subs. 3, 4 and *5* which require, except in certain specified cases, that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

The agreements contain a liquidated damages clause. Under Minn. Rule 2860.4400J liquidated damage clauses are prohibited.

We will protect your right to use the Marks and/or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the Marks.

Minn. Rule 2860.4400D prohibits us from requiring you to assent to a general release. Any release you sign as a condition of renewal or transfer will not apply to any claims you may have under the Minnesota Franchise Law.

For Minnesota franchisees, to the extent the Franchise Agreement requires it to be governed by a state's law other than the State of Minnesota or provides for arbitration or mediation, these provisions shall not in any way abrogate or reduce any rights of the franchisee as provided for in the Minnesota Franchise Act, including the right to submit matters to the jurisdiction of the courts of Minnesota.

Section 80Cl7, Subd. *5*. of the Minnesota Franchise Act states that no civil action may be commenced for violation of the Minnesota Franchise Act more than 3 years after the cause of action accrues. Section 18.3 of the Franchise Agreement contains certain time limits on commencing actions. For Minnesota franchisees, to the extent that these limitations are inconsistent with those under the Minnesota Franchise Act, the provisions of the franchise Agreement are superseded by the Minnesota Franchise Act's requirements and shall have no force or effect.

Minn. Rule 2860.4400J prohibits you from consenting to us obtaining injunctive relief. Rather, where injunctive relief is provided for in the Franchise Agreement, you acknowledge that we may seek injunctive relief. Further, in connection with injunctive relief, you and we acknowledge that a court will determine whether a bond is required.

Minn. Stat. §604.113 implements a cap of $30 for service charges applied to NSF checks.

The State of Minnesota has imposed a fee deferral due to our financial condition, which requires that we defer the collection of all initial fees from Minnesota franchisees until we have completed all of our pre-opening obligations and you are open for business.

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.

ADDENDUM TO TEAPULSE FRANCHISE GROUP, LLC
DISCLOSURE DOCUMENT
<u>FOR THE STATE OF NEW YORK</u>

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

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

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

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

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

4. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department,

including, without limitation, actions affecting a license as a real estate broker or sales agent.

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

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

4. The following language replaces the "Summary" section of Item 17(d), titled **"Termination by franchisee"**:

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

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

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

6. Franchise questionnaires and acknowledgements - 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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF NORTH DAKOTA

The Disclosure Document is amended to include the following:

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

   However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

2. The following is added to the end of the "Summary" section of Item 17(r) of the Franchise Disclosure Document, entitled "Non-competition covenants after the franchise is terminated or expires":

   Covenants not to compete such as those mentioned above are generally considered unenforceable in the State of North Dakota; however, we and you will enforce the covenants to the maximum extent the law allows.

3. The "Summary" section of Item 17(u) of the Franchise Disclosure Document, entitled "Dispute resolution by arbitration or mediation," is deleted and replaced with the following:

   To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the United States Arbitration Act), arbitration will be at a site to which we and you mutually agree.

4. The following is added to the end of the "Summary" section of Item 17(v) of the Franchise Disclosure Document, entitled "Choice of forum":

   However, to the extent required by applicable law, you may bring an action in North Dakota.

5. The following is added to the end of the "Summary" section of Item 17(w) of the Franchise Disclosure Document, entitled "Choice of law":

   To the extent required by law, North Dakota law applies.

6. The following is added to Item 5

   Until all initial obligations have been performed by us and you have opened your Franchised Business for business, all initial fees due by you to us will be deferred. Simultaneously upon commencement of the operation of your Franchised Business, you will remit payment to us for all initial fees that have been deferred.

7. 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.

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF RHODE ISLAND

The Disclosure Document is amended to include the following:

The following language is added to the end of the "Summary" sections of Item 17(v) of the Franchise Disclosure Document, entitled "Choice of forum," and Item 17(w) of the Franchise Disclosure Document, entitled "Choice of law":

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

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.

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC
DISCLOSURE DOCUMENT
FOR THE STATE OF VIRGINIA

The Disclosure Document is amended to include the following:

This Disclosure Document is provided for your own protection and contains a summary only of certain material provisions of the Franchise Agreement. This Disclosure Document and all contracts and agreements should be read carefully in their entirety for an understanding of all rights and obligations of both the Franchisor and Franchisee.

Although the Franchise has been registered under the Virginia Retail Franchising Act as amended, registration does not constitute approval, recommendation or endorsement by the Division of Securities and retail franchising of the Virginia State Corporation Commission or a finding by the Division of Securities and Retail franchising that the information provided herein is true, complete, accurate or not misleading.

