

## FRANCHISE DISCLOSURE DOCUMENT



**Infinilush Company Limited**  
a California corporation  
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San Francisco, California 94104  
+852-3507-6138  
[coco@coco-tea.com](mailto:coco@coco-tea.com)  
[www.coco-tea.com/en/](http://www.coco-tea.com/en/)

We offer a franchise to own, operate and promote a distinctive retail store and café concept offering bubble tea, brewed tea, coffee, juices, smoothies, other hot and cold beverages, packaged snacks and related products under the “CoCo” and “CoCo Fresh Tea and Juice” name and marks.

We offer 1-store or 3-store franchises. The total investment necessary to begin operation of a 1-store “CoCo Fresh Tea and Juice” franchise ranges from \$~~241,300~~221,300 to \$~~474,000~~454,000, including \$~~69,400~~49,400 to \$~~73,000~~53,000 payable to the franchisor or its affiliates. The total investment necessary to begin operation of a 3-store “CoCo Fresh Tea and Juice” franchise ranges from \$647,100 to \$1,349,000, including \$142,400 to \$146,000 payable to the franchisor or its affiliates.

This Disclosure Document summarizes certain provisions of your franchise agreement and other information in plain English. Read this Disclosure Document and all accompanying agreements carefully. You will receive this Disclosure Document at least 14 calendar days before you sign a binding agreement with, or make any payments 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 Jojo Chen at 652 Market Street, San Francisco, California 94104, +852-3507-6138, email: [coco@coco-tea.com](mailto:coco@coco-tea.com).

The terms of your contract will govern your franchise relationship. Don’t rely on this 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](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

**ISSUANCE DATE: March ~~28~~26, ~~2023~~2024**

## How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	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 H.
<b>How much will I need to invest?</b>	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.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit E includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only CoCo Fresh Tea &amp; Juice business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a CoCo Fresh Tea &amp; Juice franchisee?</b>	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	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. **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.
2. **Inventory/Supplier Control.** You must purchase all or nearly all the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
3. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes by arbitration or litigation with us only in California. Out of state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to arbitrate or litigate with us in California than in your home state.
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. **Going Concern.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.

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

**THE FOLLOWING APPLY TO**  
**TRANSACTIONS GOVERNED BY**  
**THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY**

**The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in the Michigan Franchise Investment Act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise before the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure this failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure this failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
  - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.**

Any questions regarding this notice should be directed to:

Michigan Attorney General's Office  
Consumer Protection Division  
Attention: Franchise Section  
G. Mennen Williams Building, 1<sup>st</sup> Floor  
525 West Ottawa Street  
Lansing, Michigan 48933  
Telephone Number: 517-373-7117

*Note:* ~~Despite subparagraph (f) above, we intend, and we and you agree to fully enforce the arbitration provisions of the Franchise Agreement.~~ We believe that paragraph (f) is ~~unconstitutional~~ preempted by federal law and cannot preclude us from enforcing these arbitration provisions. We will seek to enforce this section as written.

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## Item 1

### THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this franchise disclosure document (this “Disclosure Document”), “franchisor,” “we,” “us,” or “our” means Infilush Company Limited, the franchisor. “You” or “your” means the person or entity who buys the franchise from us.

#### The Franchisor.

We were organized as a California corporation. Our registered business address is 652 Market Street, San Francisco, California 94104. We do business under our corporate name and under the “CoCo” and “CoCo Fresh Tea and Juice” name. We offer and grant franchises to own, operate, and promote a distinctive café and retail store serving bubble tea, brewed tea, coffee, juices, smoothies, other hot and cold beverages, packaged snacks, and related products under the name “CoCo” and “CoCo Fresh Tea and Juice”.

Other than the operation of our franchise programs described above, the Company Stores (defined below), and the other activities described in this Disclosure Document, we do not conduct any business. Other than as disclosed above, we have never offered franchises for other concepts, but we may do so in the future. Our agents for service of process are described on Exhibit A.

#### Our Parents, Predecessors and Affiliates.

Our parent, Auster-Celeucus Holding Pte Ltd was incorporated in Singapore and has the principal address of 6 Temasek Boulevard #09-05, Suntec Tower Four, Singapore 038986 (“Auster-Celeucus”). Auster-Celeucus has never owned or operated any Stores, nor has it offered franchises for Stores or any other concepts, but it may do so in the future.

We began offering franchises for “Coco Fresh Tea and Juice” stores in March 2022, prior to which such franchises were offered by our predecessor Beyond International Co., Ltd., a Samoan private limited company, with the principal business address of Unit 536, 5/F, Lee Garden Three, 1 Sunning Road, Causeway Bay, Hong Kong. We have owned direct or indirect interests in “Coco Fresh Tea and Juice” stores in the U.S. since December 2018, and as of December 31, ~~2022~~2023, had a direct or indirect ownership interest in 25 “Coco Fresh Tea and Juice” stores in the U.S. (the “Company Stores”).

We have no affiliates required to be disclosed in Item 1.

#### The Franchise.

We offer and grant franchises to own, operate and promote a distinctive café and retail store serving bubble tea, brewed tea, coffee, juices, smoothies, other hot and cold beverages, packaged snacks and related products we authorize (each, a “Store”).

You will sign a franchise agreement to acquire a franchise to operate either 1 Store or 3 Stores (the “Franchise Agreement”). Our current form Franchise Agreement is attached to this Disclosure Document as Exhibit B. You and we will determine whether you acquire a 1-Store franchise or a 3-

Store franchise prior to the time you sign your Franchise Agreement. You may request that we grant you the right to develop additional Stores (the “Additional Stores”) under the terms of the Franchise Agreement. If we provide you the right to develop and open Additional Stores, you must sign the Franchise Agreement Supplement attached hereto as Exhibit B-1 and pay our then current franchise fee identified therein (the “Subsequent Franchise Fee”). We refer to the Store(s) that you will operate under your Franchise Agreement, including any Additional Stores you agree to develop, as “Your Store(s)”. We refer the business of operating Your Store(s) under your Franchise Agreement as “Your Franchise Business”. You must develop and open each of Your Store(s) by the deadlines specified in Exhibit B of your Franchise Agreement (your “Development Schedule”) and within the geographic area specified in the Franchise Agreement (the “Development Territory”).

Stores operate under the names “CoCo”, “CoCo Fresh Tea & Juice” and other trademarks, service marks, logos, and commercial symbols we periodically authorize (the “Marks”). Stores have distinctive and proprietary business formats, methods, procedures, designs, layouts, standards, and specifications, all of which we may improve, further develop, or otherwise modify over time (together, the “Franchise System”). Under the Franchise Agreement, you will receive the right to use the Marks and the Franchise System to operate Your Store(s) at sites selected by you and approved by us (the “Premises”). For each of Your Store(s), you must execute a store rider in the form attached as Exhibit C to the Franchise Agreement when the Premises is approved by us and before opening Your Store (the “Store Rider”).

We may grant to existing franchisees the exclusive right to develop and operate Stores in the reserved territory we identify in the Territorial Rights Amendment (the “Exclusive Development Territory”). If we provide you the Exclusive Development Territory, you must sign the Territorial Rights Amendment attached as Exhibit B-2 hereto and pay us a territory fee as identified therein. You must also commit to developing the number of Stores we require in the Exclusive Development Territory (your “Minimum Development Obligation”). We will not operate or grant franchises for the operation of a Store in the Exclusive Development Territory so long as you meet your Minimum Development Obligations and are otherwise in compliance with the Franchise Agreement and Territorial Rights Amendment.

### **Market Competition and Regulations.**

Your competition includes all restaurant and retail store concepts, particularly restaurants and retail stores offering healthy food, juice, tea, bubble tea, coffee and/or smoothies. You will be competing with such restaurants and retail stores both for customers and for locations. The market for food products and services is highly competitive and mature.

You should consider that certain aspects of the food business are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local departments of health and other agencies have laws and regulations concerning the preparation of food, display of nutrition facts and sanitary conditions of restaurant facilities. State and local agencies routinely conduct inspections for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. You will need to understand and comply with these laws in operating Your Franchise Business. There may be other laws applicable to Your Franchise Business. We urge you to make further inquiries about these laws.

## Item 2

### BUSINESS EXPERIENCE

#### Warren Chen: Chief Executive Officer

Mr. Chen has served as our Chief Executive Officer and Secretary since November 2019. He has also served as VP of International Headquarter for our affiliate OCOCO International Co., Ltd. since February 2018 and has primarily performed ~~this~~[these](#) positions in Taipei, Taiwan.

#### Ching-Chian Hung: Chief Financial Officer

Ms. Hung has served as our Chief Financial Officer since November 2019. She has also served as Director for our affiliate OCOCO International Co., Ltd. since September 2013 and has primarily performed ~~this~~[these](#) positions in Taipei, Taiwan.

#### Jojo Chen: Franchise Manager

Ms. Chen has served as our Franchise Manager since May 2021, before which she was our Operating Manager from January 2020 to May 2021- [in Taipei, Taiwan](#). She has also served as the Designated Officer Broker for Bay Port Group Real Estate Inc. in Oakland, California since January 2021. Prior to that, Ms. Chen served as (i) New Store Construction Project Manager and Operation Consultant of HIG Management, LLC in Las Vegas, Nevada from February 2019 to January 2020; [and](#) (ii) Regional Operating Manager of HIG Management, LLC- from January 2015 to February 2019 in Las Vegas, Nevada; ~~(iii) Broker Associate of Skyway Investment Corporation in Arcadia, California from August 2018 to February 2019; and (iv) Manager Broker of 101 American Realty, Inc. in Azusa, California from October 2013 to May 2018. Ms. Chen was between positions from May 2018 to August 2018.~~

#### Chien-Chi Kuo: Director

Mr. Kuo has served as our Director since April 2018. He has also served as Director for OCOCO International Co., Ltd. since September 2009 and has primarily performed ~~this~~[these](#) positions in Taipei, Taiwan.

## Item 3

### LITIGATION

No litigation is required to be disclosed in this Item.

#### Item 4

### BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

#### Item 5

### INITIAL FEES

**Initial Franchise Fee.** You will pay us an initial franchise fee of \$120,000 for a 3-Store franchise or ~~\$60,000~~40,000 for a 1-Store franchise (the “Initial Franchise Fee”). The Initial Franchise Fee is payable not later than 5 days before your scheduled attendance in the Initial Training Program (defined in Item 11). The Initial Franchise Fee is payable in a lump sum and is not refundable in whole or in part under any circumstances. In our prior fiscal year, we ~~negotiated certain franchise agreements resulting in~~charged an Initial Franchise Fees ~~ranging from~~of ~~\$0 to \$60,000~~15,000 for a 1-Store dual-branded franchise, and an Initial Franchise Fee of \$45,000 for a 3-Store non-traditional franchise, otherwise the Initial Franchise Fee was uniformly imposed.

**Legal Processing Fee.** You must pay us a fee equal to \$5,000 for a 3-Store ~~F~~ranchise or \$2,000 for a 1-Store franchise within 7 days of signing your Franchise Agreement or subsequent Franchise Agreement Supplement (the “Legal Processing Fee”). The Legal Processing Fee is intended to reimburse our costs associated with processing the franchise documents for Your Franchise Business, including preparation of your Franchise Agreement or Franchise Agreement Supplement, as applicable; however, the Legal Processing Fee will not be modified based on the specific costs we incur. The Legal Processing Fee is ~~uniformly imposed,~~ payable in a lump sum and is not refundable in whole or in part under any circumstance. In our prior fiscal year, we charged a Legal Processing Fee of \$2,000 for a 3-Store non-traditional franchise, otherwise the Legal Processing Fee was uniformly imposed.

**Security Deposit.** You must pay us a deposit in the amount of \$5,000 per Store ~~up to \$20,000 in total~~ within 7 days of signing your Franchise Agreement, ~~but not later than 5 days prior to your scheduled attendance in the Initial Training Program~~ (the “Security Deposit”). We will return the Security Deposit to you within 30 days upon the expiration of the term of the Franchise Agreement, if you have complied with all terms of your Franchise Agreement, otherwise the Security Deposit is not refundable in whole or in part under any circumstance. ~~The~~In our prior fiscal year, we charged a Security Deposit is of \$10,000 for a 3-Store non-traditional franchise, otherwise the Security Deposit was uniformly imposed.

**Initial On-Site Assistance.** For the first Store that you develop, we will make at least 1 assistance staff member available to provide you Initial On-Site Assistance (as defined in Item 11), which may start any time up to 30 days prior to the scheduled opening date of the first Store (but we will not be required to send any of our representatives on-site if it is unsafe, prohibited by applicable law, or impractical due to travel restrictions and/or similar limitations). You will be responsible for reimbursing us the costs and expenses of all local travel, transportation and living expenses and out-of-pocket costs the trainer incurs in providing Initial On-Site Assistance, including, food, lodging, transportation, mobile communication fees, and a reasonable monthly allowance (“Assistant’s Expenses”). We currently estimate that the amount of the Assistant’s Expenses will be \$2,400 to \$6,000

for your first Store, depending primarily on the location of Your Store and duration of on-site assistance. You must pay us the Assistant’s Expenses before opening your first Store. All amounts you pay for Initial On-Site Assistance are uniformly imposed, are fully earned when paid, and are not refundable under any circumstances.

**Item 6**

**OTHER FEES**

NAME OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Royalty <u>Fee</u>	6% of your Net Sales from the preceding month <sup>3</sup>	Monthly	You will pay us a Royalty <del>Fee</del> within 7 days of invoice. <sup>2</sup>
Security Deposit Replenishment	Amount applied to past due balance	As incurred	We have the right under the Franchise Agreement to apply your Security Deposit to past due amounts you owe us or our affiliates, in our sole discretion. If we apply any portion of the Security Deposit to past due amounts, you must replenish the balance such that the Security Deposit that we hold is never less than \$5,000 per Store, <del>with a maximum of \$20,000 if you have acquired multiple Stores.</del>
Marketing Fund Contribution	<del>Up</del> <u>Not currently charged (subject to change, up to 2% of your Net Sales from the preceding month)</u> <sup>3, 4</sup>	Monthly	We do not currently administer a Marketing Fund (defined in Item 11), <del>though we may establish one in the future.</del> If we establish a Marketing Fund, we may require that you contribute up to 2% of your Net Sales to the Marketing Fund, <del>which we will use to promote the Marks and the “CoCo” brands generally.</del> Your total marketing contributions will not exceed the Maximum Advertising Expenditure (defined in Item 11).
Local Advertising Cooperative	<del>Not</del> <u>Currently, none— charged (Fees established when formed, and subject to change)</u>	As incurred	We do not currently have any Local Advertising Cooperatives associated with the franchise system. If one is formed in your region, you may be required to contribute to the Local Advertising Cooperative, subject to your Maximum Advertising Expenditure. If any of our Company Stores are in the region of any Local Advertising Cooperative, such Company Stores may also vote on the same basis as franchised Stores, including on fees.

NAME OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Additional Assistance Fee <sup>5</sup> <u>5</u>	<del>Then current charge, currently between</del> \$200 - \$250 per day <u>(subject to change)</u> , plus any Assistant's Expenses	As incurred	You must pay this if we determine that you require more Initial On-Site Assistance (defined in Item 11) for the first Store you develop than provided under your Franchise Agreement, or any Initial On-Site Assistance <u>is provided</u> for your second or subsequent Store (if applicable). You will also be responsible for all of our Assistant's Expenses during all Initial On-Site Assistance. We may also charge this fee if we agree to provide you any other additional or special guidance, assistance, or training.
Territory Fee	The fee will be specified under Territorial Right Amendment	As incurred	If you <del>elect to</del> sign a Territorial Rights Amendment, you will pay us a non-refundable territory fee (the "Territory Fee") when you sign the Territorial Rights Amendment. We currently estimate that the Territory Fee will equal \$50,000 for each 500,000 persons present in the Exclusive Development Territory, but the amount of the fee may vary depending on the demographics of the Exclusive Development Territory. <del>We estimate the Territory Fee to cost between \$50,000 and \$100,000. Population calculations are based on then current U.S. Census Bureau statistics.</del> The Territory Fee will be paid in addition to any fees incurred under the Franchise Agreement that you sign and will not be credited towards any amounts owed under any Franchise Agreement. <del>Such fee is payable upon signing the Territorial Rights Amendment and is not refundable</del>
Subsequent Franchise Fee	<del>The then current franchise fee \$40,000</del> <u>(subject to change)</u> (identified on the Franchise Agreement Supplement <del>(currently, the Subsequent Franchise Fee is \$40,000)</del> )	As incurred	You will pay us a Subsequent Franchise Fee for any Additional Store you wish to open or are required to open under the Territorial Rights Amendment (subject to our approval). The Subsequent Franchise Fee may be payable in lump sum or in installments, as described in the Franchise Agreement Supplement. The Subsequent Franchise Fee is payable upon our acceptance of your proposed site for the Store and no later than signing the Store Rider.

NAME OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Transfer Fee	Equal to 50% of the total franchise fee you pay under the Franchise Agreement	Before transfer is completed	Payable as a condition of transfer. However, if your transfer is of a non-controlling interest, then you must pay only our reasonable out-of-pocket costs for processing the transfer, including attorneys' fees.
Relocation Fee	\$10,000	Before relocation	If we allow you to relocate the Premises, this relocation will be at your own expense and you will pay us a fee.
Audit	Understated amounts, plus interest, plus amount of audit fees and related expenses	Within 15 days after receiving the examination report	Due if you fail to furnish any reports we require or understate Net Sales <sup>3</sup> <sup>3</sup> by more than 2%.
Re-Inspection Fees	Our costs and expenses	As incurred	You must reimburse our costs if we conduct re-inspections or follow-up visits to any of Your Store(s) because you either failed a system inspection, and/or we were unable to gain access to the Premises for the inspection.
Interest	Lesser of 2% per month, or highest commercial contract interest rate allowed by law	As incurred	Due on all overdue amounts and accruing as of the original due date.
Late Report Fee	2% of that the Net Sales from the month in which the report was due, per day	As incurred	Due if you fail to deliver to us any required statement of Net Sales when due.
Insufficient Funds	\$100 per instance	As incurred	Due each time we attempt to debit your business account and we receive a notice of insufficient funds.
<a href="#">De-Identification</a>	<a href="#">Reimbursement of our expenses</a>	<a href="#">On demand</a>	<a href="#">If your Franchise Agreement is terminated and you do not complete any required de-identification actions, we can undertake such corrections and you must reimburse our costs.</a>
Indemnification	Will vary under circumstances	As incurred	You will reimburse us and our affiliates if any of us are held liable for claims related to Your Franchise Business or the Franchise Agreement.
Costs and Attorney's Fees	Will vary under circumstances	As incurred	Prevailing party in an action or proceeding will pay costs and attorneys' fees of the non-prevailing party.

NAME OF FEE <sup>1</sup>	AMOUNT	DUE DATE	REMARKS <sup>2</sup>
Testing of new product/supplier	<del>You will reimburse</del> our costs, plus a <del>reasonable</del> -fee <del>(currently, of</del> \$100-\$300 per hour <del>(subject to change)</del>	As incurred	We may charge you an amount up to the reasonable cost of the inspection and the actual cost of the test, <u>plus our then-current fee.</u>
Technology Fee	<del>Will vary under the circumstances based on the cost of the technology used as part of the System</del> <del>(n</del> Not currently charged <del>(subject to change)</del>	As incurred	We do not currently but may charge you a technology fee in connection with offering technology support, developing or licensing proprietary software, or providing other technology- <u>related</u> <del>related</del> -services or products.

### **Explanatory Notes**

1. Except as described in this Item 6, all fees are imposed and collected by and payable to us, though we may transfer these rights to our affiliates or agents designated by us. Except as described above, ~~F~~these fees are not refundable and are uniform to all potential franchisees.
2. You must pay the Royalty ~~f~~Fees, ~~the~~Marketing Fund Contributions and other amounts due under the Franchise Agreement as we periodically prescribe. We may require all payments to be made through an electronic funds transfer system that allows us to debit a business account you designate for all amounts you owe us on their due dates or the next business day if the due date is a national holiday or a weekend day. You will ensure that funds are available in your designated account to cover our withdrawals. If we require payments be made by electronic funds transfer, the amounts that we debit from your account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date. We may require you to make payments through any other method at any time, and you must comply with our payment instructions.
3. “Net Sales” means all revenue that you derive, directly or indirectly, from operating Your Franchise Business, including all amounts or other consideration you receive at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Net Sales does not include any federal, state, or municipal sales, use or service taxes collected from customers and paid to the appropriate taxing authority. There will be no deductions to Net Sales for: (i) discounts or price reductions, or (ii) uncollected or uncollectible accounts. Net Sales does not include gratuityies or tips. If we authorize or require participation in online group-bought deals, gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards shall be included in Net Sales in accordance with our then current guidelines for calculating Net Sales, which may include calculating such amounts, at our option, as either (i) the purchasing value of such certificate, card or deal when it is redeemed at Your Franchise Business, or (ii) the amount of the payment you received for such certificate, card or deal at the time of its sale.

4. We may, upon 30 days prior written notice to you, change the required Marketing Fund Contribution, subject to the Maximum Advertising Expenditure.

5. You will also pay all Assistant's Expenses incurred by any of our assistants or staff we send to Your Store(s) to provide you assistance.

**Item 7**

**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT**

<b>TYPE OF EXPENDITURE</b>	<b>AMOUNT</b>		<b>METHOD OF PAYMENT<sup>1</sup></b>	<b>WHEN DUE</b>	<b>TO WHOM PAYMENT IS TO BE MADE</b>
<b>AMOUNTS PAID TO US OR OUR AFFILIATES</b>					
	<b>1-Store Franchise<sup>2</sup></b>	<b>3-Store Franchise<sup>3</sup></b>			
Initial Franchise Fee <sup>4</sup>	<del>\$60,000</del> <u>40,000</u>	\$120,000	Lump sum	<del>After signing Franchise Agreement, but not</del> <u>No</u> later than 5 days prior to your attendance in the Initial Training Program	Us
Legal Processing Fee <sup>5</sup>	\$2,000	\$5,000	Lump sum	Within 7 days after signing your Franchise Agreement or Franchise Agreement Supplement	Us
Security Deposit <sup>6</sup>	\$5,000	\$15,000	Lump sum	Within 7 days after signing your first Franchise Agreement; <del>but not later than 5 days prior to your attendance in the Initial Training Program</del>	Us
Initial On-Site Assistance <sup>7</sup>	\$2,400 - \$6,000	\$2,400 - \$6,000	As incurred	Before you open your first Store	Us

<b>SUBTOTAL</b>	<del>\$69,400</del> <u>49,400</u> - <del>\$73,000</del> <u>53,000</u>	\$142,400 - \$146,000			
<b>AMOUNTS PAID TO <del>THIRD</del> <u>THIRD</u>-PARTIES</b>					
	<b>1-Store Franchise<sup>2</sup></b>	<b>3-Store Franchise<sup>3</sup></b>			
Opening Inventory <sup>8</sup>	\$40,000 - \$50,000	\$120,000 - \$150,000	As incurred	Before you open Your Store(s)	<del>Third</del> <u>Third</u> -Parties, including designated suppliers
Leasehold Improvements <sup>9</sup>	\$50,000 - \$80,000	\$150,000 - \$240,000	As incurred	Before you open Your Store(s)	Third Parties
Furniture and Fixtures <sup>10</sup>	\$27,000 - \$44,000	\$81,000 - \$132,000	As incurred	Before you open Your Store(s)	Third Parties, including designated suppliers
Interior and Exterior Signage	\$500 - \$100,000	\$1,500 - \$300,000	As incurred	Before you open Your Store(s)	Third Parties
Approved Location – Initial Rental Payments and Deposits <sup>11</sup>	\$7,000 - \$40,000	\$21,000 - \$120,000	As incurred	As incurred	Third Parties
Utility Deposit and Fees <sup>12</sup>	\$500 - \$2,000	\$1,500 - \$6,000	As incurred	As incurred	Third Parties
Other Initial Inventory and Opening Supplies <sup>13</sup>	\$8,000 - \$15,000	\$24,000 - \$45,000	As incurred	As arranged	Third Parties
Insurance <sup>14</sup>	\$8,000 - \$12,000	\$24,000 - \$36,000	As incurred	Before you open Your Store(s)	Insurance Companies
Training: Living and Travel Expenses <sup>15</sup>	\$3,500 - \$6,000	\$3,500 - \$18,000	As incurred	Before you open Your Store(s)	Third Parties
Professional Fees <sup>16</sup>	\$2,000 - \$5,000	\$2,000 - \$15,000	As incurred	Before you open Your Store(s)	Third Parties
Grand Opening Advertising <sup>17</sup>	\$5,000	\$15,000	As incurred	Before you open Your Store(s)	Third Parties

Business License and Permits	\$400 - \$2,000	\$1,200 - \$6,000	As incurred	As incurred	Government agencies
Additional Funds - 3 months <sup>18</sup>	\$20,000 - \$40,000	\$60,000 - \$120,000	As incurred	As incurred	Employees, utilities, suppliers, and other <del>Third</del> Parties
<b>SUBTOTAL:</b>	<b>\$171,900 - \$401,000</b>	<b>\$504,700 - \$1,203,000</b>			
<b>TOTAL ESTIMATED INITIAL INVESTMENT<sup>17</sup></b>	<del>\$241,300</del> <u>22</u> <del>1,300</del> - <del>\$474,000</del> <u>45</u> <u>4,000</u>	\$647,100 - \$1,349,000			

### Explanatory Notes

1. Except as otherwise provided, none of the amounts payable to us or our affiliates in this table are refundable under any circumstances. All amounts payable to third parties will be paid pursuant to the terms of your agreement with these respective third parties.
2. This estimate assumes you acquire a franchise for 1 Store.
3. This estimate assumes you acquire a franchise for 3 Stores. This estimate is based on our current estimated cost associated with developing 3 Stores. However, your Development Schedule may include the development of Stores at intervals in the future. We do not provide an estimate in this Disclosure Document of the costs associated with developing a Store at any future date, which may be impacted by a number of factors, including changes to our System Standards and the prevailing market rates for goods and services.
4. As described in Item 5, the Initial Franchise Fee is ~~\$60,000~~40,000 for a 1-Store franchise or \$120,000 for a 3-Store franchise. The Initial Franchise Fee is payable after you sign the Franchise Agreement, but not later than 5 days prior to your scheduled attendance in the Initial Training Program.
5. As described in Item 5, you will pay the Legal Processing Fee at the same time you pay the Initial Franchise Fee or any Subsequent Franchise Fee.
6. As described in Item 5, you will pay a Security Deposit for the Franchise Agreement you sign. We will return the Security Deposit, within 30 days upon expiry of your Franchise Agreement if you have fully complied with all terms in your Franchise Agreement.
7. You will be responsible for the Assistant's Expenses associated with Initial On-Site Assistance for your first Store. We will be responsible for the costs associated with any international flights and the monthly salary of our assistance staff member(s) during the period we send him/her to Your Store(s). We may also charge you our then-current assistance fee if we determine that you require more Initial On-Site Assistance than provided under the terms of your Franchise Agreement for the first Store you develop, or any Initial On-Site Assistance for your second or subsequent Store (if applicable)

(as further described in Item 11); however, the estimate above assumes that no such additional Initial On-Site Assistance is required for Your Store(s).

8. As described in Item 8, you must purchase certain opening supplies and inventory from our designated exclusive supplier, including tea leaf, creamer, tapioca, tea brewer, sealing machine, fructose dispenser machine, coffee, juices, smoothies, other hot and cold beverages, pre-packaged snacks and other merchandise or products sold by Your Store(s). Due to differences in local laws, prices, suppliers, geography and commercial practices, you may elect to carry a larger inventory. The cost of your opening supplies and inventory will depend on the brands purchased, local costs, amounts purchased, and other factors.

9. Leasehold improvements include lighting, flooring, cooling/heating systems and other costs associated with initial build-out. Depending on the terms you negotiate with your landlord, the landlord may contribute to your interior build-out and your costs will vary based on the level of contribution from the landlord. The cost of your initial interior build-out will also depend on the brands purchased, local market conditions and other factors.

10. The cost of the furniture and fixtures will depend on the brands purchased, freight and installation costs, applicable state and local taxes and other factors. This estimate also includes the cost of the Computer System (as defined in Item 11), including hardware and the point-of-sale system we require you to maintain.

11. The cost of acquiring or leasing your Premises will vary significantly depending upon the market in which the proposed site is located. A suitable building for a Store will be at least 1,000 square feet. Local market conditions, changes in the economy and inflation will all contribute to your real property costs. The location of the parcel of real property, its relationship to and the nature of any adjoining uses, and its accessibility will affect both its size and price. Lease agreements vary but usually require the lessee to pay for maintenance, insurance, taxes and any other charges or expenses for the land and building and the operation of Your Store(s) or they may require that the lessee reimburse the lessor for its proportionate share of these payments (plus interest) made for the lessee and pay minimum monthly rent and/or percentage rent. We will approve your Premises. The estimate above includes our estimate for 3 months' rent, plus a 1-month security deposit.

12. Utilities include gas service, electric service and other utilities as you might need to operate Your Store(s). Utility companies may also require you to place a deposit before installing telephone, gas, electricity and related utility services. These deposits may be refundable in accordance with the agreements made with the utility companies.

13. Other inventory and opening supplies consist of ice makers, induction cookers, boilers or any other product we recommend to you. Due to differences in local laws, prices, suppliers, geography and commercial practices, you may elect to carry a larger inventory. The cost of your opening supplies and inventory will depend on the brands purchased, local costs, amounts purchased, and other factors.

14. You will obtain and maintain certain types and amounts of insurance. Insurance costs depend on policy limits, types of policies, nature and value of physical assets, Net Sales, number of employees, wages paid, square footage, location, business contents, and other factors bearing on risk exposure. Insurance providers may require either an annual payment or semi-annual installments. The estimates contemplate a quarterly installment and includes only your first quarter of premiums. These estimates

also include an allocation of the premium you will pay in connection with the workers' compensation insurance you are required to obtain for your employees. However, workers' compensation insurance will vary from state to state. You should review the rates in the state in which you are opening Your Franchise Business for an estimate of the premium you will pay.

15. This includes transportation, food, insurance, lodging, and other expenses that your Operating Partner and your Designated Managers (if applicable) will incur attending the Initial Training Program in Taiwan. These expenses may vary based on the distance travelled and the standard of living your attendees desire while attending the Initial Training Program. As described in Item 11, your Operating Partner is only required to attend the Initial Training Program for the first Store you develop, and your Designated Manager (if applicable) is only required to attend the Initial Training Program for the first Store you develop if you have acquired a franchise for 3 Stores. However, we recommend that your Operating Partner and the Designated Manager (if applicable) also attend the Initial Training Program for any additional Stores that you develop. The estimate above for a 3-Store Franchise Business provides a low end-range assuming that your Operating Partner and a Designated Manager only attend the Initial Training Program for your first Store, and the high-end range assuming that you send your Operating Partner and a Designated Manager for all 3 Stores you develop to the Initial Training Program.

16. This includes fees for legal (e.g., franchise documentation review) and start-up costs associated with the franchisee's new corporate entity. These costs will vary based on the amount of professional services you elect to use, and the cost of the service providers you elect to retain.

17. This includes the estimated costs of advertising Your Store(s)'s grand opening. These costs will vary based on the amount of marketing you wish to conduct, the campaigns you choose and cost of any services you engage to support your advertising efforts.

18. This item estimates your initial start-up expenses (other than the items identified separately in the table) for Your Franchise Business' first 3 months of operation, including miscellaneous supplies and equipment, payroll costs, petty cash, and other miscellaneous costs.

19. The estimated initial investment figures shown above for constructing and opening Your Franchise Business are based primarily on the costs incurred by our affiliates in opening and managing Company Stores. The estimated initial investment figures provided in this chart assume that your Operating Partner is not paid any salary or wages, and do not include an estimate of such amounts or any other associated payroll costs for your Operating Partner. The estimated initial investment figures do not include the cost of any financing that you may obtain. We do not offer financing directly or indirectly for any part of the initial investment.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Specifications for Products, Services and Suppliers.**

We have developed and may continue to develop standards and specifications for types, models and brands of required fixtures, furniture, equipment, components of the Computer System,

furnishings, signs, and other products, materials, supplies and services to be used by Your Franchise Business (collectively, the “Operating Assets”). You must purchase and use only the products and services meeting our standards and specifications.

We also have developed or may develop standards and specifications for suppliers and distributors of certain products and services, including by designating certain suppliers and distributors as an approved supplier, or the exclusive supplier of certain products or services. If we do so, you must purchase the specified products and services only from distributors and suppliers that meet our standards and specifications, or that we have approved. Our affiliates or we may be a designated or approved supplier or distributor, or otherwise be a party to these transactions. We may change our standards and specifications for products, services, or suppliers periodically.

Currently, neither we nor any of our affiliates is an approved or designated supplier of any products or services to franchisees, though we may be in the future. Currently, you must purchase all products that we deem to be essential ingredients (the “Essential Ingredients”) from our designated exclusive supplier. If we provide you notice that any product or service has been categorized as an Essential Ingredient, you will not purchase that product from any other supplier. We may determine what products and services constitute Essential Ingredients. You must purchase all other raw materials, food and beverage inventory, and other core products and services from suppliers we approve. ~~Neither we nor our affiliates derived any revenue from franchisee purchases during our last fiscal year.~~ In our prior fiscal year ended December 31, 2023, we derived \$116,798.92 in revenue from isolated sales of certain inventory to franchisees under unique circumstances.

Approval of a product or supplier may be conditioned on requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service (including prompt attention to complaints), or other criteria. We may elect not to issue to you or any of our approved suppliers (except as we deem necessary for purposes of production) these standards and specifications. Our standards and specifications for products and services, and criteria for suppliers, are not currently issued to franchisees or approved suppliers.

If you would like us to consider approving a supplier that is not an approved supplier, you must submit your request in writing before purchasing any items or services from that supplier. We will make all determinations about whether to approve an alternative supplier based on our then-current criteria, which may change from time to time. We have the right to inspect the proposed supplier’s facilities and to require that product samples from the proposed supplier be delivered either directly to us or to a third party we designate for testing. We may also refuse to consider and/or approve any proposed alternative supplier for any reason whatsoever. We may charge you a fee to evaluate any proposed alternative suppliers (currently, \$100 - \$300 per hour, plus expenses). We may, with or without cause, revoke our approval of any supplier at any time. We may periodically re-inspect the facilities and products of any approved supplier periodically. If you operate multiple Stores, we may also elect to approve a supplier only for some, but not all, of Your Stores. If you operate multiple Stores, the System Standards may also vary among Your Stores. We will typically notify you in writing of the approval or rejection of the proposed supplier within 60 days.

Collectively, the purchases you obtain according to our specifications or from approved or designated suppliers, including materials and equipment necessary to open Your Franchise Business

represent approximately 75% of your total purchases to establish Your Franchise Business and up to 80% of your total purchases to operate Your Franchise Business.

### **Insurance.**

In addition to the purchases or leases described above, you will also obtain and maintain, at your own expense and from carriers who maintain a Best's Financial Strength rating of "A-/VIII" or above, the minimum insurance coverage that we periodically require under the Operations Manual. Currently, we require the following types of minimum coverage: general liability (\$1,000,000), damage to Premises (\$100,000), personal injury (\$1,000,000), motor vehicle combined (\$1,000,000), product liability (\$2,000,000), employment practices liability insurance (\$500,000), employee workmen's compensation (statutory limits), general aggregate umbrella (\$2,000,000). The general liability insurance will cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with Your Franchise Business or activities of your personnel in the course of their employment. We may require that you obtain all or a portion of your insurance policies from a designated supplier. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each insurance policy must name us and any affiliates we designate as additional named insureds and provide for 30 days' prior written notice to us before the cancellation or material change of the policy. Each insurance policy will contain a waiver of all subrogation rights against us, our affiliates and their successors and assigns. You will routinely furnish us copies of your certificates of insurance or other evidence of your maintaining this insurance coverage and paying premiums.

### **Purchase Agreements, Material Benefits and Revenue.**

We may concentrate purchases with one or more suppliers to obtain lower prices, advertising support and/or services for any group of Stores franchised or operated by us or our affiliates. We may also designate a single supplier for any product, service, Operating Asset, or other material, or approve a supplier only for certain products. We and/or our affiliates may derive revenue based on your purchases (including from charging you for products and services we or our affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments, services or consideration we receive from suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our affiliates may use such revenue or profit without restriction. Currently, we have not negotiated any arrangements with any suppliers or vendors to receive any benefit or consideration based on franchisee purchases, and neither we nor our affiliates derived revenue or other material consideration from suppliers on the basis of required purchases or leases by franchisees in our last fiscal year. We do not provide material benefits to franchisees for purchasing particular products or services or using designated or approved suppliers. We also may establish purchasing programs with certain suppliers for supplies, equipment, and other materials. As of the issuance date of this Disclosure Document, there are no purchasing or distribution cooperatives for Stores.

As of the issuance date of this Disclosure Document, none of our officers own any interest in any of the approved suppliers.

**Item 9**

**FRANCHISEE’S OBLIGATIONS**

**This table lists our principal obligations under the ~~f~~Franchise ~~a~~Agreement. It will help you find more detailed information about your obligations in these agreements and in other items of this Disclosure Document.**

OBLIGATION	SECTION(S) IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
(a) Site selection and acquisition/lease	Sections 2A and 2B <del>of Franchise Agreement</del>	Item 11
(b) Site development and other pre-opening requirements	Section 2 <del>of Franchise Agreement</del>	Items 7, 8, and 11
(c) Initial and ongoing training	Sections 4A, 4B and 4C <del>of Franchise Agreement</del>	Items 6, 7, and 11
(d) Opening	Section 2I <del>of Franchise Agreement</del>	Item 11
(e) Fees	Sections 3, 4A-C, 8E, 9, 12C, and 13A <del>of Franchise Agreement</del>	Items 5, 6, 7, 8 and 11
(f) Compliance with standards and policies/Operations Manual	Sections 4D and 8 <del>of Franchise Agreement</del>	Items 8 and 11
(g) Trademarks and proprietary information	Sections 5 and 6 <del>of Franchise Agreement</del>	Items 13 and 14
(h) Restrictions on products/services offered	Sections 8D and 8K <del>of Franchise Agreement</del>	Items 8, 11, and 16
(i) Warranty and customer service requirements	Section 8F <del>of Franchise Agreement</del>	Item 11
(j) Territorial development and sales obligations	Section 2A and Exhibit B <del>of the Franchise Agreement</del>	Item 12
(k) On-going product/service purchases	Sections 2G, 2H, 8A, 8B, 8E and 8J <del>of Franchise Agreement</del>	Items 8 and 11
(l) Maintenance, appearance and remodeling requirements	Section 8A, 8B and 8C <del>of Franchise Agreement</del>	Items 8 and 11

OBLIGATION	SECTION(S) IN FRANCHISE AGREEMENT	DISCLOSURE DOCUMENT ITEM
(m) Insurance	Section 8J <del>of Franchise Agreement</del>	Items 7 and 8
(n) Advertising	Section 9 <del>of Franchise Agreement</del>	Items 6, 7 and 11
(o) Indemnification	Section 16D <del>of Franchise Agreement</del>	Item 6
(p) Owner's participation/ management/staffing	Sections 1C and 8H <del>of Franchise Agreement</del>	Items 11 and 15
(q) Records and reports	Section 10 <del>of Franchise Agreement</del>	Item 6
(r) Inspections and audits	Section 11 <del>of Franchise Agreement</del>	Items 6 and 11
(s) Transfer	Section 12 <del>of Franchise Agreement</del>	Items 6 and 17
(t) Renewal	Section 13 <del>of Franchise Agreement</del>	Item 17
(u) Post-termination obligations	Section 15 <del>of Franchise Agreement</del>	Item 17
(v) Non-competition covenants	Sections 7 and 15E <del>of Franchise Agreement</del>	Item 17
(w) Dispute resolution	Section 17 <del>of Franchise Agreement</del>	Item 17

### Item 10

### FINANCING

We do not offer direct or indirect financing. We do not guarantee your promissory notes, mortgages, leases or other obligations. Under the Franchise Agreement, you must secure our approval of any debt for which the assets of Your Franchise Business will be used as collateral.

## Item 11

### FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

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

#### Assistance to Begin Operation of a Store.

Before you open any of Your Store(s), we or our designees will:

1. Either accept or not accept a proposed site for Your Store(s). (Franchise Agreement – Section 2B)
2. Provide you specifications for Your Store(s), including requirements for dimensions, design, image, interior layout, decor, Operating Assets, color scheme, interior decorating services, and designated and approved suppliers for your purchase of all necessary products and supplies. (Franchise Agreement – Sections 2F, 2G, 2H and 8). Other than providing you our specifications, we do not provide you any assistance with procuring, delivering, or installing equipment, signs, fixtures, opening inventory or supplies.
3. Review your proposed development and construction plans and specifications (including, any revisions to such plans and specifications) for Your Store(s) and either accept or not accept such plans and specifications. (Franchise Agreement – Section 2F)
4. Inspect Your Store(s) prior to your grand opening to confirm whether it meets our minimum standards and specifications and provide you confirmation in writing when Your Store(s) is approved to open. (Franchise Agreement – Sections 2I)
5. Prior to the opening of your first Store, we will provide Initial On-Site Assistance. (Franchise Agreement – Section 4B)
6. Provide the Initial Training Program to your Operating Partner and your Designated Manager (if applicable) for that Store, in a location or facility we designate (~~currently~~which may be located in Taipei, Taiwan, Republic of China). (Franchise Agreement – Sections 4A)
7. Provide you one copy of the Operations Manual. (Franchise Agreement – Section 4D)

#### Site Selection.

If the Premises of any of Your Store(s) is not specified on Exhibit B of the Franchise Agreement, you must submit to us a site-evaluation report (the “Site Evaluation Report”), a form we may prescribe to you, containing information that supports your selection of a proposed site for the Premises. The Site Evaluation Report must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. We may also require that you hire a service provider that we designate, which may be one of our affiliates, to assist you with the site selection process. Upon receiving your Site Evaluation Report, we will accept or not accept the proposed site.

If we accept the proposed site, you must timely send us the documents we request. We typically request copies of necessary permits and certificates to operate Your Franchise Business, insurance documents, a self-audit checklist and a copy of the lease for any Premises, but these may vary (the “Site Documents”). Upon receiving the Site Documents and payment of the Initial Franchise Fee and the Subsequent Franchise Fee (if applicable), we will provide you a counter-signed Store Rider, a form attached as Exhibit C to the Franchise Agreement, accepting the proposed site and acknowledging the Premises and the Protected Territory. You may use each Premises approved by us only for Your Franchise Business. You will not conduct Your Franchise Business at any site other than an approved Premises. You must obtain our ~~written~~ written approval of the proposed site for the Premises of your first Store within 120 days of signing the Franchise Agreement, otherwise we may terminate your Franchise Agreement.

We may accept or not accept all proposed sites, including sites selected using the services of any of our designees. Our determination to accept or not accept a site may be based on various criteria, which we may change, including business count, traffic count, accessibility, parking, visibility, competition and license availability. We will use reasonable efforts to accept or not accept the proposed site within 15 days after receiving your report.

### **Opening Requirements.**

We estimate that you will begin operating your first Store within 180 days of signing the Franchise Agreement, depending on when you complete the Initial Training Program, develop the Premises, meet our standards and specifications, acquire the required insurance policies, meet all regulatory requirements, obtain all required permits, and obtain the required Operating Assets, including the Computer System and other supplies.

You will not open any of Your Store(s) until (i) your required personnel complete the Initial Training Program (as described below), and (ii) you pay the Initial Franchise Fee, Legal Processing Fee, Subsequent Franchise Fee (if the Store is an Additional Store), the Security Deposit and all other amounts due to us. Additionally, you will not open any of Your Store(s) until:

- (1) we receive the Site Evaluation Report from you and accept the Premises you propose;
- (2) we provide you a counter-signed Store Rider identifying the Premises and Protected Territory of the Store;
- (3) the Store meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Store complies with any engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord’s, insurance, safety, tax, governmental, or other statutes, laws, ordinances, rules, regulations, requirements, or recommendations, nor is our acceptance a waiver of our right to require continuing compliance with our requirements, standards, or policies);
- (4) you give us certificates for all required insurance policies for the Store, a copy of the lease agreement governing the Premises of the Store, a copy of any permits you obtain for the Store, and any other documents we request from you;

- (5) you obtain all required supplies, opening inventory, and Operating Assets for the Store;
- (6) you obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services for the Store;
- (7) you meet all regulatory requirements, including all state and local professional regulations, for the Store; and
- (8) you notify us of your projected opening date and we approve you to open the Store on that date.

Subject to the conditions provided above, you must open at least 1 Store within 180 days after you sign the Franchise Agreement, and the remaining 2 Stores (if you acquire a 3-store Franchise Business) within 2 years after you sign the Franchise Agreement. If you acquire the right to open any Additional Stores, you must open then in accordance with the Development Schedule specified in the Franchise Supplement Agreement. Additionally, your failure to open any of Your Store(s), including any Additional Store(s), by the applicable deadline will result in you losing the right to open new Stores under your Franchise Agreement and we may reduce the size of the Development Territory. We may also terminate your Franchise Agreement if you fail to satisfy your Development Schedule, including for any Additional Store(s).

#### **Assistance During the Operation of a Store.**

During your operation of a Store, we or our designees will:

1. Advise you regarding the Store's operations based on your reports or our inspections. We also will guide you on standards, specifications, and operating procedures and methods that Stores use, including (1) facility appearance, guest service procedures, and quality control; (2) equipment and facility maintenance; (3) inventory management and working with national or international suppliers; and (4) advertising, marketing and branding strategies. (Franchise Agreement – Section 4C)
2. Continue to provide you access to the Operations Manual. (Franchise Agreement – Section 4D)
3. Let you use the Marks and certain copyrighted and copyrightable materials. (Franchise Agreement – Section 5) (See Items 13 and 14)
4. We have the right to set maximum or minimum prices for services and products that Your Franchise Business offers – but we are not required to assist you with establishing prices for your Store(s). (Franchise Agreement – Section 8K)
5. If we begin a Marketing Fund, we will administer such a fund (defined below) until such time as it may be terminated. (Franchise Agreement – Section 9C)

## **Operations Manual.**

We will make a manual available to you during the term of your Franchise Agreement containing our mandatory and suggested specifications standards, operating procedures and rules that we prescribe for operating Stores (the “Operations Manual”). The Operating Manual may include one or more separate manuals, as well as audiotapes, videotapes, compact discs, computer software, information available on an any Online Presence (as defined in Item 13), other electronic media, bulletins and/or other written materials. The current table of contents of the Operations Manual is attached to this Disclosure Document as Exhibit C. We may modify the Operations Manual periodically to reflect changes in System Standards. There are currently a total of 50 pages in our Operations Manual.

## **Advertising and Promotion.**

**Marketing Fund.** We do not currently require you to contribute to a national advertising and marketing fund (the “Marketing Fund”), but we may do so in the future. If we create the Marketing Fund you will contribute to it at a monthly rate that we require, not to exceed 2% of Net Sales (the “Marketing Fund Contribution”). If we start the Marketing Fund, our intent will be to promote the Marks, patronage of Stores located in the United States and the “CoCo” brands generally. We are not required to spend any amount on advertising within your specific geographic area. Stores located outside the United States will not contribute to the Marketing Fund. Both Stores owned by us and affiliate owned Stores (including the Company Stores), will contribute to the Marketing Fund an amount calculated on the same percentage basis as our franchisees. We have not started the Marketing Fund and have not yet collected any Marketing Fund Contributions. We did not spend any such funds in the most recently concluded fiscal year.

We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund may pay for producing video, audio, written materials and other electronic media; developing, implementing, and maintaining Franchise System Websites (only in the United States) (defined below) or related websites that promote Stores and/or related strategies; administering regional and multi-regional marketing and advertising programs (including purchasing trade journal, direct mail, and other media advertising); developing and administering software, apps, and related integrations; administering digital and online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); using advertising, promotion, and marketing agencies and other advisors to provide assistance; and supporting public relations, market research, and other advertising, promotion, and marketing activities. The Marketing Fund may advertise locally, regionally, and/or nationally in printed materials, on radio, and/or on the internet, whichever we think best.

Although we will try to use the Marketing Fund in a manner that will benefit all Stores, we cannot ensure that the Marketing Fund’s expenditures for any specific geographic area will be proportionate to the Marketing Fund Contributions of contributors in that geographic area, or that each Store will benefit in proportion to any Marketing Fund Contribution based on the Net Sales of that Store. We may also elect to maintain separate Marketing Funds if we offer different models of “CoCo” branded businesses, and/or maintain one fund for all such businesses.

We may, but are not required to, account for the Marketing Fund separately from our other funds. We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund, the Marketing Fund's other administrative costs, travel expenses of personnel while they are on Marketing Fund business, meeting costs, overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including research, public relations, preparing materials, and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund will not be our asset. Although the Marketing Fund will not be a trust, we will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions only for the purposes described in the Franchise Agreement. We do not have any fiduciary obligation for administering the Marketing Fund or for any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund Contributions to pay costs before using the Marketing Fund's other assets.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement on written request. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in the Franchise Agreement.

We may use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We may also forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Item, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce the Marketing Fund Contribution or, 30 days' prior written notice to you, reduce or suspend Marketing Fund Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unspent monies to our franchise owners, and to us and any of our affiliates, in proportion to their, and our, respective Marketing Fund Contributions during the preceding 12-month period. We may elect to maintain multiple Marketing Funds, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Marketing Funds, provided that each Marketing Fund will otherwise remain subject to the terms in your Franchise Agreement.

We will not use any Marketing Fund Contributions to principally solicit new franchise sales.

**Local Advertising.** We do not currently require you to spend a minimum amount on local advertising, but we may establish such a requirement in the future (the "Local Advertising Expenditure"). Should we require a Local Advertising Expenditure, you will spend at least the amount we require on local advertising, but such an amount will not exceed the Maximum Advertising Expenditure (defined below). Upon our request, you will send us within 30 days after the end of each calendar quarter, and in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding calendar quarter.

You will advertise in any advertising medium we determine, using forms of advertisement we approve. You must also list Your Store(s) with the online directories and subscriptions we periodically prescribe (such as Yelp® and Google®), and/or establish any other Online Presence we require or authorize. You must comply with all of our System Standards for your local advertising, including your Online Presences.

Your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising, the System Standards, and any marketing and the advertising and marketing policies that we prescribe from time to time. We may vary the System Standards for advertising, promotion, and marketing that will apply to each of Your Store(s) based on the conditions applicable to each such Store. At least 30 days before you intend to use them, you will send us samples of all advertising, promotional and marketing materials that we have previously not approved. If we do not approve of the materials within 7 days of our receipt of such materials, then they will be disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

**Local Advertising Cooperative.** We, our affiliates, or our designees may establish a local advertising cooperative (“Local Advertising Cooperative”) in geographical areas in which 2 or more Stores are operating. The Local Advertising Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. These written documents will be available for participating franchisees to review. If we establish a Local Advertising Cooperative in your geographic area, you will participate and contribute your share to this cooperative program (the “Local Advertising Cooperative Contribution”). The amount of the Local Advertising Cooperative Contribution will be determined at the time the Local Advertising Cooperative is established, subject to our right to change the Local Advertising Cooperative Contribution in accordance with the Maximum Advertising Expenditure. Local Advertising Cooperative Contributions will be payable in the same manner as the ~~R~~Royalty ~~F~~Fees. Stores owned by us will contribute to a Local Advertising Cooperative, but our affiliates in the United States will contribute to the appropriate Local Advertising Cooperative on the same percentage basis as franchisees.

We may change, dissolve and merge Local Advertising Cooperatives. Each Local Advertising Cooperative’s purpose is, with our approval, to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers. If, as of the time you sign the Franchise Agreement, we have established a Local Advertising Cooperative for the geographic area in which Your Store(s) are located, or if we establish a Local Advertising Cooperative in that area during the Franchise Agreement’s term, you must sign the documents we require to become a member of the Local Advertising Cooperative and to participate in the Local Advertising Cooperative as those documents require.

Each Store contributing to the Local Advertising Cooperative will have 1 vote on matters involving the activities of the Local Advertising Cooperative. The Local Advertising Cooperative may not use any advertising, marketing or promotional plans or materials without our prior written consent. We will assist in the formulation of marketing plans and programs, which will be implemented under the direction of the Local Advertising Cooperative. Subject to our approval and to availability of funds, the Local Advertising Cooperative will have discretion over the creative concepts, materials and endorsements used by it. The Local Advertising Cooperative Contribution may be used to pay the costs of preparing and producing video, audio and written advertising and direct sales materials for Stores

in your area; purchasing direct mail and other media advertising for Stores in your area; implementing direct sales programs; and employing marketing, advertising and public relations firms to assist with the development and administration of marketing programs for Stores in your area.

We may, but are not required to, account for the Local Advertising Cooperative separately from our other funds. We will not use the Local Advertising Cooperative Contributions to defray any of our general operating expenses. You must submit to us and the Local Advertising Cooperative any reports that we or the Local Advertising Cooperative requires.

Your Store(s) may not benefit directly or in proportion to its contribution to the Local Advertising Cooperative from the development and placement of advertising and the development of marketing materials. Local Advertising Cooperatives for Stores will be developed separately, and no cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect amounts owed to the Local Advertising Cooperative for and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative. Except as expressly provided in the Franchise Agreement, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Local Advertising Cooperative.

**Maximum Advertising Expenditure.** The combined Marketing Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution will not exceed 2% of your Net Sales (“Maximum Advertising Expenditure”). However, upon 30 days’ written notice we may change the amount of the Marketing Fund Contribution, Local Advertising Expenditure or Local Advertising Cooperative Contribution so long as those changes do not result in a combined Marketing Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution greater than the Maximum Advertising Expenditure.

**Franchisee Advisory Council.** We do not have a franchisee advisory council that advises us on advertising policies, though we may establish such a council in the future.

**Franchise System Website.** We may establish, acquire, or host any website(s) or other Online Presence to advertise, market, and promote Stores, the products and services that Stores offer and sell, and/or a Store franchise opportunity (a “Franchise System Website”). We may (but are not required to) provide you with a webpage on a Franchise System Website that references Your Store(s). If we provide you with a webpage on a Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in all Franchise System Websites, including any webpage(s) referencing Your Store(s) and all information it contains (including the domain name, any associated email address, any website analytical data, and any personal or business data that visitors supply).

We may use the Marketing Fund’s assets to develop, maintain and update any Franchise System Website. We periodically may update and modify any Franchise System Website (including your webpage). We have final approval rights over all information on any Franchise System Website (including your webpage). We may implement and periodically modify System Standards relating to any Franchise System Website.

Even if we provide you any webpage on a Franchise System Website, we will only maintain any such webpage while you are in full compliance with your Franchise Agreement and all System Standards we implement. If you are in default of any obligation under the Franchise Agreement or our System Standards, then we may remove any webpage referencing any of Your Store(s) from any Franchise System Website until you fully cure the default. We will permanently remove reference to any Store from all Franchise System Websites upon the termination or expiration of the franchise for that Store.

We may require you to provide notice of any Franchise System Website in the advertising, marketing, and promotional materials that you develop for Your Franchise Business in the manner we designate. We have the exclusive right to sell the products sold by Stores through any Online Presence, including any Franchise System Website.

We may require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards.

Except as provided above, or as approved by us in writing or in the Operations Manual, you may not develop, maintain or authorize any Online Presence that mentions Your Franchise Business, links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of Your Franchise Business, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We will own the rights to each such Online Presence. At our request, you must grant us access to each such Online Presence, and to take whatever action (including signing an assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence.

### **Computer System.**

Before Your Store(s) open, you will obtain and use the computer hardware, sales and scheduling software, point-of-sale system and/or other operating software we specify from time to time (the “Computer System”) for each of Your Store(s).

You must obtain and install the Computer System, and ensure that the Computer System is functioning properly, before you open Your Store(s).

You must pay for any proprietary software or technology that we, our affiliates or third-party designees license to you and for other maintenance and support services that we, our affiliates or third-party designees provide during the Franchise Agreement’s term. We or our affiliates may condition your license of any proprietary software, or your use of technology that we or our affiliates develop or maintain, on your signing a license agreement or similar document that we or our affiliates approve to regulate your use of, and our and your respective rights and responsibilities with respect to, such software or technology. We estimate [that](#) the monthly license fee for internet cloud services and other proprietary software necessary to operate the Computer System to be \$10 - \$50, which includes certain maintenance and support services.

The cost of purchasing the Computer System may vary depending on whether you elect to purchase additional components or software programs, the physical layout of Your Store(s), and the high-speed internet access inside Your Store(s). Currently, we estimate the cost of the Computer System to be approximately \$2,500 - \$3,000 for one Store. These estimates reflect prices that we have negotiated in the past on behalf of the Company Stores. However, these estimates may increase based on a variety of factors, including the size of Your Store.

The Computer System may give us and our affiliates independent access to all information generated by the Computer System, including price maintenance and information relating to customers for Your Franchise Business. At our request, you will sign a release with any vendor of your Computer System providing us with unlimited access to your data.

You will have sole and complete responsibility at each of Your Store(s) for acquiring, operating, maintaining and upgrading: (1) the Computer System; (2) the connectivity of your Computer System (including the point-of-sale system and internet cloud services); and (3) third-party interfaces between the Computer System and our and/or any third party's computer system. You will have sole and complete responsibility for any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

Over the term of your Franchise Agreement, we may modify specifications for and components of the Computer System from time to time and you will implement our modifications within the time period we specify after you receive notice from us. We may periodically require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. There are no contractual limitations on the frequency and cost of this obligation. We need not reimburse you for any of these costs. You will pay for any additional or replacement proprietary software or technology that we, our affiliates, or a third-party designee licenses to you and for other maintenance and support services that we, our affiliates or third-party designees provide during the Franchise Agreement's term. Although the future costs of the Computer System or required service or support might not be fully amortizable over the Franchise Agreement's remaining term, you will incur the costs of obtaining the computer hardware and software comprising the Computer System (or additions and modifications) and required service and support. We currently estimate the annual cost of maintenance, updating, upgrading and support for the Computer System will be \$120 - \$3,000.

## Training

### Initial Training

No later than 90 days after the date of your Franchise Agreement and prior to opening or operating your first Store, or the alternative date agreed otherwise, your personnel must attend an initial training program that we provide in the material aspects of operating a Store (the “Initial Training Program”) as follows: (i) if Your Franchise Business is for 1 Store, only your Operating Partner must attend our Initial Training Program, though we may also require your Designated Manager for that Store (if applicable) to attend the Initial Training Program (a total of 1 to 2 attendees); or (ii) if Your Franchise Business is for 3 Stores, your Operating Partner and your Designated Manager for your first Store must attend the Initial Training Program (a total of 2 attendees). For all other Stores that you develop after your first Store (if applicable), your Operating Partner and the Designated Manager of that Store (if applicable) may attend the Initial Training Program, though it is not required. You must provide a training program that we approve to each Designated Manager that has not attended the Initial Training Program before he or she begins to provide services at any of Your Store(s). We will provide the Initial Training Program at no cost to your Operating Partner and your Designated Managers (if applicable). You must obtain our approval to send any additional personnel to the Initial Training Program other than your Operating Partner and Designated Managers (as applicable).

We will determine the identity and composition of the trainer(s) conducting all portions of the Initial Training Program. We will provide the Initial Training Program at the times and locations we determine (which may include locations in the Republic of China or other overseas locations). The Franchise Agreement does not require us to offer the Initial Training Program in English, though we currently expect to make the Initial Training Program available in either English or Mandarin Chinese, depending on the fluency of the attendees. We may also elect to send our assistant(s) to Your Store(s) to conduct any part of the Initial Training Program, and/or we may conduct any of the Initial Training Program virtually or remotely. If Your Franchise Business is 1 Store, the Initial Training Program will be 1 to 2 months for your first Store. If Your Franchise Business is 3 Stores, the Initial Training Program will be 2 months for your first Store. However, we will determine the specific length and content of the Initial Training Program. We may vary the Initial Training Program based on the experience and skill level of the individual(s) attending. We may also require any additional managers and/or assistant managers of Your Franchise Business to attend the Initial Training Program. Scheduling of the Initial Training Program is based on your and our availability, training facility availability and the projected opening dates for Your Store(s).

If your Operating Partner, any Designated Manger (if applicable), or any manager and/or assistant manager required by us, fail to complete the Initial Training Program to our satisfaction then we may terminate the Franchise Agreement.

You will provide a training program for all your employees other than the attendees of the Initial Training Program. All employees must satisfactorily pass the program prior to providing services for Your Franchise Business. We may approve the length and content of all training programs you provide to your employees. If we determine that your Operating Partner, any Designated Manger (if applicable), or any manager and/or assistant manager, is not properly trained to provide the services offered by Your Franchise Business, we may require such persons ~~to cease providing services at Your Franchise Business~~ complete additional training. If you appoint a new Designated Manager, he or she

must complete a training program that you provide and we approve to our satisfaction within 30 days of the appointment date.

We may periodically require your Operating Partner, any Designated Manager (if applicable), or any manager and/or assistant manager of Your Franchise Business to attend various additional or refresher training courses, trade shows, ongoing education or certification programs, and/or webinars at the times and locations designated by us. Besides attending these training courses, programs and events, we may additionally require your Operating Partner and any Designated Manager (if applicable) to attend a periodic meeting of franchise owners. These meetings will be held at locations and times we designate.

You will pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that any of your attendees incurs during the Initial Training Program, and any and all other meetings and/or training courses and programs. You will also pay for the Assistant's Expenses we incur in sending our trainer(s) to Your Store(s) to conduct training, including food, lodging and transportation.

As of the date of this Disclosure Document, we provide the following Training Program:

#### TRAINING PROGRAM

Subject	Hours Of Classroom Training	Hours Of On-The-Job Training	Location
Company Introduction	20	0	At a training facility in Taiwan <a href="#">or another location we specify</a>
Work Station Introduction	20	0	At a training facility in Taiwan <a href="#">or another location we specify</a>
Ingredient Preparation	0	20	At a training facility in Taiwan <a href="#">or another location we specify</a>
Drink Preparation	0	20	At a training facility in Taiwan <a href="#">or another location we specify</a>
Exam and Test	16	0	At a training facility in Taiwan <a href="#">or another location we specify</a>
Procurement, Marketing and IT Training	30	0	At a training facility in Taiwan <a href="#">or another location we specify</a>
Drink Preparation (advanced training)	0	40	At a training facility in Taiwan <a href="#">or another location we specify</a>
Operations Manager Training	0	20	At a training facility in Taiwan <a href="#">or another location we specify</a>
Regional Manager Training	0	20	At a training facility in Taiwan <a href="#">or another location we specify</a>

<b>Subject</b>	<b>Hours Of Classroom Training</b>	<b>Hours Of On-The-Job Training</b>	<b>Location</b>
Visit Stores	0	10	Franchise Store
Store Operations Training	0	10	Franchise Store
<b>TOTALS:</b>	<b>86</b>	<b>140</b>	

### **Explanatory Notes**

1. The hours devoted to each module are estimates and may vary based on how quickly trainees learn the material, their prior experience with the subject and scheduling. On-the-job training includes cross training in all subject areas of the business.
2. We may vary the length and content of the Initial Training Program based upon the experience and skill level of the individual attending.
3. This chart does not include any pre-training programs, which may be required before the start of either the Initial Training Program and can include study of provided materials and associated exams.

### **Initial On-Site Assistance.**

For the first Store that you develop, we will make at least 1 assistance staff member available to provide you advice, guidance and on-site operations support on-site at your Store (the “Initial On-Site Assistance”), which may start any time up to 30 days prior to the scheduled opening date of your first Store. If Your Franchise Business is 1 Store, the Initial On-Site Assistance will be 1 to 2 months for your first Store. If Your Franchise Business is 3 Stores, the Initial On-Site Assistance will be 2 months for your first Store. But we will determine the specific duration, content, scope and scheduling of all Initial On-Site Assistance based on the reasonable availability of our assistance staff, which may involve our consultant being at Your Store for fewer than all of its business hours of operation. You may request that we provide additional opening assistance and support for Your Store(s), and we will determine whether to provide such assistance, or we may determine independently that such support is necessary.

We will select the assistance staff member(s) that will provide you Initial On-Site Assistance, and we may periodically change the identity and composition of the assistance staff member(s) we provide. You are responsible for the Assistant’s Expenses we incur for providing any Initial On-Site Assistance. Additionally, we may charge you our then-current assistance fee if we determine that you require more Initial On-Site Assistance for the first Store you develop than provided under the terms of your Franchise Agreement, or any Initial On-Site Assistance for your second or subsequent Store (if applicable) (currently, \$200 - \$250 per day).

We will not be required to send any of our representatives on-site if it is unsafe, prohibited by applicable law, or impractical due to travel restrictions and/or similar limitations.

### **Training Staff.**

Currently, our assistance and training is led by ~~Yun Hsiang (Sophia) Lo~~ Eva Hung, who has ~~168~~ years' experience in the materials taught and has served as our ~~lead-trainer~~ since our inception ~~manager for approximately 1 year~~. Ms. ~~Lo~~ Hung will also select ~~assistance~~ certain members of our system, which may be staff member(s) or our other designees in your region, who will help provide you grand opening and start-up support and we may periodically change the identity and composition of the staff member(s) we provide. You will pay the Assistant's Expenses we incur in sending our assistance staff member(s) to Your Store(s), including, food, lodging, transportation, mobile communication fees, and a reasonable monthly allowance. However, we will pay for the costs associated with any international flights and the monthly salary of our assistance staff member(s) during the period we send him/her to Your Store(s).

### **Item 12**

### **TERRITORY**

#### **Protected Territory.**

You will not receive an exclusive territory under the Franchise Agreement. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, provided you are in compliance with the Franchise Agreement, we will designate a certain geographic area (your "Protected Territory"), in which we will not operate or grant a franchise for the operation of another Store within the Protected Territory identified in your Franchise Agreement in connection with approving the location of your Stores. Your Protected Territory will be located within the Development Territory (defined below). We will determine the geographical area of each Protected Territory in connection with our approval of the Premises, which will be identified in the Store Rider. Typically, the Protected Territory encompasses a diameter of 0.5 miles. However, the Protected Territory may be smaller in metropolitan and densely populated areas.

You will not receive a Protected Territory if you open a Store in any non-traditional sites, such as military bases, hotels, college campuses, airports, train stations, travel plazas, toll roads, hospitals, casinos, sports or entertainment venues or stadiums, shopping centers, and any other location which is situated within or part of a larger venue or facility (a "Non-Traditional Site"). The Protected Territory applicable to each of Your Store(s) will be specified on the Store Rider for that Store at the time it is signed. We and our affiliates or our franchise owners retain the right to advertise or solicit members within the Protected Territory. We may modify or remove your Protected Territory or terminate your franchise if you are in default of the Franchise Agreement or any other agreement with us and our affiliates.

Except for your rights in the Protected Territory as described above, we and our affiliates retain all rights with respect to the location of Stores and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities, including:

- (1) the right to establish and operate, and allow others to establish and operate, other Stores and other businesses using the Marks or the Franchise System, at any location outside of the Protected Territory, and on terms and conditions we approve;

- (2) the right to establish and operate, and allow others to establish and operate, additional concepts or businesses (including Stores operating at Non-Traditional Sites) providing products or services the same or similar to those provided at Stores in any location, including within the Protected Territory, and under any trade names, trademarks, service marks and commercial symbols other than the Marks;
- (3) the right to establish, and allow others to establish, other distribution channels (including the [Internet](#), [catalog sales](#), [telemarketing](#), [direct marketing](#), [e-commerce](#), [product lines in other businesses](#), or retail stores), wherever located or operating, including within your Protected Territory, regardless of the nature or location of the customers, with whom such other distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Stores, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Stores customarily sell under any terms and conditions we approve;
- (4) offer and sell (and grant others to offer and sell) goods and services to customers located anywhere, including within the Protected Territory;
- (5) the right to acquire, or be acquired by (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of the transaction) a business providing products and services similar or the same to those provided at Stores, even if such business operates, franchises and/or licenses Competitive Businesses (as defined in Item 17) located anywhere, including within the Protected Territory; and
- (6) engage in all other activities not expressly prohibited by the Franchise Agreement.

### **Development Territory and Schedule.**

If you have acquired a Franchise Business for multiple Stores, you must develop and open Your Store(s) within the Development Territory in accordance with the Development Schedule. If you fail to open any Store by the deadline specified in the Development Schedule you will lose the right to open new Stores under your Franchise Agreement and we may reduce the size of the Development Territory. Unless you and we have signed a Territorial Rights Amendment (defined below) and paid us the associated Territory Fee, the Development Territory identified in the Franchise Agreement does not provide you any territorial protection. It only identifies the area in which you must open Your Store(s). We and our affiliates retain all rights with respect to the placement of Stores and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities in the Development Territory, other than as described above in the Protected Territory or Exclusive Development Territory (defined below).

### **Territorial Rights Amendment.**

Although the Development Territory affords you no territorial protection to develop Your Store(s), in certain circumstances we may agree to not operate, or grant third parties the right to operate, Stores in the Development Territory if you meet your Minimum Development Obligations (an “Exclusive Development Territory”). If we grant you an Exclusive Development Territory, you must sign our Territorial Rights Amendment attached as Exhibit B-2 and pay us the Territory Fee identified

therein, which will be based on the population of the Exclusive Development Territory you are provided. Factors in determining the Exclusive Development Territory include the population of the area, the demographics of the area and the market conditions of the area.

You will not receive an exclusive territory under the Territorial Rights Amendment. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. However, so long as you are in compliance with the Franchise Agreement and the Territorial Rights Amendment, we may not (i) grant franchises for Stores to others in the Exclusive Development Territory, or (ii) own or operate Stores in the Exclusive Development Territory. We are not precluded from doing anything whatsoever outside the Exclusive Development Territory and we are not precluded from doing any other things within the Exclusive Development Territory even though they might be competitive with the rights granted to you under the Exclusive Territory Amendment or Your Franchise Business. For example, we and our affiliates may do any of the following, without restriction and without compensation to you:

- (1) establish, operate and allow others to establish and operate Stores using the Marks and Franchise System, at any location outside the Exclusive Development Territory on such terms and conditions we deem appropriate;
- (2) establish, operate, and allow others to establish and operate, other facilities or businesses that may offer or provide products or services which are identical or similar to products and services offered or provided at Stores in any location, including within the Exclusive Development Territory, and under trade names, trademarks, service marks and commercial symbols which are different from the Marks;
- (3) establish, operate and allow others to establish and operate, other businesses and distribution channels (including, the [Internet](#), [catalog sales](#), [telemarketing](#), [direct marketing](#), [e-commerce](#), [product lines in other businesses](#), or retail stores) wherever located or operating, including within the Exclusive Development Territory, regardless of the nature or location of the customers, with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Stores, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Stores customarily sell under any terms and conditions we approve;
- (4) offer and sell (and grant others to offer and sell) goods and services to customers located anywhere, including within the Exclusive Development Territory;
- (5) establish, operate and allow others to establish and operate Stores at Non-Traditional Sites in the Exclusive Development Territory;
- (6) acquire the assets or ownership interests of one or more businesses, including Competitive Businesses (defined in Item 17), and franchising, licensing or creating similar arrangements with respect to such businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Exclusive Development Territory);

- (7) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by any other business, including a Competitive Business even if such business operates, franchises and/or licenses such businesses, located anywhere, including within the Exclusive Development Territory;
- (8) operate or grant any third party the right to operate any Stores that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under the Franchise Agreement; and
- (9) engage in all other activities not expressly prohibited by your Territorial Rights Amendment.

If you sign the Territorial Rights Amendment, you must meet your Minimum Development Obligation, or we may elect to terminate the Territorial Rights Amendment or reduce the size of the Exclusive Development Territory.

### **Other Franchise Offerings.**

Currently, neither we nor any affiliate of ours intends to operate or franchise another business under a different trademark that sells services or products similar to the services or products offered at Stores, but we may do so in the future.

### **General Notes.**

We are not required to pay you if we exercise any of the rights specified above.

There are no limitations on your ability to solicit customers in any location. However, you may not engage in any promotional or similar activities, whether directly or indirectly, via the Internet, catalog sales, telemarketing, direct marketing, or any Online Presence without our approval. You may not, unless you receive our prior written approval, sell any Store product or service through any alternative channel of distribution, including via the Internet, catalog sales, telemarketing, direct marketing, or any Online Presence.

You may only operate Your Franchise Business at the Premises. You may not relocate the Premises without our prior written approval. If we allow you to relocate a Store, you will be assessed a relocation fee for the services we provide in connection with your relocation, including reviewing and approving a new site and lease, assisting with the design and construction of the new site, assisting with suppliers for the new site, training and other onsite opening services.

Except with respect to [compliance with the Franchise Agreement, including](#) your obligation to meet your Development Schedule, the continuation of your franchise does not depend on your achieving a certain sales volume, market penetration, or other contingency. You have no options, rights of first refusal or similar rights to acquire additional franchises.

## Item 13

### TRADEMARKS

We grant you the non-exclusive right and obligation to use the Marks, and you will use the Marks as we require. Your right to use the Marks is derived from the Franchise Agreement. You will not sublicense or assign your right to use the Marks. You will display the Marks prominently as we prescribe at Your Franchise Business and on forms, advertising, supplies, employee uniforms and other materials we designate. You will not use any other trademarks, service marks or commercial symbols to identify or operate Your Franchise Business.

You will identify yourself as the independent owner of Your Franchise Business in the manner we prescribe. You will not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any website, domain name, email address, social media account, other online presence or presence on any electronic medium of any kind (“Online Presence”), except in accordance with our System Standards; (5) in advertising the transfer, sale, or other disposition of Your Franchise Business or an ownership interest in you; or (6) in any other manner that we have not expressly authorized in writing. You will provide notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

We license the Marks from Yi-Ding International Holding Co. Limited (“Trademark Owner”) pursuant to a Trademark License Agreement (the “License Agreement”). The term of the License Agreement began on June 1, 2021, and will continue for 6 years unless terminated, automatically renewing for successive 3-year terms unless terminated by either party. We are restricted under the License Agreement from using the Trademarks in any manner that would jeopardize Trademark Owner’s protection or goodwill. Our license from Trademark Owner is non-exclusive, and Trademark Owner may use the Marks, or grant others the right to use the Marks, in any location worldwide. We do not control Trademark Owner or its use of the Marks. The License Agreement may be terminated (resulting in the loss of our right to use and to sublicense the use of the Marks to you) by mutual agreement of the parties, or by either party with 30 days written notice if the other party breaches and does not cure during the 30-day notice period. If the License Agreement is terminated, we will transfer and assign all outstanding franchise agreements to Trademark Owner. All rights in and goodwill from the use of the Marks accrue to Trademark Owner. Except as described above, no agreement significantly limits our rights to use or sublicense the Marks in a manner material to the franchise.