If this Disclosure Document is not delivered on time, or if it contains a false, incomplete, inaccurate or misleading statement, 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 Virginia Division of Securities and Retail Franchising, 1300 East Main Street, Richmond, Virginia 23219.

The name and address of the Franchisor's agent in Virginia authorized to receive service of process is:

Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, Virginia 23219

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Teapulse Franchise Group LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: the following statements are added to Item 17.h.

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

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.

ADDENDUM TO TEAPULSE FRANCHISE GROUP LLC DISCLOSURE DOCUMENT FOR THE STATE OF WASHINGTON

The Disclosure Document is amended to include the following:

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

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

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

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

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

If any provisions of this Disclosure Document, the Franchise Agreement are inconsistent with the relationship provisions of RCW 19.100.180 or other requirements of the Washington Franchise Investment Protection Act, the provisions of the Washington Franchise Investment Protection Act will prevail over the inconsistent provisions of this Disclosure Document or the Franchise Agreement with regard to any franchise sold in Washington.

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.

EXHIBIT H

State Effective Dates

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

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

State	Effective Date
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT I

RECEIPT

Teapulse Franchise Group, LLC FDD # - ______________________

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

If Teapulse Franchise Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

[Michigan, Oregon, Washington and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.]

IF TEAPULSE FRANCHISE GROUP, LLC DOES NOT DELIVER THIS DISCLOSURE DOCUMENT ON TIME OR IF IT CONTAINS A FALSE OR MISLEADING STATEMENT, OR A MATERIAL OMISSION, A VIOLATION OF FEDERAL AND STATE LAW MAY HAVE OCCURRED AND SHOULD BE REPORTED TO THE FEDERAL TRADE COMMISSION, WASHINGTON, D.C. 20580 AND THE STATE AGENCIES LISTED IN EXHIBIT A.

The franchisor is Teapulse Franchise Group, LLC, 212-12 Northern Blvd, Bayside, NY 11361. Its telephone number is (646) 301-3772.

Issuance Date: July 11, 2025.

The franchise seller(s) for this offering is/are (check all that apply):

☐ Yate Liu, Teapulse Franchise Group, LLC, 212-12 Northern Blvd, Bayside, NY 11361. Its telephone number is (646) 301-3772.

☐ Xuefeng Wang, Teapulse Franchise Group, LLC, 212-12 Northern Blvd, Bayside, NY 11361. Its telephone number is (646) 301-3772.

☐ Zicheng Wu, Teapulse Franchise Group, LLC, 212-12 Northern Blvd, Bayside, NY 11361. Its telephone number is (646) 301-3772.

☐ Other (Specify name, company, address and telephone number): ____________________

Teapulse Franchise Group, LLC authorizes the respective state agencies identified on Exhibit A to receive service of process for it in that particular state.

I have received a Franchise Disclosure Document with an issuance date of July 11, 2025 and with effective date(s) of state registration as described in the FDD. This Disclosure Document included the following Exhibits:

Exhibit A.	State Administrators and Agents for Service of Process
Exhibit B.	Franchise Agreement
Exhibit C.	Confidential Operating Manual Table of Contents
Exhibit D.	List of Franchisees
Exhibit E.	Financial Statements
Exhibit F.	State Addenda to Disclosure Document
Exhibit G.	State Effective Dates
Exhibit H.	This Receipt

Date: ___________________________
(Do Not Leave Blank)

Disclosee: ________________________

Printed name: ____________________

Disclosee: ________________________

Printed name: ____________________

TO BE RETURNED TO:

You may return the signed receipt either by signing, dating, and mailing it to Teapulse Franchise Group, LLC at 212-12 Northern Blvd, Bayside, NY 11361, or by scanning and e-mailing a copy of the signed and dated Receipt to info@teapulseusa.com.

RECEIPT

Teapulse Franchise Group, LLC FDD # - ______________________

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

If Teapulse Franchise Group, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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☐ Other (Specify name, company, address and telephone number): ____________________
____

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Exhibit G.	State Effective Dates
Exhibit H.	This Receipt

Date: ___________________________ (Do Not Leave Blank)

Disclosee: _______________________

Printed name: ____________________

Disclosee: _______________________

Printed name: ____________________

TO BE RETURNED TO:

You may return the signed receipt either by signing, dating, and mailing it to Teapulse Franchise Group, LLC at 212-12 Northern Blvd, Bayside, NY 11361, or by scanning and e-mailing a copy of the signed and dated Receipt to info@teapulseusa.com.