The following table sets forth the status of applications filed with the U.S. Patent and Trademark Office (“PTO”) on the Principal Register of the principal marks licensed to you. For the following registrations, Trademark Owner has filed all appropriate affidavits and renewals, as required:

Description Of Mark	Reg / App Number	Reg / App Date
	Reg. No. 3857890	October 5, 2010
	Reg. No. 4564049	July 8, 2014
	Reg. No. 5226353	June 20, 2017
	Reg. No. 5258872	August 8, 2017
	Reg. No. 5566345	September 18, 2018

We may establish new Marks in the future and you will use and display these marks in accordance with specifications and bear all costs associated with changes to Marks or introduction of new Marks.

There is presently no effective determination of the U.S. PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, nor any pending infringement, opposition or cancellation proceeding or any pending material litigation involving the principal Marks. We know of no superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark or component of the Franchise System, or of any person's claim of any rights in any Mark or component of the Franchise System, and you may not communicate with any person other than us and our affiliates' attorneys, regarding any infringement, challenge or claim. We and/or our affiliates and/or Trademark Owner may take the action we deem appropriate (including no action) and exclusively control any litigation, U.S. PTO proceeding or other administrative proceeding from the infringement, challenge or claim or otherwise concerning any Mark or the Franchise System. You will sign the documents and take the actions that, in the opinion of our attorneys, are necessary or advisable to protect and maintain our interests in any Mark and the Franchise System. We will reimburse you for your reasonable and documented out-of-pocket costs ~~off~~for taking any action that we have asked you to take.

The Marks and the Franchise System may evolve over time, including after you sign your Franchise Agreement. If it becomes advisable at any time for us and/or you to modify, substitute, add, or discontinue using any Mark or any component of the Franchise System, you will make such modifications and updates as we specify and to comply with all other directions we give regarding use of the Marks and the Franchise System in connection with Your Franchise Business within a reasonable time after receiving notice from us. We do not have to reimburse you for your costs or other expenses of making such changes, promoting a modified or substitute Mark, or for any loss of revenue due to any modifications to the Marks or Franchise System.

You must not contest, or assist any other person in contesting, the validity of our and Trademark Owner's ownership of the Marks. Your use of the Marks and any goodwill established by that use are exclusively for our and Trademark Owner's benefit.

Under the Franchise Agreement, we will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark in compliance with the Franchise Agreement is held to constitute trademark infringement, and for all reasonable costs you incur in the defense of any claim brought against you or in any proceeding in which you are named as a party, only if you have timely notified us of the claim or proceeding and comply with our directions in responding to the proceeding, and if you are otherwise in compliance with the terms and conditions of the Franchise Agreement. At our option, we and/or Trademark Owner may defend and control the defense of any proceeding from your use of any Mark under the Franchise Agreement.

#### **Item 14**

### **PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

No patents are material to the franchise. We do not have any pending patent applications that are material to the franchise. We and/or our affiliates claim copyrights in the Operations Manual (which contains our trade secrets), handbooks, all Franchise System Websites, advertising and marketing materials, all or part of the Marks, and other portions of the Franchise System and other similar materials used in operating Stores. We have not registered these copyrights with the United States Registrar of Copyrights but need not do so at this time to protect them. You may use these items only as we specify while operating Your Franchise Business (and will stop using them if we so direct you).

There currently are no effective adverse determinations of the United States Copyright Office (Library of Congress) or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the Confidential Information (defined below) or copyrighted materials. We know of no infringing uses of our copyrights which could materially affect your using the copyrighted materials in any state. We need not protect or defend our copyrights, although we intend to do so if we determine that it is in the Franchise System's best interests. We may control any action involving the copyrights, even if you voluntarily bring the matter to our attention. We need not participate in your defense nor indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain our and our affiliates' confidential information, (some of which constitutes trade secrets under applicable law) (the "Confidential Information"), including: (a) trade secrets; (b) training and operations materials, including the Operations Manual; (c) the System Standards; (d) market research, promotional, marketing and

advertising strategies; (e) strategic plans; (f) knowledge of specifications for and of suppliers, Operating Assets and other products and supplies; (g) computer software or similar technology that is proprietary to the Franchise System; (h) knowledge of operating results and financial performance of Stores other than your own; (i) any information generated by, used or developed in Your Franchise Business; (j) customer data; and (k) any other information we designate as confidential or proprietary. Confidential Information does not include information lawfully known to the public without violation of applicable law or an obligation to us or our affiliates.

All Confidential Information will be owned by us (other than certain personally identifiable information we designate as restricted, such as personally identifiable information for your employees and personnel, and/or that we do not have access to, which will be your exclusive responsibility). You will not acquire any interest in any of our Confidential Information, other than the right to use it as we specify in operating Your Franchise Business, ~~and that~~ during the term of your Franchise Agreement. Our Confidential Information is proprietary, includes our trade secrets, and is will be disclosed to you and only on the condition that you will protect it. Under your Franchise Agreement, you (and if you are conducting business as an entity, each of your owners if) must agree that you: (a) will not, and to cause Confidential Information in any other business or capacity; (b) your spouses, immediate family members, affiliates, and assigns to:

- (a) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of Your Franchise Business in accordance with your Franchise Agreement, and not for any other purpose of any kind;
- (b) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish from time to time, and our and our representative's instructions;
- (c) will keep each item deemed to be part of our Confidential Information absolutely confidential, both during the your Franchise Agreement's term and then thereafter;
- (d) ~~(e) will~~ not make unauthorized copies of any of our Confidential Information disclosed via electronic medium or in written or other tangible form;
- (e) ~~(d) will~~ adopt and implement ~~reasonable security access measures and procedures~~ administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key persons, and/or by requiring persons who have access to the such Confidential Information ~~to execute a non-disclosure and non-competition~~ be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of your Franchise a Agreement; and
- (a) ~~(e) will~~ not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

All ideas, concepts, techniques, or materials concerning a Store, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. To the extent any item does not qualify as a “work made-for-hire” for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

#### **Item 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

You will identify one of your owners who is a natural person with an ownership interest and voting power in you to supervise the operation of Your Franchise Business (the “Operating Partner”). We may require our approval of the Operating Partner. Your Operating Partner are solely responsible for managing and overseeing Your Franchise Business on a full-time basis. In the event that your Operating Partner ceases to own at least its required ownership interest in you, you must recruit a new Operating Partner within 30 days of the change in ownership and submit the identity of the new Operating Partner to us for our review and approval.

If your Operating Partner elects not to supervise any of Your Store(s) on a daily basis, you must appoint a management-level employee and/or other person, agent, or management company to supervise that Store (each a “Designated Manager”). Your Designated Managers will supervise the management and day-to-day operations of any Store you or your Operating Partner are not managing and continuously exert best efforts to promote and enhance that Store and the goodwill associated with the Marks. We will approve each Designated Manager before you delegate any management or supervisory responsibilities to such person, agent, or company. We may establish conditions for approving any such Designated Manager, which may include the completion of training, confirmation that they will have no competitive business activities, and/or the execution of a non-disclosure agreement or other covenants we require. In the event that you elect not to appoint any Designated Managers, any Designated Manager’s employment is terminated, or we disapprove any Designated Managers at any time, your Operating Partner will immediately assume the full-time responsibilities of operating any Store that is not managed by a Designated Manager. Your Operating Partner and your Designated Managers will complete all required training to our satisfaction. If you appoint a new Designated Manager, he or she must complete a training program that you provide, and we approve to our satisfaction within 30 days of the appointment date. We may require that any person that wishes to attend the Initial Training Program execute our then-current form of non-disclosure and non-competition agreement.

#### **Item 16**

### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You will offer and sell all services and products that we periodically specify for Stores. You will offer and sell approved products and services only at the Premises and in the manner we have authorized. Our System Standards may regulate required and/or authorized products and services. We may also periodically set maximum or minimum prices for services and products that Your Franchisee

Business offers. You will use certain products that we designate in connection with providing services to customers. We may periodically change the required and/or authorized products and services, and there are no limits on our right to do so. You will promptly implement these changes and will discontinue selling any products or services that we at any time decide to disapprove in writing. You may not perform any services or offer or sell any products at Your Franchise Business, the Premises or any other location that we have not authorized. You will discontinue selling and offering for sale any services or products that we at any time decide to disapprove in writing.

We may, at any time, require you to offer and provide delivery, catering and/or other off-site services. If we require you to offer and provide delivery, catering and/or other off-site services, you will bring Your Franchise Business into compliance with our System Standards for such services within 60 days from the date you receive our notice of the requirement. We or third-party delivery providers we designate may limit the geographic area in which you may offer delivery, catering and/or any other off-site services, and we may modify that geographic area from time to time (and such geographic area may be different than the Protected Territory).

**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	SECTION(S) IN FRANCHISE AGREEMENT	SUMMARY
(a) Length of the franchise term	Section 1B and 22 <del>in</del> <del>Franchise Agreement</del>	Term of the Franchise Agreement is 5 years.
(b) Renewal or extension of the term	Section 13A <del>in</del> <del>Franchise Agreement</del>	1 successor franchise term of 3 years, if you meet certain requirements.

PROVISION	SECTION(S) IN FRANCHISE AGREEMENT	SUMMARY
(c) Requirements for franchisee to renew or extend	Section 13 <del>in Franchise Agreement</del>	You must give notice no more than 1 year and no less than 180 days before the Franchise Agreement expires, and: (i) you and your owners complied with the Franchise Agreement throughout the term; (ii) you are in full compliance with the Franchise Agreement and System Standards; (iii) you maintain possession of and agree to remodel Your Store(s), or otherwise bring it into compliance with our then-current System Standards; (iv) you sign then-current Franchise Agreement (which may contain materially different terms and conditions than your original Franchise Agreement); (v) your Operating Partner and any Designated Managers attend any refresher training courses we require; and (vi) you and your owners sign, in a form satisfactory to us, guarantees and general releases of any and all claims against us and our shareholders, officers, directors employees, agents, successors, and assigns.
(d) Termination by franchisee	Section 14A <del>in Franchise Agreement</del>	Subject to state law, you may terminate the Franchise Agreement if we materially breach the Franchise Agreement and do not (i) cure the default within 180 days after written notice from you or (ii) cannot correct the failure within 180 days after written notice from you and fail to provide evidence of our effort to correct the failure within 180 days.
(e) Termination by franchisor without cause	None	We may not terminate the Franchise Agreement without cause.
(f) Termination by franchisor with cause	Section 14B <del>in Franchise Agreement</del>	We may terminate the Franchise Agreement only if you or your owners commit one of several violations.
(g) "Cause" defined — curable defaults	Section 14B <del>in Franchise Agreement</del>	You have the following cure periods for curable defaults: (i) 10 days to cure failure to maintain required insurance; (ii) 72 hours to cure health, safety or sanitation law violations; (iii) 10 days to cure any monetary defaults; (iv) 10 days to provide evidence of tax payment when requested; (v) 10 days to cure any license or permit requirement; (vi) 30 days to cure seizure or order of receiver or liquidator; (vii) applicable cure period to cure defaults to third-parties, including your landlord; (viii) failure to comply with the Franchise Agreement or any System Standard not specified in (h) below; (ix) applicable cure period for any violation of agreement with a Supplier.

PROVISION	SECTION(S) IN FRANCHISE AGREEMENT	SUMMARY
(h) "Cause" defined — non-curable defaults	Section 14B <del>in</del> <del>Franchise Agreement</del>	Non-curable defaults under the Franchise Agreement include (i) material misrepresentations or omissions; (ii) you do not pay us the Initial Franchise Fee, Legal Processing Fee or the Security Deposit at least 5 days prior to your scheduled attendance in the Initial Training Program, (iii) you do not pay any Subsequent Franchise Fee or Legal Processing Fee for any Additional Store; (iv) you do not open any Store by the applicable deadline; (v) you fail to satisfy all requirements and obtain our approval before opening a Store; (vi) failure to complete the Initial Training Program; (vii) purchase of an Essential Ingredient from a supplier or vendor other than us or our designated affiliate; (viii) abandonment or failure to operate any of any Store for more than 2 consecutive business days or 14 days during any 12 month period; (ix) unapproved transfers; (x) grant any other person the right to operate any Store; (xi) conviction of a felony; (xii) dishonest or unethical conduct; (xiii) loss of right to occupy the Premises; (xiv) unauthorized use or disclosure of the Operations Manual or other Confidential Information; (xv) failure to pay taxes; (xvi) understated Net Sales 3 or more occasions or by more than 2%; (xvii) repeated defaults (even if cured); (xviii) assignment for benefit of creditors or insolvency; (xix) violation of terrorism laws; (xx) failure to provide updated ownership information; (xxi) termination of any other franchise agreement or agreement with us or our affiliates; (xxii) below average or unsatisfactory grade on multiple mystery shopper examinations; (xxiii) you make unauthorized political, religious, racial or social statements; or (xxiv) you attempt to sublicense Marks without authorization.

PROVISION	SECTION(S) IN FRANCHISE AGREEMENT	SUMMARY
(i) Franchisee's obligations on termination/non-renewal	Sections 15 <del>in Franchise Agreement</del>	Upon termination or expiration of the franchise for any Store, you and your owners must: (i) close that Store; (ii) cease identifying as a franchise owner or Store and cease using the Marks; (iii) cancel all fictitious or assumed name registrations relating to the Mark; (iv) unless we purchase the Store, remove all signs and make other alterations to de-identify that we specify; (v) cease using and disable or transfer to us all telephone numbers and other contact information, listings, and Online Presences; (vi) comply with all post-termination obligations; (vii) comply with all other System Standards for closure and de-identification; (viii) give us evidence within 30 days of satisfaction of conditions; (ix) return the Operations Manual and other confidential materials; and (x) at our option, sell or assign to us your rights in the Premises and the assets used in the business.
(j) Assignment of contract by franchisor	Section 12A <del>in Franchise Agreement</del>	Under the Franchise Agreement there is no restriction on our right to assign.
(k) "Transfer" by franchisee — defined	Section 12B <del>in Franchise Agreement</del>	Under the Franchise Agreement, a transfer includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition of any interest in you, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.
(l) Franchisor approval of transfer by franchisee	Sections 12B and 12C <del>in Franchise Agreement</del>	You may not transfer the Franchise without our prior written approval.

PROVISION	SECTION(S) IN FRANCHISE AGREEMENT	SUMMARY
(m) Conditions for franchisor approval of transfer	Section 12C <del>in</del> <del>Franchise Agreement</del>	For transfer of a non-controlling ownership interest: (i) the proposed transferee and its owners are of good character and meet our then-current standards for franchisees; (ii) you and your owners sign our then-current transfer documents, including a general release; (iii) you provide us with all information and/or documents we request about the proposed transfer, the transferee, and its owners; and (iv) you reimburse our reasonable out-of-pocket expenses, including attorney's fees. For all other transfers: (i) meet our new franchisee criteria and have sufficient business experience, aptitude, integrity and financial resources to take over the operation of Your Franchise Business; (ii) all monetary obligations are paid; (iii) you are not in default of any provisions of the Franchise Agreement or any other agreement with us for 60 days through transfer date; (iv) new franchise owner (and its owners and affiliates) are not in a Competitive Business (as defined below); (v) completion of Training Program by new franchisee; (vi) lease permitted to be transferred; (vii) you or transferee signs our then-current Franchise Agreement and other documents, provisions of which may differ materially from those contained in the Franchise Agreement; (viii) you pay transfer fee equal to 50% of the Initial Franchise Fee and Subsequent Franchise Fee (if applicable) you pay under your Franchise Agreement with us; (ix) you and your owners sign our then-current transfer documents, including a general release; (x) you provide us with all information and/or documents we request about the proposed transfer, the transferee, and its owners; (xi) we determine that the financial terms of the transfer will not burden Your Franchise Business or jeopardize our rights; (xii) you subordinate amounts due to you; (xiii) you correct existing deficiencies in Your Store(s) of which we notify you and/or the transferee agrees to upgrade, remodel and refurbish Your Store(s) for which we may require transferee to escrow an amount we approve for the payment of this upgrade, remodel or refurbishment; (xiv) you provide evidence of business operations transfers, including licenses and insurance; and (xv) you comply with your post-termination obligations under your Franchise Agreement.

PROVISION	SECTION(S) IN FRANCHISE AGREEMENT	SUMMARY
(n) Franchisor's right of first refusal to acquire franchisee's business	Section 12E <del>in</del> <del>Franchise Agreement</del>	We have a 30-day right of first refusal and can match offers if you attempt to sell Your Franchise Business. If we do not match your initial offer, and you do not complete the sale to the proposed buyer within 60 days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you must disclose to us promptly), we or our affiliate will have an additional right of first refusal, which will be for an additional 30 days.
(o) Franchisor's option to purchase franchisee's business	Section 15D <del>in</del> <del>Franchise Agreement</del>	We may purchase Your Franchise Business at book value upon the termination or expiration of the Franchise Agreement. We may exercise this right by giving you written notice of our election within 30 days after the termination or expiration.
(p) Death or disability of franchisee	Section 12F <del>in</del> <del>Franchise Agreement</del>	Upon death or disability of your Operating Partner or a Controlling Owner, your Operating Partner's or the Controlling Owner's executor or personal representative must transfer the ownership interest within 6 months of date of death or disability.
(q) Non-competition covenants during the term of the franchise	Section 7 <del>in</del> <del>Franchise Agreement</del>	Subject to state law, no ownership interest in or performing services for a Competitive Business (defined below) located anywhere; no solicitation or interference with our or our affiliates relationships with any Store customers, franchisees, vendors or clients. "Competitive Business" means any business (excluding Stores) that operates, or grants franchises or licenses to operate, any business (including retail businesses) principally engaged in the offer and sale of bubble tea, brewed tea, coffee, juices, smoothies and/or any other products or services that are being offered by Stores.

PROVISION	SECTION(S) IN FRANCHISE AGREEMENT	SUMMARY
(r) Non-competition covenants after the franchise is terminated or expires	Section 15E <del>in</del> Franchise Agreement	Subject to state law, you and your owners may not have any direct or indirect interest in a Competitive Business located or operating at the Premises or within the greater of (i) the Development Territory, or (ii) the city limits of the city in which the Store is located for a period of 2 years; provided, however, if you execute the Territorial Rights Amendment, you and your owners may not have any direct or indirect interest in a Competitive Business located in the greater of (i) the Development Territory, (ii) the city limits of the city in which the Store is located; or (iii) the Exclusive Development Territory for a period of 2 years. Additionally, for 2 years you and your owners may not solicit or interfere with our or our affiliates relationships with any Store customers, franchisees, vendors or consultants.
(s) Modification of the agreement	Section 17I <del>in</del> Franchise Agreement	No modification unless by written agreement of both parties, but Operations Manual and System Standards subject to change.
(t) Integration/merger clause	Section 17K <del>in</del> Franchise Agreement	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside the Disclosure Document and Franchise Agreement may not be enforceable.
(u) Dispute resolution by arbitration or mediation	Section 17E <del>in</del> Franchise Agreement	All claims between you and us must be submitted for binding arbitration to the American Arbitration Association by the demand of either party (subject to state law).
(v) Choice of forum	Section 17E and 17G <del>in</del> Franchise Agreement	Subject to the arbitration requirement and applicable state law, all claims between you and us must be commenced within 50 miles of our (or our successors' or assigns') then-current principal place of business (currently, San Francisco, California) (subject to state law).
(w) Choice of law	Section 17F <del>in</del> Franchise Agreement	Except for the Federal Arbitration Act and other federal or applicable state laws, all claims between you and us will be governed by the laws of the state of your principal place of business (subject to state law).

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in Exhibit D.

### **Item 18**

### **PUBLIC FIGURES**

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

**Item 19**

**FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchise 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 Stores. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing Store, however, we may provide you with the actual records of that Store. 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 Jojo Chen at Infinilush Company Limited, 652 Market Street, San Francisco, California 94104, 852-3507-6138.

**Item 20**

**STORES AND FRANCHISEE INFORMATION**

The numbers in Tables 1 through 4 are as of December 31, ~~2020~~2021, December 31, ~~2021~~2022, and December 31, ~~2022~~2023. Company-owned Stores refers to the Company Stores.

**TABLE NO. 1  
SYSTEMWIDE STORE SUMMARY  
FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

Store Type	Year	Stores at the Start of the Year	Stores at the End of the Year	Net Change
<del>Franchised</del>	<del>2020</del>	<del>1</del>	<del>1</del>	<del>0</del>
<u>Franchised</u>	2021	1	3	+2
	2022	3	6	+3
<del>Company-Owned</del>	<del>2020</del> <u>2023</u>	<del>3</del> <u>6</u>	<del>2</del> <u>10</u>	<del>-5</del> <u>+4</u>

Store Type	Year	Stores at the Start of the Year	Stores at the End of the Year	Net Change
<u>Company-Owned</u>	2021	27	25	-2
	2022	25	25	0
<b>Total</b>	<del>2020</del> <u>2023</u>	<del>33</del> <u>25</u>	<del>28</del> <u>25</u>	<del>-5</del> <u>-50</u>
<u>Total</u>	2021	28	28	0
	2022	28	31	+3
	<u>2023</u>	<u>31</u>	<u>35</u>	<u>+4</u>

**TABLE NO. 2**  
**TRANSFERS OF STORES FROM FRANCHISEES TO**  
**NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE)**  
**FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

State	Year	Number of Transfers
<del>All States</del>	<del>2020</del>	<del>0</del>
<u>Florida</u>	2021	0
	2022	0
<b>Totals</b>	<del>2020</del> <u>2023</u>	<del>0</del> <u>1</u>
<u>Massachusetts</u>	2021	0
	2022	0
	<u>2023</u>	<u>1</u>
<u>Total</u>	<u>2021</u>	<u>0</u>
	<u>2022</u>	<u>0</u>
	<u>2023</u>	<u>2</u>

**TABLE NO. 3**  
**STATUS OF FRANCHISED STORES**  
**FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

State	Year	Stores at Start of Year	Stores Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Stores at End of Year
California	<del>2020</del> <u>2021</u>	0	0	0	0	0	0	0
	2022	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>
	2023	<u>1</u>	<u>1*</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Colorado</u>	2021	0	0	0	0	0	0	0
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	<del>2022</del> <u>2023</u>	0	1	0	0	0	0	1

State	Year	Stores at Start of Year	Stores Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Stores at End of Year
<del>Massachusetts</del>	<del>2020</del>	0	0	0	0	0	0	0
<del>Florida</del>	<del>21</del>							
	2022	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
	2023	<u>0</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2</u>
<u>Massachusetts</u>	2021	0	2	0	0	0	0	2
	2022	2	1	0	0	0	0	3
<del>Washington</del>	<del>2020</del>	<del>13</del>	<del>0</del>	0	0	0	<del>0</del>	<del>13</del>
<del>Washington</del>	<del>23</del>							
<u>Washington</u>	2021	1	0	0	0	0	0	1
	2022	1	1	0	0	0	0	2
<b>Total</b>	<del>2020</del>	<del>12</del>	0	0	0	0	0	<del>12</del>
	<del>23</del>							
<b>Total</b>	2021	1	2	0	0	0	0	3
	2022	3	3	0	0	0	0	6
	2023	<u>6</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>10</u>

\*this is a dual-branded Store

**TABLE NO. 4  
STATUS OF COMPANY-OWNED STORES  
FOR YEARS ~~2020~~2021 TO ~~2022~~2023**

State	Year	Stores at Start of Year	Stores Opened	Stores Reacquired from Franchisee	Stores Closed	Stores Sold to Franchisee	Stores at End of Year
<del>California</del>	<del>2020</del>	<del>9</del>	<del>0</del>	<del>0</del>	<del>2</del>	<del>0</del>	<del>7</del>
<u>California</u>	2021	7	0	0	2	0	5
	2022	5	2	0	2	1	4
<del>Michigan</del>	<del>2020</del>	<del>14</del>	<del>0</del>	0	0	0	<del>15</del>
<del>Michigan</del>	<del>2023</del>						
<u>Michigan</u>	2021	1	0	0	0	0	1
	2022	1	1	0	0	0	2
<del>New Jersey</del>	<del>2020</del>	<del>32</del>	0	0	0	0	<del>32</del>
<del>New Jersey</del>	<del>2023</del>						
<u>New Jersey</u>	2021	3	0	0	0	0	3
	2022	3	0	0	0	0	3
<del>New York</del>	<del>2020</del>	<del>193</del>	<del>10</del>	0	<del>40</del>	0	<del>163</del>
<del>New York</del>	<del>2023</del>						
<u>New York</u>	2021	16	3	0	3	0	16
	2022	16	1	0	1	0	16
<b>Totals</b>	<del>2020</del>	<del>32</del>	1	0	<del>62</del>	0	<del>27</del>
	<del>2023</del>						
	2021	27	3	0	5	0	25

State	Year	Stores at Start of Year	Stores Opened	Stores Reacquired from Franchisee	Stores Closed	Stores Sold to Franchisee	Stores at End of Year
<u>Total</u>	2022	25	4	0	3	1	25
	2023	25	2	0	2	0	25

TABLE NO. 5  
PROJECTED OPENINGS ~~FOR~~ AS OF DECEMBER 31, 2023

State	Franchise Agreements Signed But Not Opened <sup>1</sup>	Projected New Franchised Stores in the Next Fiscal Year	Projected New Company-Owned Stores in the Next Fiscal Year
<del>California</del> Colorado	0 <u>2</u>	0 <u>2</u>	4 <u>0</u>
ColoradoFlorida	1	0 <u>1</u>	0
FloridaNew York <sup>2</sup>	4 <u>4</u>	0 <u>4</u>	0
MichiganTexas	0 <u>1</u>	0 <u>1</u>	4 <u>0</u>
TexasUtah	0 <u>2</u>	4 <u>2</u>	0
UtahWashington	0 <u>1</u>	1	0
WashingtonWisconsin <sup>3</sup>	1	0 <u>1</u>	0
<b>Totals</b>	<del>3</del> 1 <u>2</u>	<del>2</del> 1 <u>2</u>	<del>2</del> 0

1. Franchisees may purchase a 3-Store franchise in one franchise agreement. This column reflects the number of Stores undeveloped under all franchise agreements.
2. This includes one franchisee with a 3-Store commitment for non-traditional mobile carts.
3. This includes one Store that will be dual-branded.

A list of our franchisees can be found in Exhibit H. ~~There were no~~ Exhibit H also lists the franchisees who had a Franchise Agreement terminated, cancelled, not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year, or who had not communicated with us within 10 weeks of the issuance date of this Disclosure Document. If you buy this franchise, your contact information may be disclosed to buyers when you leave the Franchise System.

In some instances, current and former franchisees sign provisions restricting their ability to speak ~~opening~~ openly about their experience with the “CoCo Fresh Tea & Juice” franchise 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 are not aware of any trademark-specific franchisee organizations associated with our franchise system.

## **Item 21**

### **FINANCIAL STATEMENTS**

Exhibit E contains our audited balance sheets as of December 31, ~~2022~~2023, December 31, ~~2021~~2022 and December 31, ~~2020~~2021, and our audited statements of income, stockholders' equity and cash flow for the fiscal years then ended. Our fiscal year end is December 31.

## **Item 22**

### **CONTRACTS**

The following contracts are attached as exhibits to this Disclosure Document:

Exhibit B – Franchise Agreement

Exhibit B-1 – Franchise Agreement Supplement

Exhibit B-2 – Territorial Rights Amendment

Exhibit D – State Addenda and Agreement Riders to Franchise Agreement

Exhibit F – Representations and Acknowledgment Statement

Exhibit G – Sample General Release

## **Item 23**

### **RECEIPTS**

Exhibit I contains detachable documents acknowledging your receipt of this Disclosure Document.

**EXHIBIT A**

**STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS**

## EXHIBIT A

### STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

#### CALIFORNIA

Department of  
Financial Protection and Innovation:  
Toll Free: 1 (866) 275-2677

##### *Los Angeles*

Suite 750  
320 West 4<sup>th</sup> Street  
Los Angeles, California 90013  
(213) 576-7505

##### *Sacramento*

2101 Arena Boulevard  
Sacramento, CA 95834  
(916) 445-7205

##### *San Diego*

1350 Front Street  
San Diego, California 92101  
(619) 525-4044

##### *San Francisco*

One Sansome Street, Suite 600  
San Francisco, California 94104  
(415) 972-8559

#### HAWAII

(state administrator)

Business Registration Division  
Securities Compliance Branch  
Department of Commerce and Consumer Affairs  
P.O. Box 40  
Honolulu, Hawaii 96810  
(808) 586-2727

#### ILLINOIS

Franchise Bureau  
Office of the Attorney General  
500 South Second Street  
Springfield, Illinois 62706  
(217) 782-4465

#### INDIANA

(state administrator)

Indiana Secretary of State  
302 West Washington Street  
Securities Division, E-111  
Indianapolis, Indiana 46204  
(317) 232-6681

(agent for service of process)

Indiana Secretary of State  
201 State House  
200 West Washington Street  
Indianapolis, Indiana 46204  
(317) 232-6531

**MARYLAND**

(state administrator)

Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6300

(agent for service of process)

Maryland Securities Commissioner  
at the Office of the Attorney General  
Securities Division  
200 St. Paul Place  
Baltimore, Maryland 21202-2021  
(410) 576-6360

**MICHIGAN**

(state administrator)

Michigan Attorney General’s Office  
Consumer Protection Division  
Attn: Franchise Section  
G. Mennen Williams Building  
525 West Ottawa Street  
Lansing, Michigan 48909  
(517) 335-7622

(agent for service of process)

Michigan Department of Commerce,  
Corporations and Securities Bureau  
P.O. Box 30054  
6546 Mercantile Way  
Lansing, Michigan 48909

**MINNESOTA**

(state administrator)

Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

(agent for service of process)

Commissioner of Commerce  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, Minnesota 55101  
(651) 539-1600

**NEW YORK**

(state administrator)

NYS Department of Law  
Investor Protection Bureau  
28 Liberty Street, 21<sup>st</sup> Floor  
New York, NY 10005  
(212) 416-8222

(agent for service of process)

Attention: New York Secretary of State  
New York Department of State  
One Commerce Plaza,  
99 Washington Avenue, 6th Floor  
Albany, NY 12231-0001  
(518) 473-2492

**NORTH DAKOTA**

(state administrator)

North Dakota Securities Department  
600 East Boulevard Avenue  
State Capitol – ~~Fifth~~ 14<sup>th</sup> Floor, Dept. 414  
Bismarck, North Dakota 58505  
(701) 328-4712

(agent for service of process)

Securities Commissioner  
600 East Boulevard Avenue  
State Capitol – ~~Fifth~~ 14<sup>th</sup> Floor  
Bismarck, North Dakota 58505  
(701) 328-4712

**OREGON**

Department of Insurance and Finance  
Corporate Securities Section  
Labor and Industries Building  
Salem, Oregon 97310  
(503) 378-4387

**RHODE ISLAND**

Department of Business Regulation  
Division of Securities  
John O. Pastore Complex Building 69-1  
1511 Pontiac Avenue  
Cranston, Rhode Island 02920  
(401) 462-9645

**SOUTH DAKOTA**

Division of Insurance  
Securities Regulation  
124 S. Euclid Avenue, Second Floor  
Pierre, South Dakota 57501  
(605) 773-3563

**VIRGINIA**

(state administrator)

State Corporation Commission  
Division of Securities & Retail Franchising  
1300 East Main Street, Ninth Floor  
Richmond, Virginia 23219  
(804) 371-9051

(agent for service of process)

Clerk, State Corporation Commission  
1300 East Main Street, 1<sup>st</sup> Floor  
Richmond, Virginia 23219  
(804) 371-9733

**WASHINGTON**

(state administrator)

Department of Financial Institutions  
Securities Division  
P.O. Box ~~9033~~[41200](tel:98507-9033)  
Olympia, Washington ~~98507-9033~~[98504-1200](tel:98504-1200)  
(360) 902-8760

(agent for service of process)

Director  
Department of Financial Institutions  
Securities Division  
150 Israel Road, S.W.  
Tumwater, Washington 98501

**WISCONSIN**

(state administrator)

Securities and Franchise Registration  
Wisconsin Department of Financial Institutions  
4822 Madison Yards Way, North Tower  
Madison, Wisconsin 53705  
(608) 266-0448

(agent for service of process)

Office of the Secretary  
Wisconsin Department of Financial Institutions  
P.O. Box 8861  
Madison, Wisconsin 53708-8861  
(608) 261-9555

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



**INFINILUSH COMPANY LIMITED**

**FRANCHISE AGREEMENT**

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FRANCHISEE

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EFFECTIVE DATE OF AGREEMENT

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## **EXHIBITS**

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EXHIBIT B	DEVELOPMENT TERRITORY/STORE SCHEDULE
EXHIBIT C	STORE RIDER
<del>EXHIBIT D</del>	<del>CONFIDENTIALITY AND NON-COMPETITION AGREEMENT</del>

## FRANCHISE AGREEMENT

**THIS AGREEMENT** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we,” “us,” or “our”), and \_\_\_\_\_, a \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you” or “your”) as of the Effective Date.

### **1. GRANT OF FRANCHISE.**

#### **1A. PREAMBLES.**

(1) We and our Affiliates have, with considerable effort, developed (and continue to develop and modify) a system and franchise opportunity to establish, operate and promote the Stores.

(2) We and our Affiliates use, promote, and license others to use and promote, the Marks.

(3) Stores will offer the services and goods we authorize, and use our Franchise System, all of which we may improve, further develop, or otherwise modify from time to time.

(4) We grant franchises to Persons who meet our qualifications and are willing to undertake the investment and effort to own and operate Stores, and you have applied and been approved to acquire a franchise business to own and operate the Store(s) indicated on **Exhibit B**.

#### **1B. GRANT AND TERM OF FRANCHISE.**

Subject to this Agreement’s terms, and except as otherwise provided on **Exhibit B**, we grant you a franchise to use the Franchise System and the Marks to develop and operate Your Franchise Business. You may also request we grant you the right to open Additional Stores. We have the sole right to approve or disapprove your opening Additional Stores. If we grant you the right to Additional Stores, you must sign the Franchise Agreement Supplement and pay the Subsequent Franchise Fee identified therein.

This Agreement expires at the end of the Term. You agree at all times faithfully, honestly, and diligently to perform your obligations under this Agreement and to use your best efforts to promote Your Franchise Business. Upon expiration of the Term, unless you are granted a successor franchise under the terms of Section 13, your franchise rights will terminate with respect to Your Franchise Business.

#### **1C. OWNERSHIP AND ORGANIZATION OF ENTITY.**

You agree and represent that:

(1) You are validly existing and in good standing under the laws of the jurisdiction in which you were formed, and have the authority to execute, deliver, and perform your obligations under this Agreement and all related agreements;

(2) Your organizational documents state that this Agreement restricts the issuance and transfer of any of your ownership interests, and all certificates and other documents representing your ownership interests will bear a legend referring to this Agreement's restrictions;

(3) **Exhibit A** to this Agreement completely and accurately describes all of your owners and their interests in you as of the Effective Date;

(4) Subject to our rights and your obligations under Section 12, you and your owners agree to immediately notify us of any changes of ownership in you and sign and deliver to us a revised **Exhibit A** to reflect such changes, failure of which will constitute a material breach of this Agreement and will allow us to terminate this Agreement;

(5) You must identify an Operating Partner on **Exhibit A**. We reserve the right to approve the Operating Partner. In the event that your Operating Partner ceases to own an ownership interest and voting interest in you, or we disapprove of your Operating Partner, you must recruit a new Operating Partner within thirty (30) days of the change in ownership or disapproval and immediately deliver to us a revised **Exhibit A** to accurately identify the Operating Partner for our review and approval, failure of which will constitute a material breach of this Agreement;

(6) You agree that the Operating Partner is authorized to deal with us on your behalf for all matters whatsoever that may arise with respect to this Agreement. Any decision made by the Operating Partner will be final and binding on you and we will be entitled to rely solely on the decision of the Operating Partner without discussing the matter with any other party. We will not be held liable for any actions based on any decision or actions of the Operating Partner, and you will be responsible for all of your Operating Partner's actions as well as the actions for any other Person you authorize to communicate with us and act on your behalf; and

(7) Your Franchise Business will be the only business that you operate through that Entity unless otherwise approved by us.

## **2. DEVELOPMENT AND OPENING OF STORES**

### **2A. DEVELOPMENT SCHEDULE AND TERRITORY**

You must comply with all terms and conditions under this Agreement to develop and open each of Your Store(s) within the Development Territory in accordance with the Development Schedule identified on **Exhibit B**. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy your obligations to develop Your Store(s) in accordance with the Development Schedule identified on **Exhibit B**. If you have the right to develop multiple Stores under this Agreement, your failure to open any Store by the deadline specified in the Development Schedule identified on **Exhibit B** will result in you losing the right to open new Stores under this Agreement and will allow us to reduce the size of the Development Territory. Our designation of the Development Schedule is not our representation, express or implied, that you will be able to develop and open any Stores according to any particular schedule. You acknowledge and agree that the Development Territory is not an exclusive territory. You have no territorial protection in the Development Territory (except as may be expressly provided in Section

~~2.C~~2C) and we and our Affiliates retain all rights with respect to the placement of Stores and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities.

## **2B. SITE SELECTION AND LEASE.**

If the Premises of Your Store(s) is not specified on Exhibit B of this Agreement as of the Effective Date, you must submit to us the Site Evaluation Report, which must contain the documents and information we require, including a description of the proposed site, and a letter of intent or other evidence confirming your favorable prospects for obtaining the proposed site. We may also require that you hire a service provider that we designate, which may be one of our Affiliates, to assist you with the site selection process. Upon receiving the Site Evaluation Report, we will accept or not accept the Premises you propose. If we accept the proposed site, you must timely send us the documents we request. We typically request the Site Documents, but our request may vary. Upon receiving the Site Documents and payment of the Initial Franchise Fee and Subsequent Franchise Fee (if applicable), we will provide you a counter-signed Store Rider (attached as Exhibit C) as the approval of the site(s) and acknowledging the Premises of the Store and the Protected Territory. You may use each Premises approved by us only for the business of a Store. You agree not to conduct the business of any Store at any site other than the approved Premises for that Store. You must obtain our written acceptance of the proposed site for the Premises of your first Store within 120 days of the Effective Date.

We have the right to accept or not accept all proposed sites, including sites selected using the services of any of our designees, in our sole discretion. Our determination to accept or not accept a site may be based on various criteria, which we may change in our discretion, including business count, traffic count, accessibility, parking, visibility, competition and license availability. We will use reasonable efforts to accept or not accept the proposed site within fifteen (15) days after receiving your report.

You acknowledge and agree that your acceptance of any site is based on your own independent investigation of the site's suitability for a Store. Neither the information we give you regarding a site for a Premises (including any recommendations) nor the assistance we or our representatives provide you in selecting any site, constitutes a representation or warranty of any kind, express or implied, of the site's suitability for a Store or any other purpose. Our recommendations and assistance indicate only that we believe that the site and location meet our then-current criteria. Applying criteria that have appeared effective with other sites and locations might not accurately reflect the potential for all sites and locations, and factors included in or excluded from our criteria could change, altering the potential of a site or location. The uncertainty and variability of these criteria are beyond our control, and we are not responsible if a site and location we recommend fails to meet your expectations.

You are not required to obtain our approval of the Lease before you execute the Lease unless we notify you in writing that we desire to review the Lease. You must deliver to us a signed copy of each Lease you sign within ten (10) days after its execution and it must be further delivered to us before we counter-sign the Store Rider.

## **2C. PROTECTED TERRITORY.**

Provided that you are in full compliance with the terms and conditions of this Agreement and all other agreements with us and our Affiliates, and subject to our rights under Section ~~2.D~~2D, we and our Affiliates will not operate or grant a franchise for the operation of another Store within the

Protected Territory. You acknowledge that we have the sole right to determine the geographical area of each Protected Territory in connection with our approval of the Premises of Your Store(s). The Protected Territory applicable to Your Store(s) will be specified on the Store Rider for that Store at the time it is signed. You acknowledge and agree that nothing contained herein restricts us, our Affiliates or our franchise owners from advertising or soliciting members within the Protected Territory. Unless otherwise identified on the Store Rider, the Protected Territory will be a diameter of 0.5 miles. You further acknowledge and agree that the Protected Territory will not apply to any Stores operating at a Non-Traditional Sites.

## **2D. TERRITORIAL RIGHTS WE RESERVE.**

Except for your rights under Section ~~2.62C~~, you have no territorial protection and we and our Affiliates retain all rights with respect to the placement of Stores and other businesses using the Marks, the sale of similar or dissimilar products and services, and any other activities. These rights include:

- (1) the right to establish and operate, and allow others to establish and operate, other Stores and other businesses using the Marks or the Franchise System, at any location outside of the Protected Territory, and on any terms and conditions we approve;
- (2) the right to establish and operate, and allow others to establish and operate, additional concepts or businesses (including Stores operating at Non-Traditional Sites) providing products or services the same or similar to those provided at Stores in any location, including within the Protected Territory, and under any trade names, trademarks, service marks and commercial symbols other than the Marks;
- (3) the right to establish and operate, and allow others to establish and operate, other distribution channels (including, the internet or retail stores) wherever located or operating, including within the Protected Territory, regardless of the nature or location of the customers, with whom such other distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Stores, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Stores customarily sell under any terms and conditions we approve;
- (4) offer and sell (and grant others to offer and sell) goods and services to customers located anywhere, including within the Protected Territory;
- (5) the right to acquire, or be acquired by (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) a business providing products and services similar or the same to those provided at Stores, even if such business operates, franchises and/or licenses Competitive Businesses, located anywhere, including within the Protected Territory; and
- (6) engage in all other activities not expressly prohibited by this Agreement.

## **2E. RELOCATION OF THE SITE.**

You may not relocate the Premises we have approved without our approval. If we allow you to relocate a Store, the relocation will be subject to the site selection provisions set forth above and will occur at your sole expense. In addition, you will be assessed the Relocation Fee.

## **2F. DEVELOPMENT AND CONSTRUCTION.**

You are responsible for developing the Premises. If you need to secure financing to complete your development obligations, you agree to do so independently and at your own expense. We will give you mandatory and suggested specifications for each Premises, including requirements for dimensions, design (including ~~3D~~3-D design and relative drawings), image, interior layout, decor, fixtures, equipment, signs, furnishings, and color scheme. You agree to develop, construct and decorate each Premises at your own expense according to plans and specifications approved and/or provided by us and in accordance with the requirements of the applicable Lease. The specifications and plans we provide you for each Premises do not reflect the requirements of any applicable law, code, or regulation, including those arising from any applicable laws, regulations and/or rules governing public accommodations for persons with disabilities. It is your responsibility to confirm all required construction plans and specifications comply with any and all applicable laws/regulations/rules/ordinances, building codes, permit requirements, and Lease requirements and restrictions.

You must retain, at your expense, an architect and a general contractor to produce development plans for each Premises. You must notify us of your preferred choice of architect and general contractor, and we reserve the right to require you to use one of our approved architects and/or general contractors (which may be one of our Affiliates) if we determine, in our sole discretion, that the architect you retained cannot perform the development and construction plans in accordance with our System Standards. You must send us your development and construction plans and specifications for our review and written approval before you begin construction on any Premises. You must send us any revisions of plans or specifications before such revisions are implemented. Our review is limited to ensuring your compliance with our design requirements and does not assess compliance with applicable laws and regulations, including those arising under any applicable laws, regulations and/or rules governing public accommodations for persons with disabilities. Ensuring that any Premises complies with these laws is your responsibility.

We reserve the right to require you to remodel or re-construct Your Store(s) every four (4) years based on our specifications, plans and designs.

## **2G. OPERATING ASSETS.**

Before you open Your Store(s), you agree to obtain and install the Operating Assets. You agree to purchase or lease the brands, types, and models of Operating Assets that we designate or approve. You agree to purchase or lease the Operating Assets only from Suppliers we designate or approve (which may include or be limited to us and/or our Affiliates).

## **2H. COMPUTER SYSTEM.**

You agree to obtain and use the Computer System for Your Franchise Business. We may modify specifications for and components of the Computer System from time to time and you agree to

implement our modifications within the time-period we indicate. We might periodically require you to purchase, lease, and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System. Although we cannot estimate the future costs of the Computer System or required service or support, and although these costs might not be fully amortizable over this Agreement's remaining term, you agree to incur the costs of obtaining the Computer System (and any additions and modifications), including any required service or support for Your Franchise Business.

You must obtain and install the Computer System at Your Store(s), and ensure that the Computer System is functioning properly, before you open that Store.

You must pay for any proprietary software or technology that we, our Affiliates or third-party designees license to you and for other maintenance and support services that we, our Affiliates or third-party designees provide during this Agreement's term. We or our Affiliates may condition your license of any proprietary software, or your use of technology that we or our Affiliates develop or maintain, on your signing a license agreement or similar document that we or our Affiliates approve to regulate your use of, and our and your respective rights and responsibilities with respect to, such software or technology. We may ~~also~~ require you to pay such license fees as part of our then-current Technology Fee.

You must pay the Technology Fee in the amounts and at the intervals we specify. The Technology Fee is subject to change with notice to you.

The Computer System may give us and our Affiliates access to all information generated by the Computer System, including price maintenance and information relating to customers for Your Franchise Business. At our request, you agree to sign a release with any Supplier of your Computer System providing us with unlimited access to your data.

Despite the fact that you agree to buy, license, use, and maintain the Computer System according to our standards and specifications, you will have sole and complete responsibility for acquiring, operating, maintaining and upgrading: (1) the Computer System; (2) the connectivity of your Computer System (including the point-of-sale system); and (3) third-party interfaces between the Computer System and our and/or any third party's computer system. You will have sole and complete responsibility for any and all consequences if the Computer System is not properly operated, maintained, and upgraded.

## **2I. STORE OPENING.**

You may not open any of Your Store(s) until (i) your personnel satisfactorily complete the Initial Training Program, as required pursuant to Section ~~4.A.4A~~, and (ii) you pay the Initial Franchise Fee, Legal Processing Fee, Subsequent Franchise Fee (if the Store is an Additional Store), the Security Deposit and all other amounts then due to us. Additionally, you may not open any of Your Store(s) until:

- (1) we provide you a counter-signed Store Rider approving the opening of the Store, the Premises and the Protected Territory;
- (2) the Store meets our standards and specifications (although our acceptance is not a representation or warranty, express or implied, that the Store complies with any

engineering, licensing, environmental, labor, health, building, fire, sanitation, occupational, landlord's, insurance, safety, tax, governmental, or other statutes, laws, ordinances, rules, regulations, requirements, or recommendations, nor is our acceptance a waiver of our right to require continuing compliance with our requirements, standards, or policies);

(3) you give us certificates for all required insurance policies (as described in Section ~~8.J~~8J) for the Store, a copy of the Lease governing the Premises of the Store, a copy of any permits you obtain for the Store, and any other documents we request from you;

(4) you obtain all required supplies, opening inventory, and Operating Assets for the Store;

(5) you obtain all customary contractors' sworn statements and partial and final waivers of lien for construction, remodeling, decorating and installation services for the Store;

(6) you meet all regulatory requirements, including all applicable professional regulations, for the Store; and

(7) you notify us of your projected opening date, and we approve you to open Your Store on that date.

Subject to your obligation to meet all of the conditions we specify to open Your Store(s), you agree to open each of Your Store(s) in accordance with the Development Schedule attached as **Exhibit B**, or we may terminate this Agreement pursuant to Section ~~14.B~~14B(4) hereto.

### **3. FEES.**

#### **3A. INITIAL AND SUBSEQUENT FRANCHISE FEE.**

You agree to pay us the Initial Franchise Fee. The Initial Franchise Fee is not refundable under any circumstances. You must pay us the Initial Franchise Fee by wire transfer of immediately available funds to an account we designate, or by any other method we specify. The Initial Franchise Fee must be paid to us at least five (5) days prior to your scheduled Initial Training Program. In the event we approve your opening Additional Stores, you will sign the Franchise Agreement Supplement and pay us the then-current Subsequent Franchise Fee for each Additional Store you agree to open as identified in the Franchise Agreement Supplement. The Subsequent Franchise Fee will not be refundable under any circumstance. You must pay us the Subsequent Franchise Fee by wire transfer of immediately available funds to an account we designate, or by any other method we specify.

#### **3B. LEGAL PROCESSING FEE.**

You agree to pay us the Legal Processing Fee within seven (7) days of the date that you sign this Agreement and/or any subsequent Franchise Agreement Supplement. The Legal Processing Fee is not refundable under any circumstances. You must pay us the Legal Processing Fee by wire transfer of immediately available funds to an account we designate, or by any other method we specify. The Legal Processing Fee is intended to reimburse our costs associated with processing the franchise documents for Your Franchise Business, including preparation of this Agreement and any applicable Franchise Agreement Supplement; however, the Legal Processing Fee will not be modified based on the specific costs we incur.

### 3C. SECURITY DEPOSIT.

You agree to pay us the Security Deposit within seven (7) days of the Effective Date, ~~but no later than five (5) days prior to your scheduled Initial Training Program~~. The Security Deposit must be paid by wire transfer of immediately available funds to an account we designate, or by any other method we specify. Nothing in this Agreement requires us to maintain a separate account for the Security Deposit, or to account for such amounts separately in our books and records.

Without limiting our rights of termination or any other rights hereunder, you agree that we are entitled to apply any or all of the Security Deposit towards any past due amounts that you or your Affiliates owe us or our Affiliates. If the Security Deposit does not cover all amounts owed to us, you are required to pay the remaining balance pursuant to the terms applicable to such balance under your and your Affiliates' agreements with us and our Affiliates. If we terminate this Agreement under Section ~~14.B~~14B or you terminate this Agreement prior to the expiry of the Term other than as permitted under Section ~~14.A~~14A, we will have no obligation to return all or any part of the Security Deposit, which will be forfeited to us. Otherwise, we will return the Security Deposit to you within thirty (30) days upon the expiry of the Term, without interest, if (i) you have strictly complied with all terms of this Agreement, including your obligation to open Your Store(s) by the applicable deadlines, and all System Standards, for the entire duration of the Term, and (ii) you have paid all amounts as they become due (including, for any Operating Assets, Initial Franchise Fee, Royalty, Fees or amounts due to any Suppliers) in connection with the operation of Your Franchise Business. We will determine whether you have complied with the terms of this Agreement and our System Standards and paid all amounts owed to us and our Affiliates in our sole discretion.

If we at any time apply any or all of your Security Deposit to any past due amounts owed by your or your Affiliates, you must replenish the balance of such Security Deposit by paying us an amount equal to the amount so applied, immediately upon our demand.

### 3D. ROYALTY FEE.

You agree to pay us a monthly Royalty Fee within seven (7) days of invoice by us. ~~If we authorize or require participation in online group-bought deals, gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards shall be included in Net Sales in accordance with our then current guidelines for calculating Net Sales, which may include calculating such amounts, at our option, as either (i) the purchasing value of such certificate, card or deal when it is redeemed at Your Franchise Business, or (ii) the amount of the payment you received for such certificate, card or deal at the time of its sale.~~

### 3E. INTEREST ON LATE PAYMENTS.

All amounts that you owe us for any reason will bear interest accruing as of their original due date at two percent (2%) per month for each day that such amount remains unpaid, or the highest commercial contract interest rate the law allows, whichever is less. We may debit your bank account automatically for service charges and interest. You acknowledge that this Section is not our agreement to accept any payments after they are due or our commitment to extend credit to you or finance the operation of Your Franchise Business.

### **3F. APPLICATION OF PAYMENTS.**

Despite any designation you make, we may apply any of your payments to us or our Affiliates to any of your past due indebtedness to us or our Affiliates. We may set off any amounts you or your owners owe us or our Affiliates against any amounts we or our Affiliates owe you or your owners. You may not withhold payment of any amounts you owe us due to our alleged nonperformance of any of our obligations under this Agreement.

### **3G. METHOD OF PAYMENT.**

You must make all payments due under this Agreement in the manner we designate from time to time, and you agree to comply with all of our payment instructions. If we require, you will provide us EFT Authorization for any amounts owed under this Agreement. You agree to execute and deliver to us any document(s) we require to evidence the EFT Authorization. If you maintain multiple business bank accounts for Your Franchise Business, we may require you to execute an EFT Authorization for each bank account that accepts deposits of your Net Sales. The EFT Authorization will remain in full force and effect during the Term. We or our designee will debit the business account(s) you designate in the EFT Authorization for amounts you owe us on their due dates (or the subsequent business day if the due date is a national holiday or a weekend day). You agree to ensure that funds are available in your designated account(s) to cover our withdrawals. You shall pay us a fee of One Hundred Dollars (\$100) each time we attempt to debit any of your business accounts, and we receive a notice of insufficient funds.

We may receive information regarding your Net Sales through our access to the Computer Systems or we may require you to submit weekly Net Sales reports in the format we require. If we ever stop having access to information from your Computer Systems, and you fail to report your Net Sales when due, then for each payment due under this Agreement that is calculated based on Net Sales, we may debit your business account one hundred ten percent (110%) of the average of the last three (3) applicable payments that we debited. If the amounts that we debit from your business account(s) are less than the amounts you actually owe us (once we have determined your true and correct Net Sales), we will debit your business account(s) for the balance on any day we specify. If the amounts that we debit from your business account are greater than the amounts you actually owe us, we will credit the excess against the amounts we otherwise would debit from your business account on the next payment due date.

### **3H. CURRENCY.**

All references to money amounts in this Agreement, unless otherwise specified, shall be to United States Dollar. All payments that you make to us under the terms of this Agreement must be in United States Dollars.

### **3I. WITHHOLDING TAXES.**

You will pay the appropriate governmental agency any withholding taxes and other taxes due on behalf of us unless otherwise advised by us. You shall promptly deliver to us copies of receipts from applicable governmental authorities for all such taxes withheld and paid within 30 days of payment. You shall be responsible for, and will hold us harmless against, any penalties, interest and expenses incurred by or assessed against us as a result of your failure either to withhold such taxes or to timely remit them to the appropriate taxing authority. You shall fully and promptly cooperate with

us to provide such information and records as we may request in connection with any application by us to any taxing authority with respect to tax credits, exemptions or refunds for any withholding or other taxes paid or payable by you.

#### **4. TRAINING AND ASSISTANCE.**

##### **4A. INITIAL TRAINING PROGRAM.**

No later than 90 days after the Effective Date and prior to opening or operating your first Store, or the alternative date agreed otherwise, your personnel must attend the Initial Training Program as follows: (i) if Your Franchise Business is for 1 Store, only your Operating Partner must attend our Initial Training Program, though we may also require your Designated Manager for that Store (if applicable) to attend the Initial Training Program (a total of 1 to 2 attendees); or (ii) if Your Franchise Business is for 3 Stores, your Operating Partner and your Designated Manager for your first Store must attend the Initial Training Program (a total of 2 attendees). For all other Stores that you develop after your first Store (if applicable), your Operating Partner and the Designated Manager of that Store (if applicable) may attend the Initial Training Program, but it is not required; provided, however, that you provide a training program that we approve to each Designated Manager that has not attended the Initial Training Program before he or she begins to provide services at any of Your Store(s). We will provide the Initial Training Program at no cost to your Operating Partner and your Designated Managers (if applicable). You must obtain our approval to send any additional personnel to the Initial Training Program other than your Operating Partner and Designated Managers (as applicable).

We will determine the identity and composition of the trainer(s) conducting all portions of the Initial Training Program in our discretion. We will provide the Initial Training Program at the times and locations we determine in our sole discretion (which may include locations in the Republic of China or another overseas location). We may also elect to send our assistant(s) to Your Store(s) to conduct any or all of the Initial Training Program on-site, and/or we may conduct any or all of the Initial Training Program virtually or remotely, in each case in our sole discretion. If Your Franchise Business is one (1) Store, the Initial Training Program will be one (1) to two (2) months in duration for your first Store. If Your Franchise Business is three (3) Stores, the Initial Training Program will be two (2) months in duration for your first Store. However, we will determine, in our sole discretion, the specific length and content of the Initial Training Program. We reserve the right to vary the Initial Training Program based on the experience and skill level of the individual(s) attending. We reserve the right to require any additional managers and/or assistant managers of Your Franchise Business to attend the Initial Training Program, in our sole discretion. Scheduling of the Initial Training Program is based on your and our availability, training facility availability and the projected opening dates for Your Store(s).

If your Operating Partner, any Designated Manger (if applicable), or any manager and/or assistant manager required by us, fail to complete the Initial Training Program to our satisfaction then we reserve the right, in our sole discretion, to terminate this Agreement.

You are responsible for providing a training program for all your employees other than the attendees of the Initial Training Program. All employees must pass the program prior to providing services at Your Franchise Business. We reserve the right to approve the length and content of all training programs you provide to your employees. If we determine, in our sole discretion, that your Operating Partner, any Designated Manger (if applicable), or any manager and/or assistant manager,

is not properly trained to provide the services offered by Your Franchise Business, we may require such persons to ~~cease providing services at Your Franchise Business~~ complete additional training. If you appoint a new Designated Manager, he or she must complete a training program that you provide and we approve to our satisfaction within thirty (30) days of the appointment date.

We may periodically require your Operating Partner, any Designated Manger (if applicable), or any manager and/or assistant manager of Your Franchise Business to attend various training courses, trade shows, ongoing education or certification programs, and/or webinars at the times and locations designated by us. Besides attending these training courses, programs and events, we may additionally require your Operating Partner and any Designated Manager (if applicable) to attend a periodic meeting of franchise owners. These meetings will be held at our discretion and at locations and times we designate.

You agree to pay all travel and living expenses (including, wages, transportation, food, lodging, and workers' compensation insurance) that any of your attendees incurs during the Initial Training Program, and any and all other meetings and/or training courses and programs. You are also responsible for the Assistant's Expenses we incur in sending our assistants to Your Franchise Business to conduct training.

We reserve the right to require that any person that wishes to attend the Initial Training Program execute our then-current form of non-disclosure and non-competition agreement.

You understand and agree that any specific training or advice we provide does not create an obligation (whether by course of dealing or otherwise) to continue to provide such specific training or advice, all of which we may discontinue and modify from time to time.

#### **4B. INITIAL ON-SITE ASSISTANCE.**

For the first Store that you develop, we will make one (1) assistance staff member available to provide you Initial On-Site Assistance, which may start any time up to thirty (30) days prior to the scheduled opening date of your first Store. If Your Franchise Business is one (1) Store, the Initial On-Site Assistance will be one (1) to two (2) months in duration for your first Store. If Your Franchise Business is three (3) Stores, the Initial On-Site Assistance will be two (2) months in duration for your first Store. You recognize and agree that we will determine the specific duration, content, scope and scheduling of all Initial On-Site Assistance in our sole discretion based on the reasonable availability of our assistance staff, which may involve our consultant being at Your Store for fewer than all of its business hours of operation. You may request that we provide additional opening assistance and support for Your Store(s), and we will determine whether to provide such assistance in our sole discretion, or we may determine independently in our sole discretion that such support is necessary.

We will select the assistance staff member(s) that will provide you Initial On-Site Assistance in our sole discretion, and we reserve the right to periodically change the identity and composition of the assistance staff member(s) we provide. You are responsible for the Assistant's Expenses we incur for providing any Initial On-Site Assistance. Additionally, we reserve the right to charge you our then-current assistance fee if we determine that you require Initial On-Site Assistance more than provided in this Agreement for the first Store you develop, or any Initial On-Site Assistance for your second or subsequent Store (if applicable).

Notwithstanding anything to the contrary in this Agreement, we will not be required to send any of our representatives to Your Store(s) to provide any training, assistance or services of any kind if, in our sole determination, it is unsafe to do so, or if we are prohibited from doing so by applicable law, or it is otherwise impractical to do so due to travel restrictions and/or similar limitations. Such determination by us will not relieve you from your obligations under this Agreement (including, without limitation, to pay monies owed) and will not serve as a basis for your termination of this Agreement.

#### **4C. GENERAL GUIDANCE.**

We may advise you from time to time regarding the operation of Your Franchise Business based on your reports or our inspections. We may guide you with respect to: (1) standards, specifications, and operating procedures and methods that Stores use, including, facility appearance, guest service procedures, and quality control; (2) equipment and facility maintenance; (3) inventory management and working with national Suppliers; and (4) advertising, marketing and branding strategies. Such guidance will be furnished in the form of our Operations Manual. We may also provide guidance via telephonic conversations and/or consultation at our offices. If you request, and we agree to provide, additional or special guidance, assistance, or training, we may charge you our then-current fee for any additional assistance and the Assistant's Expenses we incur. We reserve the right to periodically visit any of the Premises and evaluate Your Franchise Business.

#### **4D. OPERATIONS MANUAL.**

We will make one (1) copy of our Operations Manual for the operation of Stores available to you during the Term. The Operations Manual contains the System Standards and information on your other obligations under this Agreement. We may modify the Operations Manual periodically to reflect changes in System Standards. If there is a dispute over its contents, our master copy of the Operations Manual shall control.

You agree that the Operations Manual's contents are confidential and that you will not disclose the Operations Manual to any Person other than any employee who needs to know its contents. You may not at any time copy, duplicate, record, or otherwise reproduce any part of the Operations Manual. You agree to keep your copy of the Operations Manual current and in a secure location. If your copy of the Operations Manual is lost, destroyed, or significantly damaged, you agree to obtain a replacement copy at our then-current charge. At our option, we may make some or all of the Operations Manual available through an Online Presence. If we do so, you must monitor and access that Online Presence for any updates to the Operations Manual. Any passwords or other digital identification necessary to access the Operations Manual on any Online Presence will also be part of the Confidential Information.

### **5. INTELLECTUAL PROPERTY.**

#### **5A. OWNERSHIP AND GOODWILL.**

Your unauthorized use of the Marks and the Franchise System is a breach of this Agreement and infringes our and our Affiliates' intellectual property rights. Your unauthorized use of the Marks and the Franchise System will cause us and our Affiliates irreparable harm for which there is no adequate remedy at law and will entitle us and our Affiliates to injunctive relief. You acknowledge and agree that your use of the Marks and the Franchise System and any goodwill established by that use

are exclusively for our and our Affiliates' benefit and this Agreement does not confer any goodwill or other interests in the Marks or the Franchise System to you (other than the right to operate Your Franchise Business under this Agreement). All provisions of this Agreement relating to the Marks and the Franchise System apply to any changes or additions to the Marks or the Franchise System that we authorize from time to time. You may not at any time during or after this Agreement's term contest or assist any other Person in contesting the validity of the Marks and the Franchise System or our and our Affiliates' ownership of the Marks and the Franchise System.

## **5B. LIMITATIONS ON YOUR USE.**

Your right to use the Marks and the Franchise System is derived only from this Agreement. You may only use the Marks and the Franchise System to operate Your Franchise Business according to this Agreement and in accordance with System Standards. You have no right to sublicense or assign your right to use the Marks or the Franchise System.

You agree to display the Marks prominently as we prescribe at Your Franchise Business and on forms, advertising, supplies, employee uniforms and other materials we designate. You may not use any other trademarks, service marks or commercial symbols to identify or operate Your Franchise Business. You agree to identify yourself as the independent owner of Your Franchise Business in the manner we prescribe. You may not use any Mark (1) as part of any corporate or legal business name; (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos we have licensed to you); (3) in selling any unauthorized services or products; (4) as part of any Online Presence, except in accordance with our guidelines in the Operations Manual; (5) in advertising any prospective transfer that would require our approval under this Agreement; or (6) in any other manner that we have not expressly authorized in writing. You agree to give the notices of trade and service mark registrations that we specify and to obtain any fictitious or assumed name registrations required under applicable law.

## **5C. NOTIFICATION OF INFRINGEMENTS AND CLAIMS.**

You agree to notify us immediately of any apparent infringement or challenge to your use of any Mark or component of the Franchise System, or of any Person's claim of any rights in any Mark or component of the Franchise System, and not to communicate with any Person other than us, our attorneys, and your attorneys, regarding any possible infringement, challenge, or claim. We and/or our Affiliates may take any action we deem appropriate (including no action) and exclusively control any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark or the Franchise System. You agree to sign any documents and take any other reasonable action that, in the opinion of our and our Affiliates' attorneys, are necessary or advisable to protect and maintain our interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain our interests in any Mark and the Franchise System. We will reimburse you for your reasonable documented out-of-pocket costs of taking any action that we have asked you to take.

## **5D. CHANGES TO THE MARKS AND SYSTEM.**

You understand that the Marks and the Franchise System may evolve over time, including after you sign this Agreement. If we decide to modify, substitute, add or discontinue the use of any Marks or any components of the Franchise System, you agree to make such modifications and updates as we specify and to comply with all other directions we give regarding the use of the Marks and the

Franchise System in connection with Your Franchise Business within a reasonable time after receiving notice from us. We are not required to reimburse you for any costs or expenses associated with making such changes, promoting a modified or substitute Mark, or for any loss of revenue due to any modifications to the Marks or Franchise System.

#### **5E. INDEMNIFICATION FOR USE OF MARKS.**

We agree to reimburse you for all damages and expenses that you incur in responding to any trademark infringement proceeding disputing your authorized use of any Mark under this Agreement, if you have timely notified us of the proceeding, and complied with our directions in responding to it and are otherwise in compliance with the terms and conditions of this Agreement. At our option, we and/or our Affiliates may defend and control the defense of any proceeding arising from your use of any Mark under this Agreement.

#### **5F. OWNERS BOUND.**

Unless otherwise specified, each and every one of your obligations to take or refrain from taking specific actions, or to engage or refrain from engaging in specific activities, set forth in this Section 5, shall also apply to each of your owners.

### **6. CONFIDENTIAL INFORMATION.**

In connection with your franchise under this Agreement, you and your owners and personnel may from time to time be provided and/or have access to Confidential Information. All Confidential Information will be owned by us (other than Restricted Data). You acknowledge and agree that: (a) you will not acquire any interest in any of our Confidential Information, other than the right to use it as we specify in operating Your Franchise Business during ~~this Agreement's~~ the ~~Term~~, and (b) that our Confidential Information is proprietary, includes our trade secrets, and is disclosed to you only on the condition that you ~~agree, and you in fact do agree, that you and your owners~~ will protect it. You acknowledge that any unauthorized use or disclosure of our Confidential Information would be an unfair method of competition and a breach of trust and confidence and will result in irreparable harm to us and our affiliates. You (and if you are conducting business as an Entity, each of your owners) therefore agree that during and after the Term you will, and to cause your spouses, immediate family members, affiliates, and assigns to:

~~(a) will not use Confidential Information in any other business or capacity;~~

(a) process, retain, use, collect, and disclose our Confidential Information strictly to the limited extent, and in such a manner, as necessary for the development and operation of Your Franchise Business in accordance with this Agreement, and not for any other purpose of any kind;

(b) process, retain, use, collect, and disclose our Confidential Information strictly in accordance with the privacy policies and System Standards we establish from time to time, and our and our representative's instructions;

(c) ~~(b)~~ will keep each item deemed to be part of our Confidential Information absolutely confidential, both during ~~this Agreement's~~ the ~~Term~~ and then thereafter;

(d) ~~(e) will~~ not make unauthorized copies of any of our Confidential Information disclosed via electronic medium or in written or other tangible form;

(e) ~~(d) will~~ adopt and implement ~~reasonable procedures~~ administrative, physical and technical safeguards to prevent unauthorized use or disclosure of any of our Confidential Information, including by establishing reasonable security and access measures, restricting its disclosure to key Persons, and/or by requiring Persons who have access to ~~the~~ such Confidential Information ~~to execute our form non-disclosure and non-competition agreement in the form attached as Exhibit D; and~~ be bound by contractual obligations to protect such Confidential Information and preserve our rights and controls in such Confidential Information, in each case that are no less protective or beneficial to us than the terms of this Agreement (and we reserve the right to designate or approve the form of confidentiality agreement that you use); and

(a) ~~(e) will~~ not sell, trade or otherwise profit in any way from the Confidential Information, except using methods approved by us.

Confidential Information does not include information, knowledge, or know-how, which (i) before we provided it to you, lawfully came to your attention, (ii) before we disclosed it to you, had already lawfully become known to the public through publication or communication by others (without violating an obligation to us or our Affiliates), or (iii) after we disclosed it to you, lawfully becomes known through publication or communication by others (without violating an obligation to us or our Affiliates). ~~However, if~~ we include any matter in Confidential Information, anyone who claims that it is not Confidential Information must prove that one of the exclusions provided in this paragraph is fulfilled.

We are not making any representations or warranties, express or implied, with respect to the Confidential Information. We and our affiliates have no liability to you and your affiliates for any errors or omissions from the Confidential Information.

All ideas, concepts, techniques, or materials relating to a Store, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be our sole and exclusive property, part of the Franchise System, and works made-for-hire for us. To the extent that any item does not qualify as a “work made-for-hire” for us, you hereby assign ownership of that item, and all related rights to that item, to us and agree to take whatever action (including signing assignment or other documents) we request to evidence our ownership or to help us obtain intellectual property rights in the item.

## **7. EXCLUSIVE RELATIONSHIP DURING TERM.**

### **7A. COVENANTS AGAINST COMPETITION.**

You acknowledge that we have granted you a franchise in consideration of and reliance on your agreement to deal exclusively with us. You therefore agree that beginning on the Effective Date and ending on (i) the date that the Term expires, or (ii) the date that you cease operating Your Franchise Business under the terms of this Agreement, neither you, any of your owners, nor any of your or your owners’ immediate family members (which includes your spouse) will:

(a) have any direct or indirect controlling or non-controlling interest as an owner (whether of record, beneficially, or otherwise) in a Competitive Business wherever located or

operating (except that equity ownership of less than two percent (2%) 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 subparagraph);

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating, or assist, support, or facilitate any other person to do the foregoing;

(c) divert or attempt to divert any actual or potential business or customer of Your Franchise Business to a Competitive Business, or assist, support, or facilitate any other person to do the foregoing; or

(d) engage in any other activity which might injure the goodwill of the Marks and Franchise System, or assist, support, or facilitate any other person to do the foregoing.

You agree to obtain similar covenants from your personnel as we specify, including officers, directors, managers and other employees attending our Training Program or having access to Confidential Information. We have the right to regulate the form of agreement that you use and to be a third-party beneficiary of that agreement with independent enforcement rights.

You further agree to disclose to us all business interests of you or your owners during the Term that sell any products or services being offered by Stores, regardless of the size of such interest, or the likelihood that such interests would be deemed a Competitive Business.

## **7B. NON-INTERFERENCE.**

You agree that, during the Term, neither you, any of your owners, nor any of your or your owners' immediate family members (which includes your spouse) will solicit, interfere, or attempt to interfere with our or our Affiliates' relationships with any customers, vendors, franchises, or consultants.

## **7C. NON-DISPARAGEMENT.**

You agree not to (and to use your best efforts to cause your current and former shareholders, members, officers, directors, principals, agents, partners, employees, representatives, attorneys, spouses, Affiliates, successors and assigns not to) (i) disparage or otherwise speak or write negatively, directly or indirectly, of us, our Affiliates, any of our or our Affiliates' directors, officers, employees, representatives or Affiliates, the "CoCo" or "CoCo Fresh Tea & Juice" brands, the Franchise System, any Store, or any business using the Marks, or (ii) take any other action which would, directly or indirectly, subject the "CoCo" or "CoCo Fresh Tea & Juice" brands to ridicule, scandal, reproach, scorn, or indignity, or which would negatively impact the goodwill of us or the "CoCo" or "CoCo Fresh Tea & Juice" brands.

## **8. SYSTEM STANDARDS.**

### **8A. COMPLIANCE WITH SYSTEM STANDARDS.**

You acknowledge and agree that operating and maintaining Your Franchise Business according to System Standards is essential to preserve the goodwill of the Marks and all Stores.

Therefore, you agree at all times to operate and maintain Your Franchise Business according to all of our System Standards, as we periodically modify and supplement them, even if you believe that a System Standard is not in the Franchise System's or your best interests. Although we retain the right to establish and periodically modify System Standards, your Operating Partner is solely responsible for the management and operation of Your Franchise Business and for implementing and maintaining System Standards at Your Franchise Business.

As examples, and without limitation, System Standards may regulate any one or more of the following, in addition to the items described in Sections ~~8.B8B~~ through ~~8.I8I~~ below:

- (1) amounts and types of equipment and inventory you must purchase and/or maintain;
- (2) sales, marketing, advertising, and promotional campaigns, including prize contests, special offers and other national, regional or location marketing programs, and materials and media used in these programs;
- (3) if we require you to offer delivery, catering and/or any other off-site services, the methods you use to operate, offer and sell such services;
- (4) use and display of the Marks and on uniforms, labels, forms, paper, products, and other supplies;
- (5) issuing and honoring gift cards, gift certificates and similar items, and participating in loyalty card programs;
- (6) staffing levels for Your Franchise Business and employee credentials and qualifications, training, dress, and appearance (although you have sole responsibility and authority concerning employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions);
- (7) days and hours of operation;
- (8) customer service standards and policies;
- (9) product and service development programs, including participation in market research and testing;
- (10) participation in, and dues assessed for, advisory councils;
- (11) accepting credit and debit cards, other payment systems, and check verification services;
- (12) bookkeeping, accounting, data processing, and recordkeeping systems and forms; formats, content, and frequency of reports to us of sales, revenue, financial performance, and condition; and

(13) any other aspects of operating and maintaining Your Franchise Business that we determine to be useful to preserve or enhance the efficient operation, image, or goodwill of the Marks and Stores.

You agree that the System Standards we prescribe in the Operations Manual, or otherwise communicate to you in writing or another tangible form (for example, via email or any other Online Presence), are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

#### **8B. VARIATION AND MODIFICATION OF SYSTEM STANDARDS.**

You acknowledge that complete and detailed uniformity might not be possible or practical under varying conditions, and that we specifically reserve the right (as we consider best, in our sole discretion) to vary System Standards for any Store based on the peculiarities of any condition that we consider important to that Store's successful operation. As such, the System Standards may vary between franchise owners. If you operate multiple Stores, the System Standards may also vary among Your Stores. We may also permit variations in the System Standards between Stores owned by us and Stores owned by franchisees.

We may periodically modify System Standards. These modifications may obligate you to invest additional capital in Your Franchise Business and/or incur higher operating costs. You agree to implement any changes in System Standards within the time period we request, whether they involve refurbishing or remodeling Your Store(s), buying new Operating Assets, adding new products and services, adding personnel or otherwise modifying the nature of your operations, as if they were part of this Agreement as of the Effective Date.

#### **8C. CONDITION AND APPEARANCE OF STORES.**

During the Term you must regularly clean, repaint and repair the interior and exterior of each Premises, repair or replace damaged, worn out or obsolete Operating Assets and otherwise maintain the condition of Your Store(s), each Premises and all Operating Assets to meet the highest standards of professionalism, cleanliness, sanitation, efficient, courteous service and pleasant ambiance. If the general state of repair, appearance or cleanliness of any Premises or the Operating Assets does not meet our standards at any time in our reasonable judgment, we may notify you, specifying the action you must take to correct the deficiency. If you do not initiate action to correct such deficiencies within ten (10) days after you receive our notice, and/or do not complete any required maintenance or refurbishing in good faith and with due diligence within thirty (30) days, we have the right, in addition to all other remedies, to enter the Premises and do any required maintenance or refurbishing on your behalf. You agree to reimburse us on demand for any expenses we incur in maintaining the Premises on your behalf.

You will place or display at each Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve.

#### **8D. APPROVED PRODUCTS AND SERVICES.**

You agree that: (1) you will offer for sale or sell at Your Franchise Business the products and services that we specify from time to time; (2) you will offer for sale or sell at Your Franchise Business

approved products and services only in the manner and at the locations we have prescribed and will not sell any products or services wholesale or through alternative channels of distribution (including, the internet or retail stores); (3) you will not offer for sale or sell at Your Franchise Business, the Premises or any other location any products or services we have not approved (including any delivery, catering or other off-site services we have not authorized); (4) you will discontinue selling and offering for sale at Your Franchise Business any products or services that we at any time decide (in our sole discretion) to disapprove; (5) you will purchase and use only the brands, types, or models of products, materials, supplies and services (including the Operating Assets and the Computer System) that we designate for operating Your Franchise Business; and (6) Your Franchise Business will provide services and sell products only on the days and during the hours approved by us.

We reserve the right, at any time in our sole discretion, to require that you offer and provide delivery, catering and/or other off-site services from Your Franchise Business. If we require you to offer and provide delivery, catering and/or other off-site services, you must bring Your Franchise Business into compliance with our System Standards for such services within sixty (60) days from the date you receive our notice of the requirement, including by purchasing or leasing any necessary motor vehicles and/or Operating Assets, making any required changes to signage and advertising materials, and updating your Computers System to include any software, hardware or other equipment necessary to offer such services through an online and/or automated system. We or third-party delivery providers we designate may limit the geographic area in which you may offer delivery, catering and/or any other off-site services, and we may modify that geographic area from time to time, in our sole discretion (and such geographic area may be different than the Protected Territory). If we specify a geographic area in which you may offer and provide delivery, catering and/or other off-site services, you agree not to offer or provide such services outside of that area.

If we at any time (including after our initial approval) determine that you fail to meet our System Standards for providing any products or services that we require (including delivery, catering and/or any other off-site services, if applicable), we may permanently or temporarily terminate your right to offer such products or services; provided that nothing contained herein shall be deemed a waiver of our right to terminate pursuant to Section 14.

## **8E. APPROVED DISTRIBUTORS AND SUPPLIERS.**

We may designate, approve or develop standards and specifications for Suppliers of products and services to Your Franchise Business. We and our Affiliates are the sole and exclusive Supplier of the Essential Ingredients. If we provide you notice that any product or service has been categorized as an Essential Ingredient, you must immediately cease purchasing that product from any other Supplier, and cancel any purchase orders or arrangements, for such products from any other Supplier. We may determine what products and services constitute Essential Ingredients in our sole discretion. You must purchase all other raw materials, and products and services other than the Essential Ingredients we periodically designate, only from the Suppliers we prescribe and only on the terms and according to the specifications we approve. We may also vary the approved Suppliers for Your Franchise Business based on the location and conditions applicable to Your Store(s).

We may concentrate purchases with one or more Suppliers to obtain lower prices, advertising support and/or services for any group of Stores franchised or operated by us or our Affiliates. We may also designate a single Supplier for any product, service, Operating Asset, or other material, or approve a Supplier only for certain products. You acknowledge and agree that we and/or our Affiliates may derive revenue based on your purchases (including from charging you for products and services we or

our Affiliates provide to you and from promotional allowances, rebates, volume discounts and other payments, services or consideration we receive from Suppliers that we designate or approve for some or all of our franchise owners). We and/or any of our Affiliates may use such revenue or profit without restriction.

Approval of a Supplier may be conditioned on requirements relating to product/raw material quality, prices, consistency, reliability, financial capability, labor relations, customer relations, frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the Supplier from time to time.

If you would like us to consider approving a Supplier that is not an approved Supplier, you must submit your request in writing before purchasing any items or services from that Supplier. We will make all determinations about whether to approve an alternative Supplier in our sole discretion based on our then-current criteria, which may change from time to time. We have the right to inspect the proposed Supplier's facilities and to require that product samples from the proposed Supplier be delivered either directly to us or to a third party we designate for testing. We may also refuse to consider and/or approve any proposed alternative Supplier for any reason whatsoever. We reserve the right to charge you a fee to evaluate any proposed alternative Suppliers. We may, with or without cause, revoke our approval of any Supplier at any time. We reserve the right to periodically re-inspect the facilities and products of any approved Supplier from time to time. If you operate multiple Stores, we may also elect to approve a Supplier only for some, but not all, of Your Stores.

## **8F. COMPLIANCE WITH LAWS AND GOOD BUSINESS PRACTICES.**

You must secure and maintain all required licenses, permits and certificates relating to Your Franchise Business and must at all times operate Your Franchise Business in full compliance with all applicable laws, ordinances and regulations. You agree to comply and assist us in our compliance efforts with any and all laws and regulations, including those relating to truth in lending, restaurant and food service businesses, safety and sanitation, truth in advertising, occupational hazards, health ~~and~~ anti-discrimination ~~laws~~, and anti-terrorist ~~activities (including the U.S. Foreign Corrupt Practices Act, the Bank Secrecy Act, the International Money Laundering Abatement and Anti-terrorism Financing Act, the Export Administration Act, the Arms Export Control Act, Executive Order 13224, the U.S. Patriot Act, and the International Economic Emergency Powers Act, and the regulations issued pursuant to these and other U.S. laws and other applicable regulations in Canada). In connection with such compliance efforts, you agree not to enter into any prohibited transactions and to properly perform any currency reporting and other activities relating to Your Franchise Business as may be required by us or by law. You confirm that you and your owners are not listed in the Annex to Executive Order 13224, the U.S. Treasury Department's List of Specially Designated Nationals; the U.S. Commerce Department's Denied Persons List, Unverified List, Entity List, or General Orders; the U.S. State Department's Debarred List or Nonproliferation Sanctions; and you agree not to hire any Person so listed or have any dealing with a Person so listed (the Annex is currently available at <http://www.treasury.gov>) ~~laws~~. You are solely responsible for ascertaining what actions must be taken by you to comply with all such laws, orders and/or regulations, and specifically acknowledge and agree that your indemnification responsibilities (as provided in Section ~~16.D16D~~) apply to your obligations under this Section.~~

~~You agree to comply with our website privacy policy, as it may be amended periodically. You further agree to comply with any requests to return or delete customer's personal information, whether requested by us or directly by the customer, as required by applicable laws.~~

Your Franchise Business must adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, Suppliers, us and the public. You agree to refrain from any business or advertising practice which may injure our business and the goodwill associated with the Marks and other Stores. You must notify us in writing within five (5) days of the threat of or commencement of any action, suit, proceeding, audit, or investigation, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect your operation or financial condition or that of an Your Franchise Business and of any notice of violation of any law, ordinance, or regulation relating to Your Franchise Business.

## **8G. INFORMATION SECURITY.**

~~You must implement all administrative, physical and technical safeguards that we require to protect any information that can be used to identify Personal Information. No assistance, guidance, standards or requirements that we provide you constitute a representation or warranty of any kind, express or implied, that Your Franchise Business or business are compliant with applicable privacy and data laws, codes, or regulations, or acceptable industry standards. It is your responsibility to confirm that the safeguards you use to protect Personal Information comply with all laws and industry best practices related to the collection, access use, storage, disposal and disclosure of Personal Information.~~

You may from time to time have access to certain Personal Information. You may gain access to such Personal Information from us, our affiliates, our vendors, or your own operations. You acknowledge and agree that all Personal Information (other than Restricted Data, defined below) is our Confidential Information and is subject to the protections in Section 6.

During and after the Term, you (and if you are conducting business as an Entity, each of your Owners) agree to, and to cause your respective current and former employees, representatives, affiliates, successors and assigns to: (a) process, retain, use, collect, and disclose all Personal Information only in strict accordance with all applicable laws, regulations, orders, the guidance and codes issued by industry or regulatory agencies, and the privacy policies and terms and conditions of any applicable Online Presence; (b) assist us with meeting our compliance obligations under all applicable laws and regulations relating to Personal Information, including the guidance and codes of practice issued by industry or regulatory agencies; and (c) promptly notify us of any communication or request from any customer or other data subject to access, correct, delete, opt-out of, or limit activities relating to any Personal Information.

If you become aware of a suspected or actual breach of security or unauthorized access involving Personal Information, you will notify us immediately and specify the extent to which Personal Information was compromised or disclosed. We reserve the right to conduct a data security and privacy audit of any of Your Franchise Business and your Computer Systems at any time, from time to time, to ensure that you are complying with our requirements ~~for handling Personal Information.~~ The cost of such audit shall be paid by you. You agree to cooperate with us fully during the course of this audit. ~~If we exercise any of these rights, we will not interfere unreasonably with Your Franchise Business' operation.~~You must promptly notify us if you receive any complaint, notice, or communication, whether from a governmental agency, customer or other person, relating to any Personal Information, or your compliance with your obligations relating to Personal Information under this Agreement, and/or if you have any reason to believe you will not be able to satisfy any of your obligations relating to Personal Information under this Agreement.

Notwithstanding anything to the contrary in this Agreement or otherwise, you agree that we do not control or own any Restricted Data. Regardless of any guidance we may provide generally and/or any specifications that we may establish for other Personal Information, you have sole and exclusivity responsibility for all Restricted Data, including establishing protections and safeguards for such Restricted Data; provided, that in each case you agree to comply with all applicable laws, regulations, orders, and the guidance and codes issued by industry or regulatory agencies applicable to such Restricted Data.

## **8H. MANAGEMENT OF YOUR STORES.**

Your Operating Partner is solely responsible for managing and overseeing Your Franchise Business. However, if your Operating Partner elects not to supervise any of Your Store(s) on a daily basis, you must appoint a Designated Manager to supervise that Store. Each Designated Manager must supervise the day-to-day operations of the Store that it is appointed to manage and continuously exert best efforts to promote and enhance such Store and the goodwill associated with the Marks. You must identify each Designated Manager on **Exhibit A** and we reserve the right to approve each Designated Manager before you delegate any management or supervisory responsibilities to such person, agent, or company. We may establish conditions for approving any such Designated Manager in our discretion, which may include the completion of training, confirmation that they will have no competitive business activities, and/or execution of a non-disclosure agreement or other covenants we require. If you elect not to appoint a Designated Manager, any Designated Manager's employment is terminated, or we disapprove any Designated Manager at any time, your Operating Partner must immediately assume the full-time responsibilities of operating any of Your Store(s) that is not managed by a Designated Manager pursuant to the terms of this Agreement.

Your Franchise Business must always be under the direct on-site supervision of one or more persons who have completed the Initial Training Program.

## **8I. EMPLOYEES, AGENTS & INDEPENDENT CONTRACTORS.**

You acknowledge and agree that you are solely responsible for all decisions relating to employees, agents, and independent contractors that you may hire to assist in the operation of Your Franchise Business. You agree that any employee, agent or independent contractor that you hire will be your employee, agent or independent contractor, and not our employee, agent or independent contractor. You also agree that you are exclusively responsible for the terms and conditions of employment of your employees, including recruiting, hiring, firing, training, compensation, work hours and schedules, work assignments, safety and security, discipline, and supervision. You agree to manage the employment functions of Your Franchise Business in compliance with applicable employment laws.

Without limiting ~~We reserve the right to~~foregoing, you agree that we may require that any employee, agent, or independent contractor that you hire and that will have access to Confidential Information execute a non-disclosure ~~and non-competition agreement to protect the Confidential Information. We reserve the right to regulate the form of non-disclosure and non-competition agreement that you use (including by requiring you to use the agreement attached as **Exhibit D**) and to be a third-party beneficiary of those agreements with independent enforcement rights. You acknowledge that any form of non-disclosure and non-competition agreement that we require you to use, provide to you, or regulate the terms of (including the agreement attached as **Exhibit D**) may or may not be enforceable in a particular jurisdiction. You agree that you are solely responsible for~~agreement that we approve or designate. If we

approve or designate any form of non-disclosure agreement, it is solely to ensure that it meets our minimum standards to protect us and the Marks and System, it is your sole responsibility to: (a) ensure that the non-disclosure agreement complies with and is enforceable under applicable laws in your jurisdiction; and (b) obtaining your own professional advice with respect to the adequacy of the terms and provisions of any ~~confidentiality and non-competes~~ such non-disclosure agreement that your employees, agents, and independent contractors sign.

## **8J. INSURANCE.**

During the Term you must maintain in force at your sole expense comprehensive public liability, general liability, personal injury liability, motor vehicle liability, property, product liability, workmen's compensation, employment practices liability, commercial liability umbrella and other types of insurance we require, including the types and minimum amounts of insurance specific to delivery, catering and/or other off-site services, if applicable. We reserve the right to require that you obtain all or a portion of your insurance policies from a designated Supplier and on the terms and according to the specifications we approve. The liability insurance must cover claims for bodily and personal injury, death, and property damage caused by or occurring in connection with Your Franchise Business' operation or activities of your personnel in the course of their employment (within and outside Your Store(s) and each Premises). All of these policies must contain the minimum coverage we prescribe from time to time and must have deductibles not to exceed the amounts we specify. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverages (including reasonable excess liability insurance) at any time. These insurance policies must be purchased from licensed insurers having a rating of "A/VIII" or higher by the then-current edition of Best Insurance Reports published by A.M. Best Company (or other similar publication or criteria we designate).

Each insurance policy must name us and any Affiliates we designate as additional named insureds using a form of endorsement we have approved. You must provide for thirty (30) days' prior written notice to us of any material modification, cancellation or expiration of any of our policies for Your Franchise Business. Each insurance policy must contain a waiver of all subrogation rights against us, our Affiliates and their successors and assigns. You must routinely furnish us copies of your Certificates of Insurance or other evidence of your maintaining this insurance coverage and paying premiums. If you fail or refuse to obtain and maintain the insurance we specify we may terminate this Agreement.

## **8K. PRICING.**

We may periodically set a maximum or minimum price that you may charge for products and services offered by Your Franchise Business. If we impose a maximum price for any product or service, you may not charge more for the product or service than the maximum price we impose. If we impose a minimum price for any product or service, you may not charge less for such product or service than the minimum price we impose. For any product or service for which we do not impose a maximum or minimum price, we may require you to comply with an advertising policy adopted by us which will prohibit you from advertising any price for a product or service that is different than our suggested retail price. Although you must comply with any advertising policy we adopt, you will not be prohibited from selling any product or service at a price above or below the suggested retail price unless we impose a maximum price or minimum price for such product or service.

## **9. MARKETING.**

### **9A. LOCAL ADVERTISING EXPENDITURE.**

You must advertise in any advertising medium we determine, using forms and contents of advertisement we approve. You must also list Your Store(s) with the online directories and subscriptions we periodically prescribe (such as Yelp<sup>®</sup> and Google<sup>®</sup>), and/or establish any other Online Presence we require or authorize. You must comply with all of our System Standards for your local advertising, including your Online Presences.

We reserve the right to require you to spend money on a Local Advertising Expenditure. Should we require a Local Advertising Expenditure, you must spend the amount we specify, but under no circumstance will we require you spend more than the Maximum Advertising Expenditure. Upon our request, you will send us within 30 days after the end of each calendar quarter, and in the manner we prescribe, an accounting of your expenditures for local advertising and promotion during the preceding calendar quarter.

### **9B. ADVERTISING BY YOU.**

You agree that your advertising, promotion, and marketing will be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising, the System Standards, and any marketing and the advertising policies that we prescribe from time to time. We may vary the System Standards for advertising, promotion, and marketing that will apply to Your Store(s). At least thirty (30) days before you intend to use them, you agree to send us samples of all advertising, promotional and marketing materials that we have previously not approved. If we do not approve of the materials within seven (7) days of our receipt of such materials, then they shall be deemed disapproved. You may not use any advertising, promotional, or marketing materials that we have not approved or have disapproved.

### **9C. ADVERTISING AND MARKETING FUND.**

Recognizing the value of advertising and marketing to the goodwill and public image of Stores, you agree that we and our Affiliates may establish a Marketing Fund. If we establish the Marketing Fund, you must contribute your Marketing Fund Contribution each month subject to the Maximum Advertising Expenditure.

We will direct all programs that the Marketing Fund finances, with sole control over the creative concepts, materials, and endorsements used and their geographic market, media placement and allocation. The Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, and maintaining Franchise System Websites or related websites that promote Stores; developing and administering software, apps, and related integrations; administering digital and online advertising and marketing campaigns (including search engine, social media, email, and display ad campaigns); administering regional and multi-regional marketing and advertising programs, including purchasing trade journal, direct mail, and other media advertising; using advertising, promotion, and marketing agencies and other advisors to provide assistance; supporting public relations, market research, and other advertising, promotion, and marketing activities; and/or related strategies.

We will account for the Marketing Fund separately from our other funds. We may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund; the Marketing Fund's other administrative costs; travel expenses of personnel while they are on Marketing Fund business; meeting costs; overhead relating to Marketing Fund business, and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including conducting market research; public relations; preparing advertising, promotion, and marketing materials; and collecting and accounting for Marketing Fund Contributions.

The Marketing Fund will not be our asset. Although the Marketing Fund will not be a trust, we will hold all Marketing Fund Contributions for the benefit of the contributors and use contributions only for the purposes described in this Section. We will not have any fiduciary obligation for administering the Marketing Fund or for any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund Contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use all interest earned on Marketing Fund Contributions to pay costs before using the Marketing Fund's other assets.

We will prepare an annual, unaudited statement of Marketing Fund collections and expenses and give you the statement on written request. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant. We may incorporate the Marketing Fund or operate it through a separate entity whenever we deem appropriate. The successor entity will have all of the rights and duties specified in this Section.

The purpose of the Marketing Fund will be to promote the Marks, patronage of Stores and the "CoCo" brands generally. Although we will try to use the Marketing Fund in a manner that will benefit all Stores, we cannot ensure that the Marketing Fund's expenditures for any specific geographic area will be proportionate to the Marketing Fund Contributions of contributors in that geographic area, or that each Store will benefit in proportion to any Marketing Fund Contribution based on the Net Sales of that Store.

We will have the right, but no obligation, to use collection agents and institute legal proceedings to collect Marketing Fund Contributions at the Marketing Fund's expense. We may also forgive, waive, settle, and compromise all claims by or against the Marketing Fund. Except as expressly provided in this Section, we assume no direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce contributions of a franchise owner or, on thirty (30) days' prior written notice to you, reduce or suspend Marketing Fund Contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Marketing Fund. If we terminate the Marketing Fund, we will distribute all unspent monies to our franchise owners, and to us and our Affiliates, in proportion to their, and our, respective Marketing Fund Contributions during the preceding twelve (12)-month period.

We may elect to maintain multiple Marketing Funds, whether determined by geographic region, country, or otherwise, or consolidate or merge multiple Marketing Funds, in each case from time to time in our discretion, provided that each Marketing Fund will otherwise remain subject to this Section. We may also elect to maintain separate Marketing Funds if we offer different models of "CoCo" branded businesses, and/or maintain one fund for all such businesses.

## 9D. LOCAL ADVERTISING COOPERATIVE.

You agree that we or our Affiliates or designees may establish or direct a Local Advertising Cooperative. The Local Advertising Cooperative will be organized and governed by written documents in a form and manner, and begin operating on a date, that we determine in advance. Such written documents will be available for participating franchise owners to review. We may change, dissolve, merge and reinstate any Local Advertising Cooperatives. Each Local Advertising Cooperative's purpose is, with our approval, to administer advertising programs and develop advertising, marketing and promotional materials for the area that the Local Advertising Cooperative covers. If we have established a Local Advertising Cooperative for the geographic area in which Your Franchise Business is located, as of the time you sign this Agreement, or if we establish a Local Advertising Cooperative in that area during this Agreement's term, you agree to sign the documents we require to become a member of the Local Advertising Cooperative and to participate in the Local Advertising Cooperative as we require.

If we establish a Local Advertising Cooperative in your geographic area pursuant to this Section, you agree to participate and contribute your Local Advertising Cooperative Contribution. The amount of your Local Advertising Cooperative Contribution will be determined at the time the Local Advertising Cooperative is established, provided, that it will be subject to the Maximum Advertising Expenditure. Your Local Advertising Cooperative Contribution will be payable in the same manner as the Royalty Fee. Your Local Advertising Cooperative Contribution may also be capped based on the provisions of the by-laws adopted by the Local Advertising Cooperative, subject to our approval.

Each Store contributing to a Local Advertising Cooperative will have one (1) vote on matters involving the activities of the particular Local Advertising Cooperative. The Local Advertising Cooperative may not use any advertising, marketing or promotional plans or materials without our prior written consent. However, you acknowledge and agree that, subject to our approval and subject to availability of funds, the Local Advertising Cooperative will have discretion over the creative concepts, materials and endorsements used by it. We agree to assist in the formulation of marketing plans and programs, which will be implemented under the direction of the Local Advertising Cooperative. You agree that the Local Advertising Cooperative Contributions may be used to pay the costs of preparing and producing video, audio and written advertising and direct sales materials for Stores in your area; purchasing direct mail and other media advertising for Stores in your area; implementing direct sales programs; and employing marketing, advertising and public relations firms to assist with the development and administration of marketing programs for Stores in your area.

The Local Advertising Cooperative Contributions will be accounted for separately by us from our other funds and will not be used to defray any of our general operating expenses. You agree to submit to us and the Local Advertising Cooperative any reports that we or the Local Advertising Cooperative require.

You understand and acknowledge that Your Franchise Business might not benefit directly or in proportion to their Local Advertising Cooperative Contribution. Local Advertising Cooperatives for Stores will be developed separately, and no Local Advertising Cooperative will be intended to benefit the others. We will have the right, but not the obligation, to use collection agents and to institute legal proceedings to collect a Local Advertising Cooperative Contributions on behalf of and at the expense of the Local Advertising Cooperative and to forgive, waive, settle and compromise all claims by or against the Local Advertising Cooperative. Except as expressly provided in this Section, we assume

no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Local Advertising Cooperative.

#### **9E. MAXIMUM ADVERTISING EXPENDITURE.**

We reserve the right, on thirty (30) days written notice, and in our sole discretion, to change the amount of the Marketing Fund Contribution, Local Advertising Expenditure or Local Advertising Cooperative Contribution so long as any change does not result in a combined Marketing Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution greater than the Maximum Advertising Expenditure.

#### **9F. FRANCHISE SYSTEM WEBSITE.**

We may establish, acquire, or host any Franchise System Website to advertise, market, and promote Stores, the products and services that Stores offer and sell, and/or a Store franchise opportunity. We may (but are not required to) provide you with a webpage on a Franchise System Website that references Your Store(s). If we provide you with a webpage on a Franchise System Website, you must: (i) provide us the information and materials we request to develop, update, and modify your webpage; (ii) notify us whenever any information on your webpage is not accurate; and (iii) if we give you the right to modify your webpage, notify us whenever you change the content of your webpage. We will own all intellectual property and other rights in all Franchise System Websites, including any webpage(s) referencing Your Store(s) and all information it contains (including the domain name, any associated email address, any website analytical data, and any personal or business data that visitors supply).

We may use the Marketing Fund's assets to develop, maintain and update any Franchise System Website. We periodically may update and modify any Franchise System Website (including your webpage). You acknowledge that we have final approval rights over all information on any Franchise System Website (including your webpage). We may implement and periodically modify System Standards relating to any Franchise System Website.

Even if we provide you any webpage on a Franchise System Website, we will only maintain any such webpage while you are in full compliance with this Agreement and all System Standards we implement. If you are in default of any obligation under this Agreement or our System Standards, then we may remove any webpage referencing any of Your Store(s) from any Franchise System Website until you fully cure the default. We will permanently remove reference to any Termination Store from all Franchise System Websites upon the occurrence of a Termination Event for that Termination Store.

We may require you to provide notice of any Franchise System Website in the advertising, marketing, and promotional materials that you develop for Your Franchise Business in the manner we designate. We reserve the sole right to sell the products sold by Stores through any Online Presence, including any Franchise System Website.

We reserve the right to require you to obtain from us and use an email address associated with our registered domain name. If we require you to obtain and use such an email address, you must do so according to our then-current System Standards.

Except as provided above, or as approved by us in writing or in the Operations Manual, you may not develop, maintain or authorize any Online Presence that mentions Your Franchise Business,

links to any Franchise System Website or displays any of the Marks, or engage in any promotional or similar activities, whether directly or indirectly, through any Online Presence. If we approve the use of any such Online Presence in the operation of Your Franchise Business, you will develop and maintain such Online Presence only in accordance with our guidelines, including our guidelines for posting any messages or commentary on other third-party websites. We will own the rights to each such Online Presence. At our request, you agree to grant us access to each such Online Presence, and to take whatever action (including signing an assignment or other documents) we request to evidence our ownership of such Online Presence, or to help us obtain exclusive rights in such Online Presence. If you maintain any Online Presence for Your Franchise Business, you must prepare and link a privacy policy to such Online Presence. Your Online Presence privacy policy must comply with all applicable laws and the System Standards.

## **10. RECORDS, REPORTS, AND FINANCIAL STATEMENTS.**

You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats we prescribe from time to time. You must use the Computer System to maintain certain sales data, customer information and other information. You agree that we shall have access to your Computer System at all times and that we shall have the right to collect and retain from the Computer System any and all data concerning Your Franchise Business. We may require that you hire a service-provider that we designate as your provider of accounting, payroll and/or bookkeeping services. If we designate a service-provider for accounting, payroll and/or bookkeeping services, you agree to cooperate with such service-provider and provide such service-provider with all information you would appropriately provide us under this Section 10.

You must provide us with Your Franchise Business's Monthly Statement no later than the seventh (7<sup>th</sup>) calendar day of each month. Within forty-five (45) days of the expiration of each calendar year during the Term, you shall also provide us with the Certified Statement for Your Franchise Business for such calendar year. You must provide us the Monthly Statements and the Certified Statement in a format that we prescribe, which may be varied by us from time to time. We may change the timing of and intervals in which you must provide such statements in our sole discretion.

You agree to generate, in the manner and format that we may prescribe from time to time, the additional statements and reports that we require, and provide us such other financial statements, tax returns, or other forms, records, books and other information we may periodically require relating to Your Franchise Business. If you fail to deliver to us any required statement of Net Sales when due (including any Monthly Statement or Certified Statement), in addition to all other remedies hereunder (including rights of termination and the right to impose late fees for any overdue payments), you must pay us a fee equal to two percent (2%) of the preceding month's Net Sales for every day that such report or required statement is past due.

Subject to applicable law, you agree to preserve and maintain all records and agreements you and your employees are required to preserve and maintain, including any confidentiality and non-compete agreements we require you or your employees to sign, in a secure location for at least ~~five~~seven (~~5~~7) years (including, but not limited to, sales checks, purchase orders, invoices, payroll records, customer lists, check stubs, sales tax records and returns, cash receipts journals, cash disbursement journals, and general ledgers). We may require you to have audited financial statements prepared annually during the Term.

## **11. INSPECTIONS AND AUDITS.**

### **11A. OUR RIGHT TO INSPECT YOUR STORES.**

To determine whether you and Your Franchise Business are complying with this Agreement and all System Standards, we and our designated agents or representatives may at all times and without prior notice to you: (1) inspect Your Franchise Business; (2) photograph Your Franchise Business and observe and videotape Your Franchise Business' operation for consecutive or intermittent periods we deem necessary; (3) continuously or periodically monitor Your Franchise Business using electronic surveillance or other means; (4) remove samples of any products and supplies; (5) interview Your Franchise Business' personnel and customers; (6) inspect and copy any books, records, and documents relating to any of Your Franchise Business' operation; and (7) inspect your Computer System, including hardware, software, security, configurations, connectivity, and data access. Additionally, we may contract with third parties to conduct mystery shopper, customer survey or other market research testing, and quality assurance inspections at Your Franchise Business. You agree to cooperate with us fully during the course of these inspections and tests. If we exercise any of these rights, we will not interfere unreasonably with any of Your Franchise Business' operation. You agree to also reimburse all of our costs (including supplier fees, travel expenses, room and board, and compensation of our employees) associated with re-inspections or follow-up visits that we conduct after any audit or inspection of Your Franchise Business identifies one or more failures of System Standards, and/or if any follow-up visit is necessary because we or our designated representatives were for any reason prevented from properly inspecting any or all of Your Franchise Business (including because you or your personnel refuse entry to the Premises).

### **11B. OUR RIGHT TO AUDIT.**

We may at any time during your business hours, and without prior notice to you, examine your and any of Your Franchise Business' business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. You agree to cooperate fully with our representatives and independent accountants in any examination. If any examination discloses an understatement of your Net Sales, you agree to pay us the Royalty Fees, Marketing Fund Contribution, and any other fees understated, plus interest on the understated amounts from the date originally due until the date of payment, within fifteen (15) days after receiving the examination report. Furthermore, if an examination is necessary due to your failure to furnish reports, supporting records, or other information as required, or to furnish these items on a timely basis, or if our examination reveals an understatement of Net Sales exceeding two percent (2%) of the amount that you actually reported to us for the period examined, you agree to reimburse us for the costs of the examination, including the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

## **12. TRANSFER.**

### **12A. BY US.**

You acknowledge that we maintain a staff to manage and operate the Franchise System and that staff members can change as employees come and go. You acknowledge that you did not sign this Agreement in reliance on the continued participation by or employment of any of our shareholders, directors, officers, or employees. We may change our ownership or form of organization and/or assign

this Agreement and any other agreement to a third party without restriction. After our assignment of this Agreement to a third party who expressly assumes the obligations under this Agreement, we no longer will have any obligations under this Agreement. This Agreement and any other agreement will inure to the benefit of any transferee or other legal successor to our interest in it.

## **12B. BY YOU.**

You acknowledge that the rights and duties this Agreement creates are personal to you and your owners and that we have granted you the franchise in reliance on our perception of your and your owners' individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, none of the following may be transferred without our prior written approval: (i) this Agreement (or any interest in this Agreement); (ii) Your Franchise Business (or any right to receive all or a portion of any of Your Store(s)' profits, losses or capital appreciation); (iii) substantially all of the assets of Your Franchise Business; (iv) any direct or indirect ownership interest in you (regardless of its size); or (v) any direct or indirect ownership interest in any of your owners (if such owners are legal entities). Any Transfer without our approval is a breach of this Agreement and has no effect.

Additionally, you may not pledge or encumber this Agreement, Your Franchise Business or an ownership interest in you or your owners (to someone other than us) as security for any loan or other financing, unless (1) we grant our prior written consent and (2) the lender agrees that its claims will be subordinate to all amounts you owe at any time to us or our Affiliates.

## **12C. CONDITIONS FOR APPROVAL OF TRANSFER.**

Subject to the other provisions of this Section 12, if you and your owners are fully complying with this Agreement, we will approve a transfer that meets all of the requirements in this Section ~~12C.~~

If you wish to transfer a non-controlling ownership interest in you or your owners (determined as of the date on which the proposed transfer will occur), we will approve such transfer if: (i) the proposed transferee and its direct and indirect owners (if the transferee is an Entity) are of good character and meet our then-current standards for our franchise owners (including no ownership interest or performance of services for a Competitive Business); (ii) you and your owners sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including a general release of any and all claims against us and our Affiliates and our and their owners, officers, directors, employees, and agents; (iii) you provide us with all information and/or documents we request about the proposed transfer, the transferee, and its owners; and (iv) you reimburse our reasonable out-of-pocket expenses associated with processing the transfer, including reasonable attorneys' fees for preparing transfer documentation.

If you wish to transfer this Agreement, Your Franchise Business, substantially all the assets of Your Franchise Business, or a Controlling Ownership Interest in you or one of your owners (whether through one transfer or a series of transfers, regardless of the time period over which these transfers take place), we will approve such transfer if:

- (1) the transferee satisfied all of our then-current criteria for a new franchisee, and has sufficient business experience, aptitude, integrity and financial resources to take over the operation of Your Franchise Business;

(2) you have paid all Royalties, Marketing Fund Contributions, and other amounts owed to us, our Affiliates, and third-party Suppliers, and have submitted all required reports and statements;

(3) you have not violated any provision of this Agreement or any other agreement with us or our Affiliates during both the sixty (60) day period before you requested our consent to the transfer and the period between your request and the effective date of the transfer;

(4) 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;

(5) the transferee (or its Operating Partner) and any other manager and/or assistant manager we designate (including any applicable Designated Manager), satisfactorily complete our then-current Training Program;

(6) the landlord of each Premises allows you to transfer the Lease or to sublease for that Premises to the transferee;

(7) the transferee shall (if the transfer is of this Agreement), or you shall (if the transfer is of a controlling ownership interest in you or one of your owners), sign our then-current form of franchise agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty Fees and the Marketing Fund Contribution; provided, however, that the term of the new franchise agreement signed will equal the remainder of the then-remaining Term;

(8) you pay us a transfer fee equal to 50% of the total franchise fee you paid under this Agreement;

(9) you (and your owners) and the transferee (and its owners) sign all of the documents we are then requiring in connection with a transfer, in a form satisfactory to us, including a general release of any and all claims against us and our Affiliates and our and their owners, officers, directors, employees, and agents;

(10) you provide us with all information and/or documents we request about the proposed transfer, the transferee, and its owners;

(11) we have determined that the purchase price and payment terms will not adversely effect the transferee's operation of the transferred business;

(12) if you or your owners finance any part of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements, or security interests reserved in any of Your Franchise Business are subordinate to the transferee's obligation to pay Royalties, Marketing Fund Contributions, and other amounts due to us, our Affiliates, and third-party Suppliers related to the operation of Your Store(s) and otherwise to comply with this Agreement;

(13) you or the transferee agrees to upgrade, remodel, and refurbish Your Store(s) in accordance with our then-current requirements and specifications for Stores within the time

period we specify following the effective date of the transfer (we will advise the transferee before the effective date of the transfer of the specific actions that it must take and the time period within which such actions must be taken) and the transferee agrees to escrow an amount we approve for payment of the required upgrade, remodel or refurbishment;

(14) you provide us the evidence we reasonably request to show that appropriate measures have been taken to affect the transfer as it relates to the operation of the Stores, including, by transferring all necessary and appropriate business licenses, insurance policies, and material agreements, or obtaining new business licenses, insurance policies and material agreements; and

(15) you and your transferring owners agree to terminate this Agreement in accordance with its terms, and comply with all applicable post-termination obligations, including by complying with the restrictive covenants found in Sections ~~15.E~~15E and ~~15.F~~15F of this Agreement.

We reserve the right to prohibit you from transferring Your Franchise Business or any of Your Store(s) separately from (i) a transfer of all of Your Stores, if you operate multiple Stores under the terms of this Agreement, or (ii) a transfer of this Agreement.

We may review all information that you give the transferee regarding Your Franchise Business, correct any information that we believe is inaccurate, and give the transferee copies of any reports that you have given us, or we have made regarding Your Franchise Business.

Our consent to a transfer pursuant to this Section is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of Your Franchise Business' or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement.

## **12D. TRANSFER TO A WHOLLY-OWNED ENTITY.**

Notwithstanding Section ~~12.C~~12C above, if you are in full compliance with this Agreement, and obtain our approval, you may transfer this Agreement to an Entity in which you maintain management control, and of which you own and control one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests; provided, that (i) that Entity will own all of Your Franchise Business' assets, and will conduct all of Your Franchise Business' business, and (ii) that Entity will conduct no business other than Your Franchise Business and, if applicable, other Stores. The Entity must expressly assume all of your obligations under this Agreement. You agree to remain personally liable under this Agreement as if the transfer to the Entity did not occur, and you and your owners sign the form of consent to assignment and assignment satisfactory to us which may include a general release of any and all claims against us and our owners, officers, directors, employees and agents. You further agree to provide us with all organizational documents for the Entity that we require.

## **12E. OUR RIGHT OF FIRST REFUSAL.**

If you (or any of your owners) at any time decide to sell an interest in this Agreement, Your Franchise Business, substantially all the assets of Your Franchise Business, or an ownership interest in you or one of your owners (except to or among the current owners of such Entity), you (or your owners)

agree to obtain a bona fide executed written offer, relating exclusively to the transfer of this Agreement, Your Franchise Business, substantially all the assets of Your Franchise Business, or the ownership interest in you or one of your owners (as applicable), from a responsible and fully disclosed buyer and send to us a true and complete copy of that written offer. The offer must include details of the payment terms of the proposed sale and the sources and terms of any financing for the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be in a dollar amount, and the proposed buyer must submit with its offer an earnest money deposit equal to five percent (5%) or more of the offering price.

We may also require you (or your owners) to send us copies of any materials or information sent to the proposed buyer or transferee regarding the possible transaction. We may elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that:

- (1) we notify you or your selling owner(s) that we intend to purchase the interest or within thirty (30) days after we receive a copy of the offer and all other information we request;
- (2) we may substitute cash for any form of payment proposed in the offer;
- (3) our credit will be deemed equal to the credit of any proposed buyer (meaning that, if the proposed consideration includes promissory notes, we or our designee may provide promissory notes with the same terms as those offered by the proposed buyer);
- (4) we will have an additional thirty (30) days to prepare for closing after notifying you of our election to purchase; and
- (5) we must receive, and you and your owners agree to make, all customary representations and warranties given by the seller of the assets of a business or the ownership interests in an Entity, as applicable, including representations and warranties regarding: (a) ownership and condition of and title to ownership interests and/or assets; (b) liens and encumbrances relating to ownership interests and/or assets; and (c) validity of contracts and the liabilities, contingent or otherwise, of the Entity whose assets or ownership interests are being purchased.

We have the unrestricted right to assign this right of first refusal to a third party, who then will have the rights described in this Section ~~12.12E.E.~~

If we do not exercise our right of first refusal, you or your owners may complete the sale to the proposed buyer on the original offer's terms, but only if we otherwise approve the transfer in accordance with Sections ~~12.B.12B~~ and ~~12.C.12C~~ above, and if you (and your owners) and the transferee comply with the conditions in Sections ~~12.B.12B~~ and ~~12.C.12C~~ above. Notwithstanding anything in this Section to the contrary, the right of first refusal process will not be triggered by a proposed transfer that would not be allowed under Sections ~~12.B.12B~~ and ~~12.C.12C~~ above.

If you do not complete the sale to the proposed buyer within sixty (60) days after we notify you that we do not intend to exercise our right of first refusal, or if there is a material change in the terms of the sale (which you agree to tell us promptly), we or our designee will have an additional right of first refusal. We or our designee must exercise this additional right of first refusal during the thirty (30) day period following either the expiration of the sixty (60) day period or our receipt of notice of

the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at our or our designee's option.

## **12F. YOUR DEATH OR DISABILITY.**

On the death or disability of you, your Operating Partner or any Controlling Owner your or the Operating Partner's or such Controlling Owner's executor, administrator, conservator, guardian, or other personal representative must transfer your interest in this Agreement, or the Operating Partner's or Controlling Owner's ownership interest in you, to a third party (which may be your or the Operating Partner's or Controlling Owner's heirs, beneficiaries, or devisees). 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 Section 12 (except that any transferee that is the spouse or immediate family member of you or your Operating Partner or such Controlling Owner, shall not have to pay the transfer fee described in Section ~~12.C12C~~(8) if the transfer meets all the other conditions in Section ~~12.C12C~~). A failure to transfer your interest in this Agreement or the Operating Partner's or such Controlling Owner's ownership interest in you within this time period is a breach of this Agreement. If any of Your Store(s) is not being managed by an approved Designated Manager at the time of your or your Operating Partner's death or disability, your or the Operating Partner's executor, administrator, conservator, guardian, or other personal representative must within a reasonable time, not to exceed fifteen (15) days from the date of death or disability, appoint a Designated Manager in accordance with the terms and conditions of Section 8.H. A new Operating Partner acceptable to us also must be appointed within thirty (30) days.

## **13. EXPIRATION OF THIS AGREEMENT.**

### **13A. YOUR RIGHT TO ACQUIRE A SUCCESSOR FRANCHISE.**

Upon expiration of this Agreement, you will have the option to acquire a successor franchise to operate Your Franchise Business for one (1) additional consecutive term of three (3) years, if you meet the following conditions:

- (1) you (and each of your owners) have substantially complied with this Agreement during its term;
- (2) you (and each of your owners) are, both on the date you give us written notice of your election to acquire a successor franchise (as provided in Section ~~13.B13B~~ below) and on the date on which the term of the successor franchise would commence, in full compliance with this Agreement and all System Standards;
- (3) you maintain possession of and agree to remodel and/or expand Your Store(s), add or replace improvements and Operating Assets, and otherwise modify Your Store(s) as we require to comply with System Standards then-current for new Stores;
- (4) you sign the franchise agreement we then use to grant franchises for Stores (modified as necessary to reflect the fact that it is for a successor franchise), which may contain provisions that differ materially from those contained in this Agreement;
- (5) your Operating Partner and any Designated Managers attend any refresher training courses we require;

(6) you and your owners agree to sign, in a form satisfactory to us, guarantees and general releases of any and all claims against us and our shareholders, officers, directors, employees, agents, successors, and assigns.

If you (and your owners) fail to meet the conditions set forth in this Section, you acknowledge that we need not grant you a successor franchise, whether or not we had, or chose to exercise, the right to terminate this Agreement during its term under Section ~~14.B~~[14B](#). If this Agreement is for multiple Stores, you may not obtain a successor franchise to operate fewer than all of Your Stores for a successor term.

### **13B. GRANT OF A SUCCESSOR FRANCHISE.**

You agree to give us Your Successor Notice of your election to acquire a successor franchise no more than one (1) year and no less than one hundred eighty (180) days before this Agreement expires. We agree to give you Our Successor Notice of our decision to grant or not to grant you a successor franchise not more than six (6) months after we receive Your Successor Notice. If applicable, Our Successor Notice will describe the remodeling, maintenance, expansion, improvements, technology upgrades, trade dress updates, and/or modifications required to bring Your Franchise Business into compliance with then-current System Standards and state the actions you must take to correct operating deficiencies and the time period in which you must correct these deficiencies.

If Our Successor Notice states that you must remodel Your Store(s) and/or must cure certain deficiencies of Your Store(s) or its operation as a condition to our granting you a successor franchise, and you fail to complete the remodeling and/or to cure those deficiencies, we will give you written notice of our decision not to grant a successor franchise, not less than ninety (90) days before this Agreement expires; provided, that we need not give you ninety (90) days' notice if we decide not to grant you a successor franchise due to your breach of this Agreement during the ninety (90) day period before it expires. We may extend this Agreement's term for the time period necessary to give you either reasonable time to correct deficiencies or the ninety (90) days' notice of our refusal to grant a successor franchise. If you fail to notify us of your election to acquire a successor franchise within the prescribed time period, we need not grant you a successor franchise.

## **14. TERMINATION OF AGREEMENT.**

### **14A. TERMINATION BY YOU.**

You may terminate this Agreement if you are in full compliance with this Agreement and we materially fail to comply with this Agreement, and (i) we fail correct the failure within 180 days after you deliver written notice of the material failure to us, or (ii) if we cannot correct the failure within 180 days, we fail give you within 180 days after your notice reasonable evidence of our effort to correct the failure within a reasonable time. Your termination under this Section will be effective 180 days after you deliver to us the written notice of termination. If you terminate this Agreement other than according to this Section ~~14.A~~[14A](#), the termination will be deemed a termination without cause and a breach of this Agreement. You may not terminate fewer than all of Your Stores, if you operate multiple Stores under the terms of this Agreement, or less than the entirety of this Agreement.

## 14B. TERMINATION BY US.

We may terminate this Agreement, effective on delivery of written notice of termination to you, if:

- (1) you (or any of your owners) have made or make any material misrepresentation or omission in acquiring the franchise or operating Your Franchise Business;
- (2) you do not pay us the Initial Franchise Fee, Legal Processing Fee or the Security Deposit at least five (5) days prior to your scheduled attendance in the Initial Training Program;
- (3) you do not pay us the Subsequent Franchise Fee or Legal Processing Fee for any Additional Stores in the manner required in the Franchise Agreement Supplement;
- (4) you do not open Your Store(s) by the deadlines specified in your Development Schedule attached as **Exhibit B**, or any Additional Store(s) by the deadlines specified in any Franchise Agreement Supplement, if applicable;
- (5) you fail to obtain our approval before opening any of Your Store(s), or you fail to satisfy any of the other conditions in Section ~~2.4~~2I before opening any of Your Store(s), including, obtaining our approval for the site of the Premises and a fully-executed Store Rider for the Premises;
- (6) you purchase any product or service that we have notified you is deemed an Essential Ingredient from any Supplier other than us or our designated Affiliate;
- (7) you abandon or fail to actively operate any of Your Store(s) for more than two (2) consecutive business days or fourteen (14) days during any twelve-month period. except any circumstances of force majeure;
- (8) you (or your owners) make or attempt to make any transfer in violation of Section 12;
- (9) you directly or indirectly agree or grant the right to any other Person to operate any of Your Store(s) without our written approval;
- (10) you (or any of your owners) are or have been convicted by a trial court of, or pleaded guilty or no contest to, a felony;
- (11) you fail to maintain the insurance we require and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;
- (12) you or any of your owners engage in any dishonest or unethical conduct which, in our sole opinion, adversely affects the reputation of Your Franchise Business or the goodwill associated with the Marks;
- (13) you lose the right to occupy any Premises whether or not through any fault of yours;

(14) you or any of your owners knowingly make any unauthorized use or disclosure of any Confidential Information;

(15) you violate any health, safety, or sanitation law, ordinance, or regulation, or operate Your Franchise Business in an unsafe manner, and do not begin to cure the violation immediately, and correct the violation within seventy-two (72) hours after you receive notice from us or any other party;

(16) you violate any other applicable law, regulation, ordinance or consent decree, or fail to maintain any bond, license or permit, and do not cure such violation or failure within ten (10) days after we or any applicable government agency deliver notice to you of that violation or failure;

(17) you fail to pay us or our Affiliates any amounts due, including Royalties, and do not correct the failure within ten (10) days after we deliver written notice of that failure to you;

(18) you fail to provide us with evidence that you have paid when due any income, service, sales, withholding or other taxes due on your Net Sales within ten (10) days after we request such evidence, or you fail to pay any such taxes when owed unless you are in good faith contesting your liability for these taxes;

(19) you understate your Net Sales three (3) times or more during this Agreement's term or by more than two percent (2%) on any one occasion;

(20) you (or any of your owners) (a) fail on three (3) or more separate occasions within any twelve (12) consecutive month period to comply with this Agreement, whether or not we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you; or (b) fail 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 we notify you of the failures, and, if we do notify you of the failures, whether or not you correct the failures after our delivery of notice to you;

(21) you make an assignment for the benefit of creditors or admit in writing your insolvency or inability to pay your debts generally as they become due; you consent to the appointment of a receiver, trustee, or liquidator of all or the substantial part of your property; any assets of Your Franchise Business are attached, seized, subjected to a writ or distress warrant, or levied on, unless the attachment, seizure, writ, warrant, or levy is vacated within thirty (30) days; or any order appointing a receiver, trustee, or liquidator of you or Your Franchise Business is not vacated within thirty (30) days following the order's entry;

(22) your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation;

(23) you or any of your owners or Affiliates fail to pay any other third-party, including the lessor of your Premises, any other amounts owed in connection with Your Store when due, and do not cure such failure within any applicable cure period granted by such third-party;

(24) you fail to immediately send us a revised **Exhibit A** or obtain our approval for the revised **Exhibit A**, if you are required pursuant Section ~~1.C~~1C hereto;

(25) you (or any of your owners) fail to comply with any other provision of this Agreement or any System Standard with respect to Your Franchise Business and do not correct the failure within thirty (30) days after we deliver written notice of the failure to you;

(26) there is a termination of any other franchise agreement or other agreement between you or your Affiliates and us (or any of our Affiliates);

(27) you or any of your personnel that we require to take the Initial Training Program fails the Initial Training Program;

(28) you receive a below average or unsatisfactory grade on two (2) or more separate mystery shopper examinations or data security audits for any of Your Store(s) within any twelve (12) consecutive month period, whether or not such deficiencies are corrected;

(29) you or your Affiliates, or any of your or their respective owners, directors, officers, managers, employees, or representatives expresses any views or opinions in relation to any political, religious, racial, or social issues, on behalf of us or by using the Brand or the Marks, without any prior written approval from us;

(30) you misuse the Marks or Franchise System in violation Section ~~5.B~~5B; or

(31) you fail to pay when due any Supplier and do not cure such failure within the applicable cure period.

If you operate multiple Stores under the terms of this Agreement, we may, in our sole discretion, elect to terminate your rights under this Agreement with respect to some, but not all, of Your Stores. If we elect to terminate your rights under this Agreement fewer than all of Your Stores, this Agreement will continue with respect to the Stores that we have not specifically terminated, and you must comply with all obligations under this Agreement with respect to those Stores that have not specifically been terminated.

Unless otherwise expressly indicated above, we will have the right to terminate this Agreement as described above whether or not we notify you of the violation, and if we do notify you of the violation, whether or not you correct the violation after our delivery of notice to you. Our right to terminate this Agreement as provided above in no way limits our other remedies under this Agreement, including our right to late payment interest as described in Section ~~3.E~~3E for all amounts not paid when due.

#### **14C. TERMINATION BY MUTUAL AGREEMENT.**

This Agreement may be terminated at any time by mutual consent of the parties, provided that such consent to terminate must be in writing and signed by each of the parties.

## 15. RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION.

### 15A. PAYMENT OF AMOUNTS OWED TO US.

You agree to pay us the Royalties, Marketing Fund Contributions, interest, and all other amounts owed to us (and our Affiliates), calculated as of the date of payment, for each Termination Store within fifteen (15) days after the applicable Termination Event. We have the right to set off any amount you or your owners owe us or our Affiliates against any amounts we or our Affiliates owe you, your owners or your Affiliates. You acknowledge that no Termination Event will affect your liability for amounts you (or your owners or Affiliates) owe any third-parties or creditors and we do not assume any such liabilities.

### 15B. DE-IDENTIFICATION.

Upon the occurrence of a Termination Event, for each Termination Store, you and your owners must immediately:

(a) close the Termination Store for business and cease to directly or indirectly sell any products or services of any kind or in any manner from the Termination Store, unless we direct you otherwise in connection with our exercise of our option to purchase your Termination Store pursuant to Section ~~45.D~~15D;

(b) except with other Stores you own and operate, cease to identify yourself or any business as a current or former Store or as one of our current or former franchise owners; use any Mark, any colorable imitation of a Mark, or other indicia of a Store in any manner or for any purpose; or use for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with us;

(c) take the action required to cancel or assign all fictitious or assumed name or equivalent registrations relating to any Termination Store;

(d) if we do not exercise our option to purchase the Termination Store pursuant to Section ~~45.D~~15D, at your own expense, remove all signs, sign-faces, sign-cabinets, marketing materials, forms, and other materials containing any Mark or otherwise identifying or relating to a Store, and make the other alterations we specify in the Operations Manual (or otherwise) to distinguish the Termination Store and its Premises clearly from its former appearance and from other Stores in order to prevent public confusion and comply with the non-competition covenants in Section ~~45.E~~15E;

(e) cease using and, at our direction, either disable all telephone numbers, directory listings, Online Presences and other contact information for that Termination Store, or ~~instruct the registrar to~~ transfer exclusive control and access of any of the foregoing to us or our designee in accordance with our instructions, including providing us all applicable login information and credentials necessary to access and have unrestricted administrative control. You agree that, as between you and us, we have the sole right and interest in telephone numbers, directory listings, Online Presences and other contact information for any Termination Store, ~~and you appoint us as your attorney-in-fact to direct the telephone company, directory, hosting company, or registrar or other third party to assign the same to us and to sign any required documents on your behalf;~~

(f) comply with all other obligations that are expressly or by implication intended to survive or be triggered by a Termination Event;

(g) comply with all other System Standards we establish from time to time and all applicable laws for the closure and de-identification of a Termination Store; and

(h) you agree to give us, within thirty (30) days after the Termination Event, evidence satisfactory to us of your compliance with these obligations.

If you fail to take any of the actions (or refrain from taking any of the actions) described above, we may take whatever action and sign whatever documents we deem appropriate on your behalf to cure the deficiencies, including, without liability to you or third parties for trespass or any other claim, to enter any Premises of a Termination Store and remove any signs or other materials containing any Marks. You must reimburse us for all costs and expenses we incur in correcting any such deficiencies. You hereby appoint us your true and lawful attorney-in-fact to take such actions and execute such documents on your behalf as may be required to effect the foregoing purposes.

### **15C. CONFIDENTIAL & PERSONAL INFORMATION.**

Upon the occurrence of a Termination Event, you agree that you will immediately cease using any of our Confidential Information in any business or otherwise ~~and return to us all copies, comply with all of our instructions for returning or disposing~~ of the Operations Manual and any other Confidential Information ~~that we have loaned you~~ (unless it is being used for any other Stores you operate). ~~You also agree to comply with all of our directions for returning or disposing of Personal Information, in any form, in your possession or the possession of any of your employees.~~ We may require you to certify in writing that you have returned or securely disposed of all ~~Personal~~ Confidential Information.

### **15D. OUR RIGHT TO PURCHASE YOUR STORES.**

We have the option to purchase any Termination Store upon the occurrence of a Termination Event. We may exercise this option by giving you written notice within thirty (30) days after the date of the Termination Event. We have the unrestricted right to assign this option to purchase. If we purchase any Termination Store, we are entitled to all customary warranties and representations in our asset purchase, including representations and warranties as to ownership and condition of and title to assets; liens and encumbrances on assets; validity of contracts and agreements; and liabilities affecting the assets, contingent or otherwise.

If we elect to purchase any Termination Store, and you lease the respective Premises from an unaffiliated lessor, you agree, at our election to (i) assign the Lease to us, (ii) enter into a sublease with us for the remainder of the Lease term on the same terms (including renewal options) as the Lease, or (iii) lease the Premises to us for an initial term of five (5) years with, at our option, up to three (3) additional terms of five (5) years each on commercially reasonable terms.

We (or our assignee) will pay the purchase price for the Termination Store(s) and/or Premises that we elect to purchase (calculated as described below) at the closing, which will take place not later than sixty (60) days after the purchase price is determined, although we (or our assignee) may decide after the purchase price is determined not to purchase the Termination Store(s). We may set off against

the purchase price, and reduce the purchase price by, any and all amounts you or your owners owe us or our Affiliates. At the closing, you agree to deliver instruments transferring to us (or our assignee):

- (a) good and merchantable title to the assets purchased, free and clear of all liens and encumbrances (other than liens and security interests acceptable to us), with all sales and other transfer taxes paid by you;
- (b) all of the licenses and permits for any of the Termination Store(s) which may be assigned or transferred; and
- (c) the leasehold interest (as applicable) in the respective Premises, and a lease assignment or lease or sublease, as applicable, for Your Store(s) that we are purchasing.

If you cannot deliver clear title to all of the purchased assets, or if there are other unresolved issues, we and you will close the sale through an escrow. You and your owners further agree to execute general releases, in a form satisfactory to us, of any and all claims against us and our owners, officers, managers, employees, agents, successors and assigns.

If we purchase any Termination Store upon a Termination Event, the purchase price for such Termination Store will be its book value, provided that these items will not include any value for the rights granted by this Agreement, any goodwill attributable to our Marks, brand image, and other intellectual property, or any participation in the network of Stores. We may exclude from the assets purchased any Operating Assets and supplies that are not reasonably necessary (in function or quality) to the operation of the purchased Termination Store or that we have not approved as meeting System Standards, and the purchase price will reflect these exclusions.

#### **15E. COVENANT NOT TO COMPETE.**

Upon the expiration or termination of this Agreement, you and your owners agree that, for two (2) years beginning on the date that your right to operate Your Franchise Business expires or is terminated, neither you nor any of your owners (or their immediate family members) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business located or operating at the Premises of any of Your Store(s), or within the greater of (i) the Development Territory or (ii) the city-wide limits from which Your Franchise Business operates.

If any Person restricted by this Section ~~15.E.15E~~ fails to comply with these obligations as of the date of expiration or termination of this Agreement, the two (2) year restricted period for that Person will commence on the date the Person begins to comply with this Section ~~15.E.15E~~, which may be the date a court order is entered enforcing this provision. If this Agreement continues for any Stores other than Termination Stores, you (and all other parties) will continue to be bound by your obligations under Section ~~77A.A.~~

You and your owners expressly acknowledge that you possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, our enforcing the covenants made in this Section ~~15.E.15E~~ will not deprive you of your personal goodwill or ability to earn a living.

## **15F. NON-INTERFERENCE.**

Upon the occurrence of a Termination Event, you and your owners agree that, for two (2) years beginning on the date of the Termination Event, or the date on which all persons restricted by this Section begin to comply with this Section, whichever is later, neither you nor any of your owners (or their immediate family members) will solicit, interfere, or attempt to interfere with our or our Affiliates' relationships with any customers, vendors, franchisees or consultants.

## **15G. CONTINUING OBLIGATIONS.**

All of our and your (and your owners') obligations which expressly or by their nature survive this Agreement's expiration or termination will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or by their nature expire.

## **16. RELATIONSHIP OF THE PARTIES/INDEMNIFICATION.**

### **16A. INDEPENDENT CONTRACTORS.**

You and we understand and agree that each of us is an independent business and that you and we are and will be independent contractors. This Agreement does not create a fiduciary relationship between you and us, and that nothing in this Agreement is intended to make either you or us a general or special agent, joint venturer, partner, or employee of the other for any purpose. You agree to identify yourself conspicuously to all Persons (including customers, Suppliers, public officials, and employees of Your Franchise Business) as the owner of Your Franchise Business and indicate clearly that you operate Your Franchise Business separately and independently from our business operations. You agree to place notices of independent ownership on all interior and exterior signage, forms, business cards, stationery, advertising, and other materials that we may require from time to time. You may not make any express or implied agreements, warranties, guarantees, or representations, or incur any debt, in our name or on our behalf or represent that your and our relationship is anything other than franchisor and franchise owner.

We have no right or duty to direct your employees in the course of their employment for you. You are solely responsible for the terms and conditions of employment of your employees. We will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of Your Franchise Business.

### **16B. NO LIABILITY FOR ACTS OF OTHER PARTY.**

We and you 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 our respective relationship is other than franchisor and franchise owner. We will not be obligated for any damages to any person or property directly or indirectly arising out of your operation of Your Franchise Business or the business you conduct under this Agreement.

### **16C. TAXES.**

We will have no liability for any sales, use, service, occupation, excise, gross or net revenue, income, property, or other taxes, whether levied on you or Your Franchise Business, due to the business you conduct (except for our income taxes). You are responsible for paying for any sales, use, service,

occupation, excise, gross revenue, income, property, or other taxes, whether levied on you or Your Store(s), or arising from the operation of Your Franchise Business (except for our income taxes).

## **16D. INDEMNIFICATION.**

You agree to indemnify, defend, and hold harmless the Indemnified Parties against, and to reimburse any one or more of the Indemnified Parties for, all Claims, obligations, and damages directly or indirectly arising out of your operation of Your Franchise Business, the business you conduct under this Agreement, or your breach of this Agreement, including those alleged to be or found to have been caused by the Indemnified Party's gross negligence or willful misconduct, unless (and then only to the extent that) the Claims, obligations, or damages are determined to be caused solely by our gross negligence or willful misconduct in a final, unappealable ruling issued by a court with competent jurisdiction or arbitrator. Each Indemnified Party may, in its discretion and at your expense, control the defense of any Claim against it (including choosing and retaining its own legal counsel), agree to settlements of Claims against it, and take any other remedial, corrective, or other actions in response to such Claims.

This indemnity will continue in full force and effect subsequent to and notwithstanding any Termination Event. 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 for indemnity under this Section. You agree that a failure to pursue a recovery or mitigate a loss will not reduce or alter the amounts that an Indemnified Party may recover under this Section.

## **17. ENFORCEMENT.**

### **17A. SEVERABILITY AND SUBSTITUTION OF VALID PROVISIONS.**

Except as expressly provided to the contrary in this Agreement, each section, paragraph, term, and provision of this Agreement is severable, and if any part of this Agreement is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation for any reason (in a final, unappealable ruling issued by any court, agency, or tribunal with competent jurisdiction), that ruling will not impair the operation of, or otherwise affect, any other portions of this Agreement, which will continue to have full force and effect and bind the parties.

If any covenant which restricts competitive activity is deemed unenforceable by virtue of its scope in terms of area, business activity prohibited, and/or length of time, but would be enforceable if modified, you and we agree that the covenant will be enforced to the fullest extent permissible under the laws and public policies applied in the jurisdiction whose law determines the covenant's validity.

If any applicable and binding law or rule of any jurisdiction requires more notice of this Agreement's termination or of our refusal to enter into a successor franchise agreement, than this Agreement requires, or some other action that this Agreement does not require, or if any provision of this Agreement or any System Standard is invalid, unenforceable, or unlawful, the notice and/or other action required by the law or rule will be substituted for the comparable provisions of this Agreement, and we may modify the invalid or unenforceable provision or System Standard to the extent required to be valid and enforceable or delete the unlawful provision in its entirety. You agree to be bound by any promise or covenant imposing the maximum duty the law permits which is subsumed within any provision of this Agreement, as though it were separately articulated in and made a part of this Agreement.

## **17B. WAIVER OF OBLIGATIONS.**

We and you may by written instrument unilaterally waive or reduce any obligation of or restriction on the other under this Agreement, effective on delivery of written notice to the other or another effective date stated in the notice of waiver. Any waiver granted will be without prejudice to any other rights we or you have, will be subject to continuing review, and may be revoked at any time and for any reason effective on delivery of ten (10) days' prior written notice.

We and you will not waive or impair any right, power, or option this Agreement reserves (including our right to demand exact compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before its term expires) because of any custom or practice at variance with this Agreement's terms; our or your failure, refusal, or neglect to exercise any right under this Agreement or to insist on the other's compliance with this Agreement, including any System Standard; our waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other Stores; the existence of franchise agreements for other Stores which contain provisions different from those contained in this Agreement; or our acceptance of any payments due from you after any breach of this Agreement. No special or restrictive legend or endorsement on any check or similar item given to us will be a waiver, compromise, settlement, or accord and satisfaction. We are authorized to remove any legend or endorsement, which then will have no effect.

Neither we nor you will be liable for loss or damage or be in breach of this Agreement if our or your failure to perform our or your obligations results from: (1) compliance with the orders, requests, regulations, or recommendations of any federal, state, or municipal government; (2) acts of God; (3) fires, strikes, embargoes, war, acts of terrorism or similar events, or riot; or (4) any other similar event or cause. Any delay resulting from any of these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable, except that these causes will not excuse payments of amounts owed at the time of the occurrence or payment of Royalties or Marketing Fund Contributions due afterward.

The following provision applies if you or the franchise granted hereby are subject to the franchise registration or disclosure laws in California, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin: 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.

## **17C. COSTS AND ATTORNEYS' FEES.**

The prevailing party in any arbitration or litigation arising out of or relating to this Agreement shall be entitled to recover from the other party all damages, costs and expenses, including arbitration and court costs and reasonable attorney's fees, incurred by the prevailing party in successfully enforcing any provision of this Agreement.

## 17D. RIGHTS OF PARTIES ARE CUMULATIVE.

Our and your rights under this Agreement are cumulative, and our or your exercise or enforcement of any right or remedy under this Agreement will not preclude our or your exercise or enforcement of any other right or remedy which we or you are entitled by law to enforce.

## 17E. ARBITRATION.

All controversies, disputes, or claims between us or any of our Affiliates (and our and their respective shareholders, officers, directors, agents, and employees), on the one hand, and you (and your owners, guarantors, Affiliates, and employees), on the other hand, arising out of or related to: (1) this Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates); (2) our relationship with you; (3) the scope or validity of this Agreement or any other agreement between you (or any of your owners) and us (or any of our Affiliates) or any provision of any of such agreements (including the validity and scope of the arbitration provision under this Section, which we and you acknowledge is to be determined by an arbitrator, not a court); or (4) any System Standard, must be submitted for binding arbitration, on demand of either party, to the American Arbitration Association (“AAA”). The arbitration proceedings will be conducted by one arbitrator and, except as this Section otherwise provides, according to the AAA’s then current Commercial Arbitration Rules. All proceedings will be conducted at a suitable location chosen by the arbitrator that is within 50 miles of our (or our successor’s or assign’s, as applicable) then current principal place of business (currently, San Francisco, California). The interim and final awards of the arbitrator shall be final and binding upon each party, and judgment upon the arbitrator's awards may be entered in any court of competent jurisdiction.

The arbitrator has the right to award or include in his or her awards any relief which he or she deems proper, including, without limitation, money damages, pre- and post-award interest, interim costs and attorneys’ fees, specific performance, and injunctive relief, provided that the arbitrator may not declare any of the trademarks owned by us or our Affiliates generic or otherwise invalid, or award any punitive or exemplary damages against any party to the arbitration proceeding (we and you hereby waiving to the fullest extent permitted by law any such right to or claim for any punitive or exemplary damages against any party to the arbitration proceeding). ~~Further, at the conclusion of the arbitration, the arbitrator shall award to the~~ In any arbitration brought pursuant to this arbitration provision, and in any action in which a party seeks to enforce compliance with this arbitration provision, the prevailing party shall be awarded its costs and expenses, including attorneys’ fees and costs, incurred in connection therewith.

We and you agree to be bound by the provisions of any applicable contractual or statutory limitations provision, whichever expires earlier. We and you further agree that, in any arbitration proceeding, each party must submit or file any claim which would constitute a compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding. Any claim which is not submitted or filed as required will be forever barred. The arbitrator may not consider any settlement discussions or offers that might have been made by either you or us.

WE AND YOU AGREE THAT ARBITRATION WILL BE CONDUCTED ON AN INDIVIDUAL BASIS AND THAT AN ARBITRATION PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES, ON THE OTHER HAND, MAY

NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER ARBITRATION PROCEEDING, (III) JOINED WITH ANY SEPARATE CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT. Notwithstanding the foregoing, if any court or arbitrator determines that all or any part of the preceding sentence is unenforceable with respect to a dispute, controversy or claim that otherwise would be subject to arbitration under this Section, then all parties agree that this arbitration clause shall not apply to that dispute, controversy or claim and that such dispute, controversy or claim shall be resolved in a judicial proceeding in accordance with the dispute resolution provisions of this Agreement.

We and you agree that, in any arbitration arising as described in this Section, the arbitrator shall have full authority to manage any necessary exchange of information among the parties with a view to achieving an efficient and economical resolution of the dispute. The parties may only serve reasonable requests for documents, which must be limited to documents upon which a party intends to rely or documents that are directly relevant and material to a significant disputed issue in the case or to the case's outcome. The document requests shall be restricted in terms of time frame, subject matter and Persons to which the requests pertain, and shall not include broad phraseology such as "all documents directly or indirectly related to." You and we further agree that no interrogatories or requests to admit shall be propounded, unless the parties later mutually agree to their use.

The provisions of this Section are intended to benefit and bind certain third-party non-signatories. The provisions of this Section will continue in full force and effect subsequent to and notwithstanding any Termination Event.

Any provisions of this Agreement below that pertain to judicial proceedings shall be subject to the agreement to arbitrate contained in this Section.

#### **17F. GOVERNING LAW.**

ALL MATTERS RELATING TO ARBITRATION WILL BE GOVERNED BY THE FEDERAL ARBITRATION ACT (9 U.S.C. §§ 1 ET SEQ.). EXCEPT TO THE EXTENT GOVERNED BY THE FEDERAL ARBITRATION ACT, THE UNITED STATES TRADEMARK ACT OF 1946 (LANHAM ACT, 15 U.S.C. SECTIONS 1051 ET SEQ.), OR OTHER FEDERAL LAW, THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE GOVERNED BY THE LAWS OF THE STATE OF YOUR PRINCIPAL PLACE OF BUSINESS (CURRENTLY, AS LISTED ON THE FIRST PAGE OF THIS AGREEMENT), WITHOUT REGARD TO ITS CONFLICT OF LAWS RULES, EXCEPT THAT ANY STATE LAW REGULATING THE OFFER OR SALE OF FRANCHISES OR GOVERNING THE RELATIONSHIP OF A FRANCHISOR AND ITS FRANCHISEE WILL NOT APPLY UNLESS ITS JURISDICTIONAL REQUIREMENTS ARE MET INDEPENDENTLY WITHOUT REFERENCE TO THIS SECTION.

#### **17G. CONSENT TO JURISDICTION.**

SUBJECT TO SECTION ~~17.E~~17E ABOVE AND THE PROVISIONS BELOW, WE AND YOU AND YOUR OWNERS AGREE THAT ALL ACTIONS ARISING UNDER THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE

RELATIONSHIP BETWEEN US AND YOU MUST BE COMMENCED IN STATE OR FEDERAL COURT CLOSEST TO OUR (OR OUR SUCCESSOR'S OR ASSIGN'S, AS APPLICABLE) THEN-CURRENT PRINCIPAL PLACE OF BUSINESS (CURRENTLY, SAN FRANCISCO, CALIFORNIA), AND WE AND YOU AND EACH OWNER IRREVOCABLY CONSENT TO THE EXCLUSIVE JURISDICTION OF THOSE COURTS AND WAIVE ANY OBJECTION TO EITHER THE JURISDICTION OF OR VENUE IN THOSE COURTS.

**17H. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

EXCEPT FOR YOUR OBLIGATION TO INDEMNIFY US FOR THIRD PARTY CLAIMS UNDER SECTION ~~16.D~~16D, WE AND YOU (AND YOUR OWNERS) WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN US AND YOU, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS.

WE AND YOU IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION OR PROCEEDING BROUGHT BY EITHER OF US.

**17I. BINDING EFFECT.**

This Agreement is binding on us and you and our and your respective executors, administrators, heirs, beneficiaries, permitted assigns, and successors in interest. Subject to our right to modify the Operations Manual and System Standards, this Agreement may not be modified except by a written agreement signed by both our and your duly-authorized officers.

**17J. LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.**

EXCEPT FOR CLAIMS ARISING FROM YOUR NON-PAYMENT OR UNDERPAYMENT OF AMOUNTS YOU OWE US, ANY AND ALL CLAIMS ARISING OUT OF OR RELATING TO THIS AGREEMENT (OR ANY OTHER AGREEMENT BETWEEN US AND OUR AFFILIATES, AND YOU AND YOUR AFFILIATES), THE FRANCHISE, AND ALL CLAIMS ARISING FROM THE RELATIONSHIP BETWEEN US AND YOU WILL BE BARRED UNLESS A JUDICIAL OR ARBITRATION PROCEEDING IS COMMENCED IN ACCORDANCE WITH THIS AGREEMENT WITHIN TWO (2) YEARS FROM THE DATE ON WHICH THE PARTY ASSERTING THE CLAIM KNEW OR SHOULD HAVE KNOWN OF THE FACTS GIVING RISE TO THE CLAIMS.

WE AND YOU AGREE THAT ANY PROCEEDING WILL BE CONDUCTED ON AN INDIVIDUAL, NOT A CLASS-WIDE, BASIS, AND THAT ANY PROCEEDING BETWEEN US AND ANY OF OUR AFFILIATES, OR OUR AND THEIR RESPECTIVE SHAREHOLDERS, OFFICERS, DIRECTORS, AGENTS, AND EMPLOYEES, ON THE ONE HAND, AND YOU (OR YOUR OWNERS, GUARANTORS, AFFILIATES, AND EMPLOYEES), ON THE OTHER HAND, MAY NOT BE: (I) CONDUCTED ON A CLASS-WIDE BASIS, (II) COMMENCED, CONDUCTED OR CONSOLIDATED WITH ANY OTHER PROCEEDING, (III) JOINED WITH ANY CLAIM OF AN UNAFFILIATED THIRD-PARTY, OR (IV) BROUGHT ON YOUR BEHALF BY ANY ASSOCIATION OR AGENT.

NO PREVIOUS COURSE OF DEALING SHALL BE ADMISSIBLE TO EXPLAIN, MODIFY, OR CONTRADICT THE TERMS OF THIS AGREEMENT. NO IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING SHALL BE USED TO ALTER THE EXPRESS TERMS OF THIS AGREEMENT.

#### **17K. CONSTRUCTION.**

The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the Operations Manual (which may be periodically modified, as provided in this Agreement) and the related documents, constitutes our and your entire agreement, and there are no other oral or written understandings or agreements between us and you, or oral or written representations by us, relating to the subject matter of this Agreement, the franchise relationship, or Your Franchise Business. Any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

Any policies that we adopt and implement from time to time to guide us in our decision-making are subject to change, are not a part of this Agreement, and are not binding on us.

Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies on any Person not a party to this Agreement.

Except where this Agreement expressly obligates us reasonably to approve or not unreasonably to withhold our approval of any of your actions or requests, we have the absolute right to refuse any request you make or to withhold our approval of any of your proposed, initiated, or completed actions that require our approval. The headings of the sections and paragraphs are for convenience only and do not define, limit, or construe the contents of these sections or paragraphs.

References in this Agreement to “we,” “us,” and “our,” with respect to all of our rights and all of your obligations to us under this Agreement, include any of our Affiliates with whom you deal.

If two or more Persons are at any time the owners of Your Franchise Business, whether as partners or joint venturers, their obligations and liabilities to us will be joint and several.

In the case of a proposed transfer of an ownership interest in you or one of your owners, the determination of whether a Controlling Ownership Interest is involved must be made as of both immediately before and immediately after the proposed transfer to see if a Controlling Ownership Interest will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

Unless otherwise specified, all references to a number of days shall mean calendar days and not business days.

#### **18. DELEGATION OF PERFORMANCE.**

You agree that we have the right to delegate the performance of any portion or all of our obligations under this Agreement to third party designees, whether these designees are our agents, [franchisees](#), [licensees](#), or independent contractors with whom we have contracted to perform these

obligations. If we do so, such third-party designees will be obligated to perform the delegated functions for you in compliance with this Agreement.

## **19. NOTICES AND PAYMENTS.**

All written notices, reports, and payments permitted or required to be delivered by this Agreement or the Operations Manual will be deemed to be delivered: (i) at the time delivered by hand, (ii) at the time delivered via electronic or facsimile transmission, (iii) one (1) business day after being placed in the hands of a nationally recognized commercial courier service for next business day delivery such as DHL or FedEx, or (iv) three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid. Any notice must be sent to the party to be notified at its most current principal business address of which the notifying party has notice; except that, it will always be deemed acceptable to send notice to you at the address of the Premises. Any required payment or report we do not actually receive during regular business hours on the date due will be deemed delinquent.

## **20. BUSINESS JUDGMENT.**

We retain the right to operate, develop and change the Franchise System and the products and services offered by Stores in any manner that is not specifically prohibited in this Agreement. Whenever we have reserved the right in this Agreement to take or refrain from taking any action, or to prohibit you from taking or refraining from any action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights in our sole and unfettered discretion, based on the information then readily available to us and on our judgment of what is in our best interests, the best interests of our Affiliates and/or the best interests of Stores as a whole at the time the decision is made, regardless of whether we could have made other reasonable, or even arguably preferable, alternative decisions and regardless of whether our decision or action promotes our interests, those of our Affiliates or any other Person.

## **21. EXECUTION.**

This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same Agreement. This Agreement and all other documents related to this Agreement may be executed by manual or electronic signature. Either party may rely on the receipt of a document executed or delivered electronically, as if an original had been received.

## **22. GLOSSARY OF TERMS.**

**“Additional Stores”** – Any Stores we approve you to own and operate in addition to the Stores you are required to operate under this Agreement. You must sign the Franchise Agreement Supplement prior to us granting you the right to operate Additional Stores.

**“Agreement”** – This Franchise Agreement.

**“Affiliate”** – Any Person which is directly or indirectly owned or controlled by, under common control with, or owning or controlling another entity.

**“Assistant’s Expenses”** – All local travel/transportation and living expenses and out-of-pocket costs we incur in sending our assistance staff member(s) to Your Store(s), including, food, lodging, transportation, mobile communication fees, and a reasonable monthly allowance at the amount not less than \$1,200 with a highest cap of \$1,800. However, we will be responsible for the costs associated with any international flights and the monthly salary of our assistance staff member(s) during the period we send him/her to Your Store(s).

**“Certified Statement”** – An annual statement of Net Sales of Your Franchise Business, which shall be certified by your auditors or external accountants.

**“Claims”** – All obligations, damages (actual, consequential or otherwise), causes of action, and costs that any Indemnified Party reasonably incurs in defending any claim against it, including reasonable accountants’, arbitrators’, attorneys’, and expert witness fees, costs of investigation and proof of facts, court costs, travel and living expenses, and other expenses of litigation, arbitration, or alternative dispute resolution, regardless of whether litigation, arbitration or alternative dispute resolution is commences.

**“Competitive Business”** – Any business (excluding any Stores operated under a franchise agreement with us or our Affiliate), which operates, or grants franchises or licenses to others to operate, any business (including retail businesses) principally engaged in the offer and sale of bubble tea, brewed tea, coffee, juices, smoothies and/or any other products or services that are being offered by Stores.

**“Computer System”** – The computer hardware, sales and scheduling software, point-of-sale system and/or other operating software we specify from time to time, in our Operations Manual or otherwise.

**“Confidential Information”** – All non-public information about the Franchise System and the operation of Stores (including Your Store(s)) (some of which constitutes our trade secrets under applicable law), regardless of whether it is marked confidential, and including: trade secrets; training and operations materials, including the Operations Manual; the System Standards; customer data; market research, promotional marketing and advertising strategies; strategic plans; knowledge of specifications for and of Suppliers, Operating Assets and other products and supplies; computer software or similar technology that is proprietary to the Franchise System; knowledge of operating results and financial performance of Stores other than your own; any information generated by, used or developed in Your Franchise Business; and any other information we designate as confidential or proprietary.

**“Control”** – The power to direct or cause the direction of management and policies of Your Franchise Business.

**“Controlling Owner”** – Any owner who has a majority and controlling interest in you (if you are an Entity).

**“Controlling Ownership Interest”** – The percent of the voting shares or other voting rights that result from dividing one hundred percent (100%) of the ownership interest by the number of owners.

**“Designated Manager”** – Any management level employee and/or other person, agent, or management company you wish to appoint to supervise a Store on a daily basis in the event your Operating Partner does not wish to supervise that Store on a daily basis.

**“Development Schedule”** – The schedule identified on **Exhibit B** designating the deadlines by which you must develop and open Your Store(s).

**“Development Territory”** – The geographic area specified on **Exhibit B**, in which we limit you to develop and open Your Store(s).

**“Disability”** – A mental or physical disability, impairment, or condition that is reasonably expected to prevent or actually does prevent your Operating Partner or such Controlling Owner from supervising the management and operation of Your Franchise Business.

**“Effective Date”** – The date indicated on the cover page of this Agreement.

**“EFT Authorization”** – An authorization for us and/or any third party we designate to automatically debit your business checking account for any or all amounts due under this Agreement.

**“Entity”** – A corporation, limited liability company, or general or limited partnership.

**“Essential Ingredients”** – The products or services that we deem, in our sole discretion, to be essential ingredients to Your Franchise Business and to the approved products and services you offer for sale at each of Your Franchise Business.

**“Franchise Agreement Supplement”** – A supplementary agreement to the Franchise Agreement, which you must execute in order to operate Additional Stores.

**“Franchise System”** – The distinctive business formats, business system, methods, procedures, signs, designs, layouts, standards, specifications we authorize for any and all to use in connection with the operation of Stores, and the Marks, all of which we may improve, further develop, or otherwise modify from time to time.

**“Franchise System Website”** – Any website(s) or other Online Presence we establish, acquire, or host to advertise, market and promote Stores, offer and sell the products and services and/or a Store franchise opportunity.

**“Indemnified Parties”** – Us, our Affiliates, and our and their respective owners, managers, directors, officers, employees, agents, successors, and assignees.

**“Initial Franchise Fee”** – A nonrecurring initial franchise fee that you must pay to us after you sign this Agreement but no later than five (5) days prior to your scheduled attendance in the Initial Training Program, in the amount of: (i) One Hundred and Twenty Thousand Dollars (\$120,000) if Your Franchise Business is three (3) Stores; or (ii) ~~Sixty~~Forty Thousand Dollars (~~\$60,000~~40,000) if Your Franchise Business is one (1) Store, in each case as indicated on **Exhibit B**.

**“Initial On-Site Assistance”** – Advice, guidance and on-site operations support we will provide you for the first Store you develop, as described in Section ~~44B.B.~~

**“Initial Training Program”** – The training we provide in the material aspects of operating a Store to your personnel, as described in Section ~~44A.A.~~

**“Lease”** – Any lease, sublease or other documents you sign to obtain the Premises for Your Store(s).

**“Legal Processing Fee”** – A nonrecurring fee that you must pay to us within seven (7) days of the date you sign this Agreement or any subsequent Franchise Agreement Supplement in the amount of Five Thousand Dollars (\$5,000) if Your Franchise Business is three (3) Stores, or Two Thousand Dollars (\$2,000) if Your Franchise Business is one (1) ~~S~~Store, in each case as indicated on **Exhibit B.**

**“Local Advertising Cooperative”** – The local advertising cooperative, which is specific to a designated geographical area, and under which each participating member will make a Local Advertising Cooperative Contribution as we prescribe.

**“Local Advertising Cooperative Contribution”** – The amount of money we require you to contribute to your Local Advertising Cooperative.

**“Local Advertising Expenditure”** – The amount of money we require you to spend to promote Your Franchise Business locally but will not exceed the Maximum Advertising Expenditure.

**“Marks”** – The trademarks, service marks, commercial marks and other commercial symbols we authorize Stores to use.

**“Maximum Advertising Expenditure”** – The combined Marketing Fund Contribution, Local Advertising Expenditure and Local Advertising Cooperative Contribution, which will NOT exceed two percent (2%) of your Net Sales.

**“Marketing Fund”** – The advertising and marketing fund(s) for the advertising, marketing, and public relations programs and materials we deem appropriate that will be used internationally, nationally, regionally, or locally in our franchise owners’ markets.

**“Marketing Fund Contribution”** – The amount we require you contribute to the Marketing Fund, which will not exceed the Maximum Advertising Expenditure.

**“Monthly Statement”** – A monthly statement of Your Franchise Business’s Net Sales.

**“Net Sales”** – All revenue or consideration that you generate, directly or indirectly, from operating Your Franchise Business, including, all revenue or consideration you receive at or away from the Premises, and whether from cash, check, credit and debit card, barter exchange, trade credit, or other credit transactions. Net Sales does not include any and all applicable sales, use or service taxes collected from customers and paid to the appropriate taxing authority. There will be no deductions to Net Sales for: (i) discounts or price reductions, or (ii) uncollected or uncollectible accounts. Net Sales does not include gratuities or tips. If we

authorize or require participation in online group-bought deals, gift certificate and/or gift card programs, the payments you receive for those online group-bought deals, gift certificates or gift cards shall be included in Net Sales in accordance with our then current guidelines for calculating Net Sales, which may include calculating such amounts, at our option, as either (i) the purchasing value of such certificate, card or deal when it is redeemed at Your Franchise Business, or (ii) the amount of the payment you received for such certificate, card or deal at the time of its sale.

**“Non-Traditional Sites”** – include military bases, hotels, college campuses, airports, train stations, travel plazas, toll roads, hospitals, casinos, sports or entertainment venues or stadiums, shopping centers and any other location which is situated within or part of a larger venue or facility.

**“Online Presence”** – Any website, domain name, email address, social media account, ~~user name,~~ username, or other user account or presence on any other social media or digital platform, or other online presence or presence on any electronic, virtual, or digital medium of any kind.

**“Operating Assets”** – The fixtures, furniture, equipment, components of the Computer System, furnishings, and signs that we approve as meeting our specifications and standards for quality, design, appearance, function, and performance.

**“Operating Partner”** – A natural person who we approve and who: (a) owns an ownership and voting interest in you, (b) agrees to devote a reasonable amount of his or her time and efforts to the operation, promotion and enhancement of the business under this Agreement, and (c) has the authority to and takes the responsibility to deal with us on your behalf in respect of all matters whatsoever which may arise in respect of this Agreement.

**“Operations Manual”** – The Manual containing our mandatory and suggested specifications standards, operating procedures and rules that we prescribe for operating Stores. The Operating Manual also may include one or more separate manuals, as well as audiotapes, videotapes, compact discs, computer software, information available on any Online Presence, other electronic media, bulletins and/or other written materials.

**“Our Successor Notice”** – A written notice of whether to grant or not grant you a successor franchise.

**“Owner”** – Any Person who holds a direct or indirect ownership interest (whether of record, beneficially, or otherwise) or voting rights in you (or a transferee of this Agreement and Your Franchise Business or an ownership interest in you), including any Person who has a direct or indirect interest in you (or a transferee), this Agreement or Your Franchise Business and any Person who has any other legal or equitable interest, or the power to vest in himself or herself any legal or equitable interest, in their revenue, profits, rights, or assets.

**“Person”** – Any natural person, Entity, unincorporated association, cooperative, or other legal or functional entity.

**“Personal Information”** – Any information that can be used to identify an individual, including names, addresses, telephone numbers, e-mail addresses, employee identification

numbers, signatures, passwords, financial information, credit card information, biometric or health data, government-issued identification numbers and credit report information.

**“Premises”** – The site on which you operate a Store.

**“Protected Territory”** – The specified geographic area surrounding Your Store(s) that we and our Affiliates will reserve for you, provided you are in full compliance with all of your agreements with us or our Affiliates. The Protected Territory is identified on **Exhibit C** hereto.

**“Relocation Fee”** – A fee equal to Ten Thousand Dollars (\$10,000) for the services we provide in connection with your relocation, including reviewing and approving a new site and assisting with the design and construction of the new site.

**“Restricted Data”** – (a) any Personal Information of the employees, officers, contractors, owners or other personnel of you, your affiliates, or you’re your Franchise Business; (b) such other Personal Information as we from time to time expressly designate as Restricted Personal Data; and/or (c) any other Personal Information to which we do not have access.

**“Royalty Fee”** – A fee equal to six percent (6%) of the preceding month’s Net Sales.

**“Security Deposit”** – A deposit in the amount of Five Thousand Dollars (\$5,000) per Store, ~~up to Twenty Thousand Dollars (\$20,000) total,~~ payable within 7 days of the Effective Date, ~~but at least 5 days prior to your scheduled attendance of the Initial Training Program,~~ which is fully refundable to you within 30 days of expiry of the Term should you be in compliance with all terms and conditions of this Agreement and any agreement you have with us or our Affiliates.

**“Site Documents”** – The documents we require in our Site Notice, which typically include necessary permits and certificates to operate the Store, insurance documents, a self-audit checklist and a copy of the Lease.

**“Site Evaluation Report”** – A form we may prescribe to you, containing information that supports your selection of a proposed site for the Premises.

**“Store Rider”** – A form attached to this Agreement as **Exhibit C**, and which must be executed by the parties prior to opening Your Store(s). Our counter-signed Store Rider represents our approval for the Premises of Your Store(s).

**“Stores”** – The distinctive retail store and café concept offering bubble tea, brewed tea, coffee, juices, smoothies, other hot and cold beverages, packaged snacks and related products under the Marks.

**“Subsequent Franchise Fee”** – A nonrecurring subsequent franchise fee in the amount we then require for the right to open Additional Stores as identified on the Franchise Agreement Supplement, which you must pay to us in accordance with the terms of the Franchise Agreement Supplement.

**“Suppliers”** – The manufacturers, distributors and suppliers of products and services to Your Franchise Business that we approve.

**“System Standards”** – The mandatory and suggested specifications, standards, operating procedures, and rules that we periodically prescribe for operating Stores, including recipes for our principal menu-offerings.

**“Technology Fee”** – The payment to us for any ~~proprietary~~ software or technology that we, our Affiliates or third-party designees license to you and for other maintenance and support services that we, our Affiliates or third-party designees provide during this Agreement’s term.

**“Term”** – The term of this Agreement begins on the Effective Date and expires five (5) years from that date, unless sooner terminated pursuant to this Agreement.

**“Termination Event”** – Termination Events include: (i) this Agreement is terminated for any reason, (ii) the Term (including any successor term) expires, or (iii) each and all of Your Store(s) have been terminated under this Agreement.

**“Termination Stores”** – Any Stores that we have terminated, which may be all or less than all of Your Stores if you have developed multiple Stores under this Agreement, or all of Your Stores upon a Termination Event.

**“Transfer”** – A voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including transfer by reason of merger, consolidation, issuance of additional securities, death, disability, divorce, insolvency, foreclosure, surrender or by operation of law.

**“Your Successor Notice”** – A written notice from you to us of your election to acquire a successor franchise no more than one (1) year and no less than one hundred eighty (180) days before this Agreement expires.

**“Your Franchise Business”** – The business of owning and operating Your Store(s), together with the number of Additional Stores you operate under any Franchise Agreement Supplement, and the other business operations associated with franchise you have been awarded under this Agreement.

**“Your Stores”** or **“Your Store(s)”** – The Store(s) you operate with the Marks in accordance with the terms and conditions under this Agreement, including any Additional Stores you are awarded under any Franchise Agreement Supplement.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**INFINILUSH COMPANY LIMITED,**  
a California corporation

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

**FRANCHISE OWNER:**

\_\_\_\_\_  
(Name of Franchisee Entity)

Business Registration: \_\_\_\_\_

Sign: \_\_\_\_\_  
Name: \_\_\_\_\_  
ID or Passport Number: \_\_\_\_\_  
Title: \_\_\_\_\_  
**DATED:** \_\_\_\_\_

**EXHIBIT A**

**YOU AND YOUR OWNERS**

1. **Form.** You operate as a: \_\_\_\_\_ corporation, \_\_\_\_\_ limited liability company, or \_\_\_\_\_ partnership (CHECK ONE).

2. **Formation:** You were formed on \_\_\_\_\_(DATE), under the laws of \_\_\_\_\_(JURISDICTION).

3. **Management:** The following is a list of your directors, officers, managers or anyone else with a management position or title:

<u>Name of Individual</u>	<u>Position(s) Held</u>
_____	_____
_____	_____
_____	_____
_____	_____

4. **Owners.** The following list includes the full name of each individual who is one of your owners, or an owner of one of your owners, and fully describes the nature of each owner's interest (attach additional pages if necessary):

<u>Owner's Name</u>	<u>Percentage/Description of Interest</u>
_____	_____
_____	_____
_____	_____
_____	_____

5. **Operating Partner.**

Name: \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

E-mail Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

6. **Name and Address of Designated Manager (if applicable).**

Name: \_\_\_\_\_

Store(s) Managed: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name: \_\_\_\_\_

Store(s) Managed: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

Name: \_\_\_\_\_

Store(s) Managed: \_\_\_\_\_

E-mail Address: \_\_\_\_\_

Telephone Number: \_\_\_\_\_

**INFINILUSH COMPANY LIMITED,**  
a California corporation

**FRANCHISE OWNER:**

\_\_\_\_\_  
(Name of Franchisee Entity)

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**EXHIBIT B**

**NUMBER OF STORES; DEVELOPMENT TERRITORY; DEVELOPMENT SCHEDULE**

**Your Franchise Business:**

You have acquired a Franchise Business for: *(CHECK ONE)*

- 1 Store
- 3 Stores

**Development Territory:**

Your Development Territory is comprised of: \_\_\_\_\_,  
as depicted on the following map. If the Development Territory is identified by counties or other political subdivisions, political boundaries will be fixed as of the date of this Agreement and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

[INSERT MAP]

**Development Schedule:**

You must open the number of Stores indicated above in accordance with the following schedule:

- **1 Store Franchise:** Within 180 days after the Effective Date
- **3 Store Franchise:** One (1) Store within 180 days after the Effective Date, and the remaining two (2) Stores within two (2) years after the Effective Date.

You acknowledge that you may not open any Stores other than as indicated on this **Exhibit B**, and/or after the expiration of this Development Schedule, without our prior written consent.

**INFINILUSH COMPANY LIMITED,**  
a California corporation

**FRANCHISE OWNER:**

\_\_\_\_\_  
(Name of Franchisee Entity)

Sign: \_\_\_\_\_

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

**DATED:** \_\_\_\_\_

**EXHIBIT C**

**STORE RIDER**

**THIS STORE RIDER** (this “**Rider**”) is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation (“**we**,” “**us**,” or “**our**”), and \_\_\_\_\_, an \_\_\_\_\_ (“**you**” or “**your**”) as of the Effective Date.

A. You and we are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”), under which we have granted you the right, and you have undertaken the obligation to develop the number of Stores indicated on **Exhibit B** thereto (the “**Stores**”).

B. You and we are also parties to that certain Franchise Agreement Supplement dated \_\_\_\_\_, under which we have granted you the right, and you have undertaken the obligation to develop the Additional Stores indicated therein (if applicable).

C. Under the terms of the Franchise Agreement, you are required to obtain our approval of a proposed site for each of Stores, secure possession of each site, and execute our current form of Store Rider to confirm each approved and secured site as the premises of one of the Stores.

D. You have selected, we have approved, and you have secured a site for one of the Stores, as set forth below.

**AGREEMENT**

1. **Premises.** You and we hereby acknowledge and agree that the following site will serve as the approved Premises for one of the Stores:

\_\_\_\_\_  
\_\_\_\_\_

2. **Protected Territory.** You and we hereby acknowledge and agree that the Protected Territory of the Store operated at the Premises specified in Section 1 will be:

\_\_\_ a diameter of 0.5 miles, or

\_\_\_ as described below

3. **Development.** The execution of this Rider is intended solely to satisfy your obligation to secure the Premises for one (1) of the Stores under the Franchise Agreement. Nothing in this Rider will be deemed to satisfy or waive any of your other obligations under the Franchise Agreement, including your obligation to develop the Premises, to secure a site for all other Stores you have agreed to develop, and to develop and open all of the Stores, in strict compliance with the terms of the Franchise Agreement.

4. **Acknowledgement.** You acknowledge and agree that we may terminate your right to operate the Store located at the Premises under the terms of the Franchise Agreement, after which the Store operated at the Premises will constitute a Termination Store.

*[Signature page to follow]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Agreement on the dates noted below, to be effective as of the Effective Date.

**INFINILUSH COMPANY LIMITED,**  
a California corporation

**FRANCHISE OWNER:**

\_\_\_\_\_  
(Name of Franchisee Entity)

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**DATED:** \_\_\_\_\_

## EXHIBIT D

### CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

This "Agreement" is made and entered into as of \_\_\_\_\_, 20\_\_\_\_, by and among \_\_\_\_\_ ("Franchisee"), ~~INFINILUSH COMPANY LIMITED~~, a California corporation ("Franchisor"), and \_\_\_\_\_, being [an employee of Franchisee who will have access to Confidential Information], [an officer], or [a director] or [general partner] or [managing member] or [a third party who will have access to Confidential Information] of Franchisee ("**Covenantor**").

#### **1. PREAMBLES.**

~~Franchisor has executed or intends to execute a "Franchise Agreement" with Franchisee under which Franchisor grants to Franchisee certain rights with regard to the operation of certain café and retail stores specializing in offering bubble tea, brewed tea, coffee, juices, smoothies, other hot and cold beverages, packaged snacks and related products under the name "CoCo" and "CoCo Fresh Tea & Juice" (each referred to herein as a "Store"). Before allowing Covenantor to have access to the Confidential Information and as a material term of the Franchise Agreement necessary to protect Franchisor's confidential know-how and distinctive systems, designs, decor, trade dress, specifications, standards and procedures authorized or required by Franchisor from time to time for use in the operation of any Store, and Franchisor's proprietary rights in and Franchisee's right to use the Confidential Information, Franchisor and Franchisee require that Covenantor enter into this Agreement.~~

~~As a condition of Covenantor's employment or continued employment with Franchisee or Covenantor's appointment as a director or officer of Franchisee, or Covenantor's receipt of other compensation from Franchisee and to induce Franchisor to enter into the Franchise Agreement, Covenantor agrees to enter into this Agreement. Due to the nature of Franchisor's and Franchisee's business, any use or disclosure of the Confidential Information other than in accordance with this Agreement will cause Franchisor and Franchisee substantial harm.~~

#### **2. DEFINITIONS.**

~~Certain terms that are capitalized in this Agreement are defined in this section or at the places they first appear.~~

~~A. THE TERM "**COMPETITIVE BUSINESS**" AS USED IN THIS AGREEMENT MEANS ANY BUSINESS (EXCLUDING ANY STORES OPERATED UNDER A FRANCHISE AGREEMENT WITH US OR OUR AFFILIATE) OPERATING, OR GRANTING, FRANCHISES OR LICENSES TO OTHERS TO OPERATE, ANY BUSINESS (INCLUDING RETAIL BUSINESSES) PRINCIPALLY ENGAGED IN THE OFFER AND SALE OF BUBBLE TEA, BREWED TEA, COFFEE, JUICES, SMOOTHIES AND/OR ANY OTHER PRODUCTS OR SERVICES THAT ARE BEING OFFERED BY STORES.~~

~~B. THE TERM "**CONFIDENTIAL INFORMATION**" AS USED IN THIS AGREEMENT MEANS ALL NON-PUBLIC CONFIDENTIAL AND PROPRIETARY INFORMATION RELATING TO THE DEVELOPMENT AND OPERATION OF THE STORES, WHICH INCLUDES, BUT IS NOT LIMITED TO: (1) TRAINING AND OPERATIONS MATERIALS, INCLUDING THE OPERATIONS MANUAL; (2) THE SYSTEM STANDARDS AND OTHER METHODS, FORMATS, SPECIFICATIONS,~~

~~STANDARDS, SYSTEMS, PROCEDURES, SALES AND MARKETING TECHNIQUES, KNOWLEDGE, AND EXPERIENCE USED IN DEVELOPING AND OPERATING STORES; (3) MARKET RESEARCH, PROMOTIONAL, MARKETING AND ADVERTISING STRATEGIES AND PROGRAMS FOR STORES; (4) STRATEGIC PLANS, INCLUDING EXPANSION STRATEGIES AND TARGETED DEMOGRAPHICS; (5) KNOWLEDGE OF, SPECIFICATIONS FOR AND SUPPLIERS OF, AND METHODS OF ORDERING, OPERATING ASSETS AND OTHER PRODUCTS AND SUPPLIES; (6) ANY COMPUTER SOFTWARE OR SIMILAR TECHNOLOGY WHICH IS PROPRIETARY TO FRANCHISOR OR THE FRANCHISE SYSTEM, INCLUDING DIGITAL PASSWORDS AND IDENTIFICATIONS AND ANY SOURCE CODE OF, AND DATA, REPORTS, AND OTHER PRINTED MATERIALS GENERATED BY, THE SOFTWARE OR SIMILAR TECHNOLOGY; (7) KNOWLEDGE OF THE OPERATING RESULTS AND FINANCIAL PERFORMANCE OF ANY STORE; (8) INFORMATION GENERATED BY, OR USED OR DEVELOPED IN, ANY STORE'S OPERATION, INCLUDING INFORMATION RELATING TO CUSTOMERS SUCH AS CUSTOMER NAMES, ADDRESSES, TELEPHONE NUMBERS, E-MAIL ADDRESSES, CREDIT CARD INFORMATION, BUYING HABITS, PREFERENCES, DEMOGRAPHIC INFORMATION AND RELATED INFORMATION, AND ANY OTHER INFORMATION CONTAINED FROM TIME TO TIME IN THE COMPUTER SYSTEM OF ANY STORE; (9) CUSTOMER DATA; AND (10) ANY OTHER INFORMATION DESIGNATED AS CONFIDENTIAL OR PROPRIETARY BY FRANCHISOR.~~

### **~~3. PROTECTION OF CONFIDENTIAL INFORMATION.~~**

~~Covenantor agrees to use the Confidential Information only to the extent reasonably necessary to perform his or her duties on behalf of Franchisee taking into consideration the confidential nature of the Confidential Information. Covenantor may disclose the Confidential Information only as agent for Franchisee. Covenantor acknowledges and agrees that neither Covenantor nor any other person or entity will acquire any interest in or right to use the Confidential Information under this Agreement or otherwise other than the right to utilize it as authorized in this Agreement and that the unauthorized use or duplication of the Confidential Information, including, without limitation, in connection with any other business would be detrimental to Franchisor and Franchisee and would constitute a breach of Covenantor's obligations of confidentiality and an unfair method of competition with Franchisor and/or other Stores owned by Franchisor or Franchisees.~~

~~Covenantor acknowledges and agrees that the Confidential Information is confidential to and a valuable asset of Franchisor. The Confidential Information will be disclosed to Covenantor solely on the condition that Covenantor agrees to the terms and conditions of this Agreement. Covenantor therefore agrees that during the term of the Franchise Agreement and thereafter, he or she: (a) will not use the Confidential Information in any other business or capacity; (b) will maintain the absolute confidentiality of the Confidential Information; (c) will not make unauthorized copies of any portion of the Confidential Information disclosed or in written form; and (d) will adopt and implement all reasonable procedures prescribed from time to time by Franchisor and Franchisee to prevent unauthorized use or disclosure of or access to the Confidential Information.~~

~~Notwithstanding anything to the contrary contained in this Agreement, the restrictions on Covenantor do not apply to (a) disclosure or use of information, methods, or techniques which are generally known and used in the industry (as long as the availability is not because of a disclosure by Covenantor or Covenantor's agents, and such disclosure or use is not otherwise prohibited by this Agreement), provided that Covenantor has first given Franchisor written notice of his or her intended disclosure and/or use; and~~

~~(b) disclosure of the Confidential Information in legal proceedings when Covenantor is legally required to disclose it, provided that Covenantor has first given Franchisor the opportunity to obtain an appropriate legal protective order or other assurance satisfactory to Franchisor that the information required to be disclosed will be treated confidentially.~~

#### ~~4. IN-TERM RESTRICTIVE COVENANT.~~

~~Covenantor acknowledges and agrees that Franchisor and Franchisee would be unable to protect the Confidential Information against unauthorized use or disclosure and Franchisor would be unable to achieve a free exchange of ideas and information among Stores if persons authorized to use the Confidential Information were permitted to engage in, have ownership interests in or perform services for Competitive Businesses. Covenantor therefore agrees that for as long as Covenantor is (a) a director, officer, general partner, or managing member of Franchisee, (b) an employee of Franchisee who will have access to Confidential Information, or (c) a third party who has been given access to Confidential Information by the Franchisee, neither Covenantor nor Covenantor's immediate family (including spouse) shall (i) have any direct or indirect interest as a disclosed or beneficial owner in a Competitive Business; or (ii) perform services as a director, officer, member, employee, manager, consultant, representative, agent or otherwise for any Competitive Business. Covenantor further acknowledges that the restrictions contained in this Section will not hinder his or her activities or those of members of his or her immediate family under this Agreement or in general.~~

#### ~~5. POST-TERM RESTRICTIVE COVENANTS~~

~~Upon the first to occur of: (a) expiration without renewal of the Franchise Agreement; (b) termination of the Franchise Agreement, or (c) the date as of which Covenantor is neither (i) a director, officer, general partner or managing member of Franchisee or (ii) an employee of Franchisee who will have access to Confidential Information; or (d) termination or expiration without renewal of the agreement in which Covenantor provides goods or services to Franchisee (each of these events is referred to as a "Termination Event"), Covenantor agrees that for a period of two (2) years commencing on the effective date of a Termination Event, neither Covenantor nor Covenantor's immediate family (including spouse) shall have any direct or indirect interest as a disclosed or beneficial owner in, or assist or perform services as a director, officer, manager, employee, consultant, representative, agent or otherwise for, a Competitive Business located or operating within the city wide limits of the premises of any of Franchisee's Stores.~~

#### ~~6. SURRENDER OF DOCUMENTS.~~

~~Covenantor agrees that as of the effective date of a Termination Event Covenantor shall immediately cease to use the Confidential Information disclosed to or otherwise learned or acquired by Covenantor and return to Franchisee or to Franchisor if directed by Franchisor all copies of the Confidential Information loaned or made available to Covenantor.~~

#### ~~7. COSTS AND ATTORNEYS' FEES.~~

~~In the event that Franchisor or Franchisee is required to enforce this Agreement in an action against Covenantor, Covenantor shall reimburse Franchisor and/or Franchisee if it/they prevail (whether or not awarded a money judgment) for its/their reasonable attorneys' fees, whether such fees are incurred before, during or after any trial or administrative proceeding or on appeal.~~

#### ~~8. WAIVER.~~

~~Failure to insist upon strict compliance with any of the terms, covenants or conditions hereof shall not be deemed a waiver of such term, covenant or condition, nor shall any waiver or relinquishment of any~~

~~right or remedy hereunder at any one or more times be deemed a waiver or relinquishment of such right or remedy at any other time or times.~~

#### **~~9. SEVERABILITY.~~**

~~Each section, paragraph, term and provision of this Agreement and any portion thereof shall be considered severable and if for any reason any such provision is held to be invalid or contrary to or in conflict with any applicable present or future law or regulation in a final, unappealable ruling issued by any court, agency or tribunal with competent jurisdiction in a proceeding to which Franchisor is a party, that ruling shall not impair the operation of or have any other effect upon such other portions of this Agreement as may remain otherwise intelligible. Such other portions shall continue to be given full force and effect and bind the parties hereto. Any portion held to be invalid shall be deemed not to be a part of this Agreement from the date the time for appeal expires if Covenantor is a party thereto or upon Covenantor's receipt of a notice from Franchisor that it will not enforce the section, paragraph, term or provision in question.~~

#### **~~10. RIGHTS OF PARTIES ARE CUMULATIVE.~~**

~~The rights of the parties hereunder are cumulative and no exercise or enforcement by a party hereto of any right or remedy granted hereunder shall preclude the exercise or enforcement by them of any other right or remedy hereunder or which they are entitled by law to enforce.~~

#### **~~11. BENEFIT.~~**

~~This Agreement shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns. In the event Franchisor does not execute this Agreement (regardless of the reason) Franchisor shall be deemed a third party beneficiary of this Agreement and shall have the right to enforce this Agreement directly.~~

#### **~~12. EFFECTIVENESS.~~**

~~This Agreement shall be enforceable and effective when signed by Covenantor regardless of whether and when Franchisor or Franchisee signs this Agreement.~~

#### **~~13. GOVERNING LAW.~~**

~~This Agreement and the relationship between the parties hereto shall be construed and governed in accordance with the internal laws of the Franchisee's principal place of business, without regard to its conflict of laws principles.~~

*[Signature page to follow]*

**IN WITNESS WHEREOF**, the parties have executed this Agreement on the day, month, and year first set forth below.

**INDIVIDUAL:**

\_\_\_\_\_

*(signature)*

Name: \_\_\_\_\_, an individual  
*(please print your name in the blank provided above)*

Date: \_\_\_\_\_

**FRANCHISEE:**

\_\_\_\_\_

*(d/b/a \_\_\_\_\_)*

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**EXHIBIT B-1**

**FRANCHISE AGREEMENT SUPPLEMENT**

## FRANCHISE AGREEMENT SUPPLEMENT

**THIS SUPPLEMENT TO FRANCHISE AGREEMENT** (this “**Supplement**”) is made as of the Supplement Effective Date by and between **INFINILUSH COMPANY LIMITED**, a California corporation (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, an \_\_\_\_\_ (“**you**” or “**your**”). The Supplement Effective Date is the date on which we sign this Supplement as shown beneath our signature on the signature page of this Supplement. Capitalized terms that are used but not defined in this Supplement will have the meanings ascribed to them in the Franchise Agreement.

### RECITALS

A. You and we are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”), which governs your right to develop and operate one or more “CoCo Fresh Tea & Juice” Store(s) (“**Your Store(s)**”) in the Development Territory.

B. You have requested the right to develop \_\_\_ Additional Store(s) pursuant Section 1C of the Franchise Agreement and we are willing to provide you with this right subject to the terms and conditions of this Supplement.

[C. You have executed a Territorial Rights Amendment pursuant to which you are obligated to develop Additional Stores. If applicable, all references to Franchise Agreement will include the Territorial Rights Amendment.]

### AGREEMENT

**FOR AND IN CONSIDERATION** of the foregoing Recitals, the covenants set forth herein and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. **Grant of Right to Develop Additional Store(s)**. Provided you remain in compliance with the Franchise Agreement, we hereby grant you the right to develop \_\_\_ Additional Store(s) in the Development Territory, [and if applicable, the Exclusive Development Territory]. You acknowledge that our consent is not our representation, express or implied, that the Development Territory can support, or that there are or will be sufficient sites for, the Additional Store(s) you are required to open under this Supplement [or the Territorial Rights Amendment]. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the obligation to develop such Additional Store(s) in the Development Territory [or in the Exclusive Development Territory pursuant to the Territorial Rights Amendment].

2. **Supplement Development Schedule**. Section 2A of the Franchise Agreement requires you to open Your Store(s) as set forth in the Development Schedule attached as **Exhibit B** thereto. By entering this Supplement, you agree that in addition to Your Store(s) that you develop under the Development Schedule described in **Exhibit B** of your Franchise Agreement, you hereby agree to develop and open the Additional Store(s) described on **Exhibit A** of this Supplement (your “**Supplement Development Schedule**”).

3. **Failure to Comply with the Minimum Development Obligation.** In addition to our rights under Section 14 of the Franchise Agreement, you acknowledge and agree that your failure to develop the Additional Store(s) in the Supplement Development Schedule set forth on **Exhibit A** may result in our terminating this Supplement, your Franchise Agreement, and your right to develop the Additional Store(s).

4. **Subsequent Franchise Fee.** You must pay us a non-refundable Subsequent Franchise Fee in accordance with the provisions outlined in **Exhibit A** hereto in consideration of our granting you the right to develop Additional Store(s). You must also pay us a Legal Processing Fee at the same time you pay us the Subsequent Franchise Fee.

5. **Release.** You, on behalf of yourself and your affiliates, and your and their respective current and former parents, affiliates, and subsidiaries, and each such foregoing person's or entity's respective agents, spouses, heirs, principals, attorneys, solicitors, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "**Releasing Parties**"), do hereby absolutely and irrevocably release and discharge us and our current or former parents, subsidiaries, and affiliates, and their respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**Released Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, "**Released Claims**"), whether at law or in equity and known or unknown, suspected or unsuspected, which any of the Releasing Parties had, has, or may have had, in any way arising out of or relating to any relationship or transaction from the beginning of time to the Supplement Effective Date, including, without limitation, any and all Released Claims in any way arising out of or relating to the Franchise Agreement, the relationships created by the Franchise Agreement, or the development, ownership, or operation of any and all of the Stores, or any other agreements entered into between you and us. The Releasing Parties, and each of them on behalf of themselves and the other Releasing Parties, further covenant not to sue any of the Released Parties on any of the Released Claims released by this Section 5, and warrant and represent that they have not assigned or otherwise transferred any Released Claims released by this Section 5.

IF YOUR STORES ARE LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST US OR OUR AFFILIATES OF WHICH YOU ARE TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU ARE GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN

EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU FROM ASSERTING IT AGAINST THE COMPANY OR COMPANY AFFILIATES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchised business you operate under the Franchise Agreement is located in [Maryland](#) or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

[Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.](#)

[If the franchised business you operate under the Franchise Agreement is located in](#) Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act.

6. **Miscellaneous**. The Franchise Agreement shall be amended only in the particulars set forth above. All other provisions of the Franchise agreement shall continue in full force and effect as set forth therein. The terms of this Supplement form an integral part, and hereby are incorporated into and made a part, of the Franchise Agreement. In the event of a conflict between the terms contained in the Franchise Agreement and this Supplement, the terms and conditions of this Supplement shall govern, control, and supersede any inconsistent or conflicting terms of the Franchise Agreement. This Supplement may be signed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. Signature by email is hereby authorized and shall have the same force and effect as an original.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, you and we have signed this Supplement on the dates shown below and made effective as of the Supplement Effective Date.

**INFINILUSH COMPANY LIMITED**

**[FRANCHISEE]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date\*: \_\_\_\_\_  
(\*Supplement Effective Date)

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## EXHIBIT A

### DEVELOPMENT SCHEDULE AND SUBSEQUENT FRANCHISE FEE

#### **Development Schedule:**

You must open and have in operation the number of Additional Store(s) as indicated on the following schedule:

Development Period	Number of Stores that must be Opened During Period	Cumulative Stores Open at End of Period
Effective Date to [        ]		
Effective Date to [        ]		
Effective Date to [        ]		

#### **Subsequent Franchise Fee:**

The Subsequent Franchise Fee for your Additional Store(s) and payment installments (if applicable) shall be as follows:

Store Number	Subsequent Franchise Fee	1 <sup>st</sup> installment Due by	Remaining Balance Due by	Payment Schedule

**EXHIBIT B-2**

**TERRITORIAL RIGHTS AMENDMENT**

## TERRITORIAL RIGHTS AMENDMENT

**THIS TERRITORIAL RIGHTS AMENDMENT TO FRANCHISE AGREEMENT** (this “**Amendment**”) is made as of the Amendment Effective Date by and between **INFINILUSH COMPANY LIMITED**, a California corporation (“**we,**” “**us,**” or “**our**”), and \_\_\_\_\_, an \_\_\_\_\_ (“**you**” or “**your**”). The Amendment Effective Date is the date on which we sign this Amendment as shown beneath our signature on the signature page of this Amendment. Capitalized terms that are used but not defined in this Amendment will have the meanings ascribed to them in the Franchise Agreement.

### RECITALS

A. You and we are parties to that certain Franchise Agreement dated \_\_\_\_\_ (the “**Franchise Agreement**”), which governs your right to develop and operate one or more “CoCo Fresh Tea & Juice” Store(s) (“**Your Store(s)**”).

B. You have requested exclusivity in the geographic-area identified on **Exhibit A** (the “**Exclusive Development Territory**”) to develop, own and operate Your Store(s) in compliance with your minimum development obligations also identified on **Exhibit A** hereto (your “**Minimum Development Obligation**”).

C. We are willing to amend the Franchise Agreement and provide you the exclusive right to develop Your Store(s) in the Exclusive Development Territory subject to the terms and conditions of this Amendment.

### AGREEMENT

**FOR AND IN CONSIDERATION** of the foregoing Recitals, the covenants set forth herein and other valuable consideration, receipt and sufficiency of which are hereby acknowledged, we and you agree as follows:

1. **Grant of Exclusive Development Territory.** Provided you (i) remain in compliance with the Franchise Agreement (and any supplement thereto), this Amendment and your Minimum Development Obligation (as outlined below); and (ii) have delivered and received our approval of the development plan attached as **Exhibit B** hereto, then we hereby agree that during the term of this Amendment, neither we nor our affiliates will: (i) grant to others franchises for Stores or exclusive rights to develop Stores in the Exclusive Development Territory, or (ii) develop new Stores in the Exclusive Development Territory. The term of this Amendment will commence on the Amendment Effective Date and will expire on the earlier of (i) the termination or expiration of the Franchise Agreement; or (ii) our terminating this Amendment pursuant Section 4 below.

2. **Rights We Reserve.** While we have granted you the exclusivity described above, we are not precluded from doing anything whatsoever outside the Exclusive Development Territory and we are not precluded from doing any other things within the Exclusive Development Territory even though they might be competitive with your development rights or Your Store(s).

For example, we and our affiliates may do any of the following, without restriction and without compensation to you:

- (1) establish, operate and allow others to establish and operate Stores using the Marks and Franchise System, at any location outside the Exclusive Development Territory on such terms and conditions we deem appropriate;
- (2) establish, operate, and allow others to establish and operate, other facilities or businesses that may offer or provide products or services which are identical or similar to products and services offered or provided at Stores in any location, including within the Exclusive Development Territory, and under trade names, trademarks, service marks and commercial symbols which are different from the Marks;
- (3) establish, operate and allow others to establish and operate, other businesses and distribution channels (including, the [Internet](#), [catalog sales](#), [telemarketing](#), [direct marketing](#), [e-commerce](#), [product lines in other businesses](#), or retail stores) wherever located or operating, including within the Exclusive Development Territory, regardless of the nature or location of the customers, with whom such other businesses and distribution channels do business, that operate under the Marks or any other trade names, trademarks, service marks or commercial symbols that are the same as or different from Stores, and that sell products and/or services that are identical or similar to, and/or competitive with, those that Stores customarily sell under any terms and conditions we approve;
- (4) offer and sell (and grant others to offer and sell) goods and services to customers located anywhere, including within the Exclusive Development Territory;
- (5) establish, operate and allow others to establish and operate Stores at Non-Traditional Sites in the Exclusive Development Territory;
- (6) acquire the assets or ownership interests of one or more businesses, including Competitive Businesses, and franchising, licensing or creating similar arrangements with respect to such businesses once acquired, wherever these businesses (or the franchisees or licensees of these businesses) are located or operating (including in the Exclusive Development Territory);
- (7) be acquired (whether through acquisition of assets, ownership interests or otherwise, regardless of the form of transaction) by any other business, including a Competitive Business even if such business operates, franchises and/or licenses such businesses, located anywhere, including within the Exclusive Development Territory;
- (8) operate or grant any third party the right to operate any Stores that we or our designees acquire as a result of the exercise of a right of first refusal or purchase right that we have under the Franchise Agreement; and
- (9) engage in all other activities not expressly prohibited by this Amendment.

3. **Minimum Development Obligation.** You must comply with your Minimum Development Obligation contained on **Exhibit A** hereto. Your Store(s) that you open pursuant the Franchise Agreement will count toward your Minimum Development Obligation so long as

those Store(s) are located in the Exclusive Development Territory. Your Minimum Development Obligation is not our representation, express or implied, that the Exclusive Development Territory can support, or that there are or will be sufficient sites for, the number of Stores you are required to open under this Amendment. We are relying on your representation that you have conducted your own independent investigation and have determined that you can satisfy the development obligations of the Minimum Development Obligation. Except as otherwise agreed to in writing by us, we will count a Store toward the Minimum Development Obligation only if it actually is open and operating in the regular course within the Exclusive Development Territory and substantially complying with the terms of the Franchise Agreement.

4. **Failure to Comply with the Minimum Development Obligation.** If you fail to comply with the Minimum Development Obligation we may (i) terminate this Amendment; or (ii) reduce the size of the Exclusive Development Territory.

5. **Territory Fee.** You must pay us a non-refundable fee in accordance with the provisions outlined in **Exhibit A** hereto, in consideration of our providing you exclusivity to develop Your Store(s) in the Exclusive Development Territory (the “**Territory Fee**”). The Territory Fee is payable upon signing this Amendment.

6. **Development Plan.** Before signing this Amendment, you must provide us the development plan attached as **Exhibit B** (the “**Development Plan**”). Within 60 days after the start of every fiscal-quarter during the Term, or at any other time we request, you must update the Development Plan to cover both the actual results for the previous fiscal-quarter, and the projections for the then current fiscal year. We may review and provide comments on the Development Plan at any time, but we take no responsibility for and make no guarantees or representations, expressed or implied, with respect to your ability to meet the Development Plan or to achieve the results set forth therein. You are solely responsible for achieving the results detailed in the Development Plan.

7. **Post-Termination Non-Compete.** The first paragraph of Section 15E is hereby deleted and replaced with the following language:

Upon the expiration or termination of this Agreement, you and your owners agree that, for two (2) years beginning on the date that your right to operate all (and not less than all) of Your Store(s) expires or is terminated, neither you nor any of your owners (or their immediate family members) will have any direct or indirect interest as an owner (whether of record, beneficially, or otherwise), investor, partner, director, officer, employee, consultant, representative, or agent in any Competitive Business located or operating at the Premises of any of any of Your Store(s), or within the greater of (i) the Development Territory, (ii) the city-wide limits from which Your Store(s) operate, or (iii) the Exclusive Development Territory.

8. **No Transfer.** The grant of the Exclusive Development Territory in this amendment shall not be assigned, transferred or sublicensed by you to any party including your Affiliate.

9. **Early Termination.** We may terminate the Franchise Agreement if you materially breach this Amendment or violate any obligation herein and do not (i) cure the default within 30 days after written notice from us; or (ii) cannot correct the failure within 30 days after written notice from us and fail to provide evidence of your effort to correct the failure within 60 days after written notice dispatched by us.

10. **Release.** You, on behalf of yourself and your affiliates, and your and their respective current and former parents, affiliates, and subsidiaries, and each such foregoing person's or entity's respective agents, spouses, heirs, principals, attorneys, solicitors, owners, officers, directors, employees, representatives, predecessors, successors, and assigns (collectively, the "**Releasing Parties**"), do hereby absolutely and irrevocably release and discharge us and our current and former parents, subsidiaries, and affiliates, and each such foregoing entity's respective current and former owners, officers, directors, employees, managers, agents, representatives, predecessors, successors, and assigns (the "**Released Parties**"), of and from any and all claims, obligations, debts, proceedings, demands, causes of actions, rights to terminate and rescind, liabilities, losses, damages, and rights of every kind and nature whatsoever (collectively, "**Released Claims**"), whether at law or in equity and known or unknown, suspected or unsuspected, which any of the Releasing Parties has, had or may have had, from the beginning of time to the Amendment Effective Date, including, without limitation, any and all Released Claims in any way arising out of or relating to the Franchise Agreement, the relationships created by the Franchise Agreement, or the development, ownership, or operation of any and all of the Stores, or any other agreements entered into between you and us. The Releasing Parties, and each of them on behalf of themselves, further covenant not to sue any of the Released Parties on any of the Released Claims released by this Section 10, and warrant and represent that they have not assigned or otherwise transferred any Released Claims released by this Section 10.

IF YOUR STORES ARE LOCATED IN CALIFORNIA OR IF YOU ARE A RESIDENT OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST US OR OUR AFFILIATES OF WHICH YOU ARE TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU ARE GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU FROM ASSERTING IT AGAINST THE COMPANY OR COMPANY AFFILIATES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE

PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTANDS ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchised business you operate under the Franchise Agreement is located in [Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:](#)

[Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.](#)

[If the franchised business you operate under the Franchise Agreement is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:](#)

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act.

11. **Miscellaneous.** The Franchise Agreement shall be amended only in the particulars set forth above. All other provisions of the Franchise agreement shall continue in full force and effect as set forth therein. The terms of this Amendment form an integral part, and hereby are incorporated into and made a part, of the Franchise Agreement. In the event of a conflict between the terms contained in the Franchise Agreement and this Amendment, the terms and conditions of this Amendment shall govern, control, and supersede any inconsistent or conflicting terms of the Franchise Agreement. This Amendment may be signed in counterparts, each of which shall be deemed an original but all of which taken together shall constitute one and the same instrument. Signature by email is hereby authorized and shall have the same force and effect as an original.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, you and we have signed this Amendment on the dates shown below and made effective as of the Amendment Effective Date.

**INFINILUSH COMPANY LIMITED**

**[FRANCHISEE]**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date\*: \_\_\_\_\_  
(\*Amendment Effective Date)

Signed: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT A**

**EXCLUSIVE DEVELOPMENT TERRITORY;  
MINIMUM DEVELOPMENT OBLIGATION; AND TERRITORY FEE**

**Exclusive Development Territory:**

Your Exclusive Development Territory is comprised of: \_\_\_\_\_ as depicted on the following map. If the Exclusive Development Territory is identified by counties or other political subdivisions, political boundaries will be considered fixed as of the date of this Amendment and will not change, notwithstanding a political reorganization or change to the boundaries or regions.

[INSERT MAP]

**Minimum Development Obligation:**

You must have opened and in operation in the Exclusive Development Territory the number of Stores as indicated on the following schedule:

Development Period	Number of Stores must be opened during Period	Cumulative Stores Open at End of Period
Effective date to [_____]		
Effective date to [_____]		
Effective date to [_____]		

**Territory Fee:**

The Territory Fee shall be as follows:

Item	\$USD	Note
Territory Fee (according to the population)		
Other fees		

**EXHIBIT B**  
**DEVELOPMENT PLAN**

[insert plan here]

**EXHIBIT C**

**TABLE OF CONTENTS TO OPERATIONS MANUAL**



CoCo Fresh Tea & Juice

# OPERATIONS MANUAL

2017.07 version

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**EXHIBIT D**

**STATE ADDENDA AND AGREEMENT RIDERS**

**ADDITIONAL DISCLOSURES FOR THE  
FRANCHISE DISCLOSURE DOCUMENT OF  
INFINILUSH COMPANY LIMITED**

The following are additional disclosures for the Franchise Disclosure Document of INFINILUSH COMPANY LIMITED required by various state franchise laws. Each provision of these additional disclosures will only apply to you if the applicable franchise registration and disclosure law applies to you.

**FOR THE FOLLOWING STATES: CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

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**

1. ~~1.~~ **[The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.](#)**

2. ~~1.~~ THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

3. ~~2.~~ SECTION 31125 OF THE CALIFORNIA CORPORATIONS CODE REQUIRES US TO GIVE YOU A DISCLOSURE DOCUMENT, IN A FORM CONTAINING THE INFORMATION THAT THE COMMISSIONER MAY BY RULE OR ORDER REQUIRE, BEFORE A SOLICITATION OF A PROPOSED MATERIAL MODIFICATION OF AN EXISTING FRANCHISE.

4. ~~3.~~ NEITHER WE, OUR PARENT, PREDECESSOR OR AFFILIATE NOR ANY PERSON IN ITEM 2 OF THE FRANCHISE DISCLOSURE DOCUMENT IS SUBJECT TO ANY CURRENTLY EFFECTIVE ORDER OF ANY NATIONAL SECURITIES ASSOCIATION OR NATIONAL SECURITIES EXCHANGE, AS DEFINED IN THE SECURITIES EXCHANGE ACT OF 1934, 15 U.S.C.A SECTIONS 78A ET SEQ., SUSPENDING OR EXPELLING SUCH PERSONS FROM MEMBERSHIP IN THAT ASSOCIATION OR EXCHANGE.

5. ~~4.~~ OUR WEBSITE, <http://en.coco-tea.com>, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT [www.dfpi.ca.gov](http://www.dfpi.ca.gov).

6. ~~5.~~The following paragraphs are added at the end of Item 6:

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

7. ~~6.~~The following paragraphs are added at the end of Item 17:

The Franchise Agreement requires you to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of that law or any rule or order thereunder is void. Section 31512 might void a waiver of your rights under the Franchise Investment Law (California Corporations Code Section 31000 – 31516). Business and Professions Code Section 20010 might void a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 – 20043).

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer or nonrenewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, and the law applies, the law will control.

The Franchise Agreement contains a covenant not to compete that extends beyond termination of the franchise. This provision might not be enforceable under California law.

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

The Franchise Agreement requires binding arbitration. The arbitration will be commenced at a suitable location chosen by the arbitrator that is within 50 miles of our (or our successor's or assign's, as applicable) then current principal place of business (currently, San Francisco, California) with the costs being borne as provided in the Franchise Agreement. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provision of a franchise agreement restricting venue to a forum outside the State of California.

Under the Franchise Agreement, we reserve the right to require the franchisees comply with minimum or maximum prices we set for goods and services. The Antitrust Laws section of the Office of California Attorney General views maximum price agreements as per se violations of California's Cartwright Act Business and Professional Code section 16700-16700).

7. The following is added to the end of Item 5:

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and Your Store(s) is/are open for business.

8. [Section 31512.1 of the California Corporations Code requires that any provision of the Franchise Agreement, Disclosure Document, acknowledgment, 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; or (d) violations of any provision of this division.

## **ILLINOIS**

1. The following is added to the end of Items 5 and 7:

Pursuant to an order of the Illinois Attorney General's Office, imposed based on our financial condition, we will defer collection of the Initial Franchise Fee and other fees that you owe us and our affiliates until we have completed all of our pre-opening obligations under the Franchise Agreement and you have begun operating Your Store(s).

2. The following paragraphs are added to the end of Item 17:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

## **MARYLAND**

1. The following is added to the end of Items 5 and 7:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement.

2. ~~1.~~ The following is added to the end of Item 17(h):

The Franchise Agreement provides for termination upon bankruptcy. This provision might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but we will enforce it to the extent enforceable.

3. ~~2.~~The following is added to the end of Item 17(c) and Item 17(m):

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. ~~3.~~The following sentence is added to the end of Item 17(v):

A franchisee may bring suit in Maryland for claims arising under the Maryland Franchise Registration Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

## MINNESOTA

~~1. The following is added to the cover page titled "Special Risks to Consider About This Franchise:"~~  
~~**Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.~~

~~**Going Concern:** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.~~

1. ~~2.~~The following is added at the end of Items 5 and 7:

Notwithstanding anything to the contrary, all fees that are described herein as being owed prior to the opening of Your Store will not be due and payable until the day on which Your Store opens for business in accordance with the Franchise Agreement, which is when we will have completed all of our pre-opening obligations.

2. ~~3.~~The following is added at the end of the chart in Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statutes, Section 80C.14, Subd. 3, 4, and 5, which require (except in certain specified cases) that you be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the Franchise Agreement.

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) might prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or Franchise 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.

Any release required as a condition of transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

~~3. 4. You will receive the terms of the current public offering for the franchise, including any unilateral or material changes to the terms and conditions of the offering for the franchise, at~~ At least 7 days before you sign your Franchise Agreement, you will receive, the terms of the current public offering statement together with a copy of all proposed agreements relating to the sale of the franchise as required by ~~the FTC Rule, 16 CFR § 436.2(b), and~~ Minnesota law, 80C.06, subd. 5.

## **NEW YORK**

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, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, NEW YORK 10005.**

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

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

With regard to us, our parent, predecessor, a person identified in Item 2, or an affiliate offering franchises under our principal trademark:

- A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.
- B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.
- C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antitrust, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

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

3. The following is added to the end of Item 4:

None of us, our affiliates, our predecessors, officers, or general partners during the 10-year period immediately before the date of the Disclosure Document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of us held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of Item 17(c) Item 17(m):

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

6. The following language replaces Item 17(d):

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

7. The following is added to the end of Item 17(j):

However, to the extent required by applicable law, no assignment will be made except to an assignee who in our good faith and judgment, is willing and financially able to assume our obligations under the Franchise Agreement.

8. The following is added to the end of Item 17(v) and 17(w):

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

## **NORTH DAKOTA**

1. The following is added to the end of Items 5 and 7:

We will defer collection of the Initial Franchise Fee and other fees that you owe us and our affiliates until we have completed all of our pre-opening obligations under the Franchise Agreement and you have begun operating Your Store(s).

2. The following language is added to the end of Item 17(c) and Item 17(m):

However, any release required as a condition of assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

3. The following language is added to the end of Item 17(r):

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.

4. The following language is added to the end of Item 17(u):

To the extent required by the North Dakota Franchise Investment Law (unless such requirement is preempted by the Federal Arbitration Act), arbitration will be at a site to which we and you mutually agree.

5. The following language is added to the end of Item 17(v) and Item 17(w):

However, subject to your arbitration obligation, and to the extent required by North Dakota Franchise Investment Law, you may bring an action in North Dakota. Bringing an action under the North Dakota Franchise Investment Law is not a waiver of any of your other rights under North Dakota law.

## **RHODE ISLAND**

1. The following language is added to the end of Item 17(v) and 17(w):

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.”

## **VIRGINIA**

1. The following language is added to the end of 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 grounds for default or termination stated in the Franchise Agreement do 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.

## **WASHINGTON**

1. The following language is added at the end of Items 5 and 7:

Pursuant to an order of the Director of the Department of Financial Institutions, we will defer collection of all initial payments you owe us until we have completed all of our pre-opening obligations to you under the Franchise Agreement for each Store and you begin operating such Store. If you sign a Franchise Agreement for a multiple Stores, the initial payments will be prorated for the number of Stores, and the prorated portion of such initial payments attributable to each Store will be deferred by us until that Store opens for business.

2. The following paragraphs are added at the end of Item 17:

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us, including termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will 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 at the time of arbitration. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by you 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 Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

[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 FOLLOWING PAGES IN THIS EXHIBIT ARE  
STATE-SPECIFIC RIDERS TO THE  
FRANCHISE AGREEMENT**

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN CALIFORNIA**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise is being made or was accepted in California, or (b) you are domiciled in California and the Store(s) will be operated in California.

2. **INITIAL FRANCHISE FEE.** The following language is added to the end of Section 3A of the Franchise Agreement.

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and Your Store(s) is/are open for business.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN ILLINOIS**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are domiciled in the State of Illinois, or (b) the offer of the franchise is made or accepted in the State of Illinois and Your Store(s) are or will be located in the State of Illinois.

2. **FEE DEFERRAL.** Section 3A of the Franchise Agreement is amended by adding the following:

Pursuant to an order of the Illinois Attorney General’s Office, imposed based on our financial condition, we will defer collection of the Initial Franchise Fee and other fees that you owe us and our affiliates until we have completed all of our pre-opening obligations under the Franchise Agreement and you have begun operating Your Store(s).

3. **LIMITATIONS OF CLAIMS.** Section 17J of the Franchise Agreement is amended by adding the following:

However, nothing contained in this section shall constitute a condition, stipulation, or provision purporting to bind any person to waive compliance with any provision of the Illinois Franchise Disclosure Act or any other law of the State of Illinois, to the extent applicable.

4. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following language is added to the end of the Franchise Agreement:

Except for the U.S. Federal Arbitration Act and other federal laws in the U.S., the laws of the State of Illinois will govern the Franchise Agreement.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are subject to sections 19 and 20 of the Illinois Franchise Disclosure Act.

[SIGNATURE PAGE TO FOLLOW]

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MARYLAND**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland; or (b) Your Store(s) will be operated in the State of Maryland; or (c) the offer to sell is made in the State of Maryland; or (d) the offer to buy is accepted in the State of Maryland.

2. **FEE DEFERRAL.** The following is added to the end of Section 3A of the Franchise Agreement:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under this Agreement.

3. ~~2.~~**RELEASES.** The following is added to the end of 12C(9), 12D, 13A(6), and 15D of the Franchise Agreement:

However, any release required as a condition of renewal, sale and/or assignment/transfer will not apply to any claims or liability arising under the Maryland Franchise Registration and Disclosure Law.

4. ~~3.~~**INSOLVENCY.** The following sentence is added to the end of Section 14B(21) of the Franchise Agreement:

This Section may not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.).

5. ~~4.~~**CONSENT TO JURISDICTION.** The following sentences are added to the end of Section 17G of the Franchise Agreement:

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

6. ~~5.~~**ARBITRATION.** Section 17E of the Franchise Agreement is supplemented by adding the following to the end of the Section:

A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming violation of the

Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection clause is legally enforceable.

7. ~~6.~~ **LIMITATION OF CLAIMS.** The following language is added to the end of Section 17J of the Franchise Agreement:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after we grant you the franchise.

8. ~~7.~~ **RELEASES.** The Franchise Agreement is further amended to state that “All representations requiring prospective franchisees to assent to a release, estoppel or waiver of any liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.”

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN MINNESOTA**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Store(s) that you will operate under the Franchise Agreement will be operated wholly or partly in the State of Minnesota; and/or (b) you either a resident of, domiciled it, or actually present in the State of Minnesota.

2. **FEE DEFERRAL.** Section 3A of the Franchise Agreement is amended by adding the following:

Notwithstanding anything to the contrary, all fees that are described herein as being owed prior to the opening of Your Store will not be due and payable until the day on which Your Store opens for business in accordance with the Franchise Agreement, which is when we will have completed all of our pre-opening obligations.

3. **INTEREST ON LATE PAYMENTS.** The following language is added to the end of the first paragraph of Section 3E of the Franchise Agreement:

Notwithstanding the foregoing, you and we acknowledge that under Minnesota Statute 604.113 your penalty for an insufficient funds check will be limited to \$30 per occurrence.

4. **RELEASES.** The following is added to the end of 12C(9), 12D, 13A(6), and 15D of the Franchise Agreement:

Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

5. **RENEWAL AND TERMINATION.** The following is added to the end of Sections 13A and 14B of the Franchise Agreement:

However, with respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that you be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice of non-renewal of this Agreement.

6. **CONSENT TO JURISDICTION.** The following statement is added at the end of Section 17G of the Franchise Agreement:

Notwithstanding the foregoing, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400(J) prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80C or your rights to any procedure, forum or remedies that the laws of the jurisdiction provide.

7. **LIMITATIONS OF CLAIMS AND CLASS ACTION BAR.** The following language is added to the end of Section 17J of the Franchise Agreement:

; provided, however, that Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

8. **MINNESOTA LAW.** Notwithstanding anything to the contrary contained in the Franchise Agreement, Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring you to waive your rights to a jury trial or to waive your rights to any procedure, forum or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties or judgment notes.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
**[Name]**  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT FOR USE IN THE  
STATE OF NEW YORK**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of New York; or (b) an offer to buy is accepted in the State of New York; or (c) if you are domiciled in the State of New York, Your Store(s) are or will be operated in the State of New York.

2. **RELEASES.** The following is added to the end of 12C(9), 12D, 13A(6), and 15D of the Franchise Agreement:

Notwithstanding the foregoing all rights enjoyed by you 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 to the extent required by the non-waiver provisions of GBL Sections 687.4 and 687.5, as amended.

3. **CONSENT TO JURISDICTION.** The following statement is added at the end of Section 17G of the Franchise Agreement:

This Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the New York State General Business Law, as amended, and the regulations issued thereunder.

4. **TRANSFER.** The following language is added to the end of Section 12A of the Franchise Agreement:

However, to the extent required by applicable law, no transfer will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under this Agreement.

5. **TERMINATION.** The following language is added to the end of Section 14A of the Franchise Agreement:

You also may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

*[SIGNATURE PAGE TO FOLLOW]*

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT FOR USE IN THE  
STATE OF NORTH DAKOTA**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made in the State of North Dakota; or (b) an offer to buy is accepted in the State of North Dakota; or (c) if you are domiciled in the State of North Dakota, Your Store(s) is or will be operated in the State of North Dakota.

2. **FEE DEFERRAL.** The following is added to the end of Section 3 of the Franchise Agreement:

Pursuant to an order of the North Dakota Securities Commissioner, we will defer collection of the Initial Franchise Fee and other fees that you owe us and our affiliates until we have completed all of our pre-opening obligations under the Franchise Agreement and you have begun operating Your Store(s).

3. **RELEASES.** The following is added to the end of Sections 12C(9), 12D, 13A(6), and 15D of the Franchise Agreement:

However, any release required as a condition of renewal and/or assignment/transfer will not apply to the extent prohibited by the North Dakota Franchise Investment Law.

4. **COVENANT NOT TO COMPETE.** The following language is added to the end of Section 15E of the Franchise Agreement:

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.

5. **ARBITRATION.** The following language is added to the end of Section 17E of the Franchise Agreement:

Notwithstanding the foregoing, to the extent required by the North Dakota Franchise Investment Law (unless such a requirement is preempted by the Federal Arbitration Act), arbitration shall be held at a site to which we and you mutually agree.

6. **GOVERNING LAW; CONSENT TO JURISDICTION.** The following is added to the end of Section 17F and Section 17G of the Franchise 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. Bringing an action under the North Dakota

Franchise Investment Law is not a waiver of any of your other rights under North Dakota law.

7. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL**. To the extent required by the North Dakota Franchise Investment Law, Section 17H of the Franchise Agreement is deleted.

8. **LIMITATION OF CLAIMS**. The following language is added to the end of Section 17J of the Franchise Agreement:

The statutes of limitations under North Dakota law applies with respect to claims arising under the North Dakota Franchise Investment Law.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN RHODE ISLAND**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“**we**”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“**you**”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) an offer to sell is made or accepted in the State of Rhode Island, or (b) an offer to buy is accepted in the State of Rhode Island, or (c) you are a resident of the State of Rhode Island and the Store(s) that you develop under your Franchise Agreement is or will be operated in the State of Rhode Island.

2. **GOVERNING LAW.** The following language is added to the end of Section 17F of the Franchise 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.

3. **CONSENT TO JURISDICTION.** The following is added at the end of Section 17G of the Franchise Agreement:

Section 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “To the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**RIDER TO THE  
FRANCHISE AGREEMENT  
FOR USE IN WASHINGTON**

**THIS RIDER** is made and entered into by and between **INFINILUSH COMPANY LIMITED**, a California corporation, with its principal business address at 652 Market Street, San Francisco, California 94104 (“we”), and \_\_\_\_\_ a(n) \_\_\_\_\_ whose principal business address is \_\_\_\_\_ (“you”).

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (the “**Franchise Agreement**”) that has been signed concurrently with the signing of this Rider. This Rider is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer is directed into the State of Washington and is received where it is directed; or (b) you are a resident of the State of Washington; or (c) the Store(s) that you develop under your Franchise Agreement is or will be located or operated, wholly or partly, in the State of Washington.

2. **INITIAL FEES.** The following language is added to the end of Section 3A of the Franchise Agreement:

Pursuant to an order of the Director of the Department of Financial Institutions, we will defer collection of all initial payments you owe us until we have completed all of our pre-opening obligations to you under this Agreement for each Store and you begin operating such Store. If you sign this Agreement for a multiple Stores, the initial payments will be prorated for the number of Stores, and the prorated portion of such initial payments attributable to each Store will be deferred by us until that Store opens for business.

3. **WASHINGTON LAW.** The following paragraphs are added to the end of the Franchise Agreement:

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

RCW 19.100.180 may supersede the Franchise Agreement in your relationship with us, including in the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the Franchise Agreement in your relationship with us, including termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site will be either in the State of Washington, or in a place mutually agreed upon at the time of the arbitration. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by you 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 Franchise Agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

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

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

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

**IN WITNESS WHEREOF**, the parties have executed and delivered this Rider on the dates noted below, to be effective as of the Effective Date of the Franchise Agreement.

**INFINILUSH COMPANY LIMITED**

**FRANCHISE OWNER:**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
[Name]  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT E**  
**FINANCIAL STATEMENTS**

**INFINILUSH COMPANY LIMITED.**

**FINANCIAL STATEMENTS**

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December 31, 2023, 2022 and 2021

# **INFINILUSH COMPANY LIMITED.**

## **FINANCIAL STATEMENTS**

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December 31, 2023, 2022 and 2021

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## **INDEPENDENT AUDITOR'S REPORT**

**To the Stockholder and Board of Directors of  
Infinilush Company Limited.:**

### **Opinion**

We have audited the accompanying financial statements of Infinilush Company Limited. (a California Corporation), which comprise the balance sheets as of December 31, 2023, 2022 and 2021 and the related statements of operations, changes in stockholder's equity (deficit), and cash flows for the years then ended, 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 Infinilush Company Limited. as of December 31, 2023, 2022 and 2021, and the results of their operations and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits 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 Infinilush Company Limited. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## **Substantial Doubt About the Company's Ability to Continue as a Going Concern**

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the financial statements, the Company has incurred recurring losses from operations, has a stockholder's deficit, and has stated that substantial doubt exists about the Company's ability to continue as a going concern. Management's evaluation of the events and conditions regarding this matters are also described in Note 1. The financial statements do not include any adjustment that might result from the outcome of this uncertainty. Our opinion is not modified with respect to that matter.

## **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 Infinalush Company Limited.'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, including omissions, 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 Infinilush Company Limited.'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 Infinilush Company Limited.'s ability to continue as a going concern for a reasonable period of time.

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

San Francisco, California  
March 15, 2024

*WhitHoover + Co. LLP*

INFINILUSH COMPANY LIMITED.  
BALANCE SHEETS  
DECEMBER 31, 2023, 2022 AND 2021

**ASSETS**

	2023	2022	2021
<b>CURRENT ASSETS</b>			
Cash	\$ 338,068	\$ 186,586	\$ 194,303
Accounts receivable - net of allowance for doubtful accounts of \$38,390 in 2023, \$0 in 2022 and \$401 in 2021	193,223	166,098	10,526
Inventories	216,630	168,483	96,335
Prepaid expenses and other	140,781	113,513	192,805
Total current assets	888,702	634,680	493,969
<b>PROPERTY AND EQUIPMENT, at cost</b>			
Leasehold improvements	1,474,323	1,474,323	985,481
Equipment	109,883	109,883	93,792
Furniture and fixtures	40,804	40,804	20,569
	1,625,010	1,625,010	1,099,842
Less - accumulated depreciation and amortization	549,307	366,141	245,710
Less - accumulated impairment loss	396,263	216,382	216,382
	679,440	1,042,487	637,750
Construction in process	14,000	-	84,200
	693,440	1,042,487	721,950
<b>OTHER ASSETS</b>			
Deposits	169,560	135,326	150,251
Franchise referral fee, net of amortization of \$2,426 in 2023 and \$27,333 in 2021	40,074	-	-
Intangible assets - net of accumulated amortization of \$40,000 in 2022, and \$27,333 in 2021	-	-	12,666
Operating lease right-of-use assets, net of impairment loss of \$147,476 in 2023	1,729,432	1,624,660	-
Investments, net	998,874	1,671,225	-
	2,937,940	3,431,211	162,917
Total assets	\$ 4,520,082	\$ 5,108,378	\$ 1,378,836

INFINILUSH COMPANY LIMITED.  
BALANCE SHEETS  
DECEMBER 31, 2023, 2022 AND 2021

**LIABILITIES AND STOCKHOLDER'S EQUITY**

	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>CURRENT LIABILITIES</b>			
Accounts payable	\$ 632,104	\$ 890,506	\$ 43,964
Accrued expenses	75,750	62,038	65,077
Income tax payable	902	-	-
Deferred revenue	114,790	58,368	-
Operating lease liabilities	299,986	239,515	-
Notes payable	-	-	400,000
Total current liabilities	<u>1,123,532</u>	<u>1,250,427</u>	<u>509,041</u>
<b>NON-CURRENT LIABILITIES</b>			
Notes payable to related party, net of current portion	1,900,000	1,850,000	-
Deferred revenue, net of current portion	330,827	197,971	-
Operating lease liabilities, net of current portior	1,839,864	1,655,453	-
Other noncurrent liabilities	175,000	74,000	460,833
Total liabilities	<u>5,369,223</u>	<u>5,027,851</u>	<u>969,874</u>
<b>STOCKHOLDER'S EQUITY (DEFICIT)</b>			
Common stock, no par value			
Authorized - 10,000,000 shares			
Issued - 3,420,000 shares in 2023, 2022 and 2021	3,420,000	3,420,000	3,420,000
Accumulated deficit	<u>(4,269,141)</u>	<u>(3,339,473)</u>	<u>(3,011,038)</u>
Total stockholder's equity (deficit)	<u>(849,141)</u>	<u>80,527</u>	<u>408,962</u>
Total liabilities and stockholder's equity	<u>\$ 4,520,082</u>	<u>\$ 5,108,378</u>	<u>\$ 1,378,836</u>

**INFINILUSH COMPANY LIMITED.**  
**STATEMENTS OF OPERATIONS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	2023	2022	2021
<b>TOTAL REVENUE</b>			
Store retail sales	\$ 1,612,246	\$ 1,304,377	\$ 875,875
Royalties	289,278	75,575	-
Franchise fees	83,551	35,662	-
Other revenues	125,970	13,653	-
Total revenues	<u>2,111,045</u>	<u>1,429,267</u>	<u>875,875</u>
<b>COST AND EXPENSES</b>			
Company store operating costs	428,783	338,021	178,187
Selling, general, and administrative expenses	2,068,588	1,659,946	1,160,710
Impairment of long-lived assets	327,356	-	229,049
Total costs and expenses	<u>2,824,727</u>	<u>1,997,967</u>	<u>1,567,946</u>
<b>LOSS FROM OPERATIONS</b>	<u>(713,682)</u>	<u>(568,700)</u>	<u>(692,071)</u>
<b>OTHER INCOME (EXPENSE)</b>			
Impairment of equity investments	(206,000)	-	-
Remeasurement of operating lease asset and liability	-	243,906	-
Income (loss) from equity method investment	(52,351)	2,225	-
Interest	12	-	(407)
Other income (loss) - net	44,855	(5,066)	15,869
Total other income (expense)	<u>(213,484)</u>	<u>241,065</u>	<u>15,462</u>
<b>LOSS BEFORE PROVISION FOR INCOME TAXES</b>	<u>(927,166)</u>	<u>(327,635)</u>	<u>(676,609)</u>
<b>PROVISION FOR INCOME TAXES</b>	<u>2,502</u>	<u>800</u>	<u>800</u>
<b>NET LOSS</b>	<u>\$ (929,668)</u>	<u>\$ (328,435)</u>	<u>\$ (677,409)</u>

**INFINILUSH COMPANY LIMITED.**  
**STATEMENTS OF CHANGES IN STOCKHOLDER'S EQUITY**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	Common Stock		Deficit	Total
	Shares	Amount		
<b>BALANCE - JANUARY 1, 2021</b>	2,220,000	\$ 2,220,000	\$ (2,333,629)	\$ (113,629)
Conversion of debt to capital	1,200,000	1,200,000	-	1,200,000
Net loss	-	-	(677,409)	(677,409)
<b>BALANCE - DECEMBER 31, 2021</b>	3,420,000	3,420,000	(3,011,038)	408,962
Net loss	-	-	(328,435)	(328,435)
<b>BALANCE - DECEMBER 31, 2022</b>	3,420,000	3,420,000	(3,339,473)	\$ 80,527
Net loss	-	-	(929,668)	(929,668)
<b>BALANCE - DECEMBER 31, 2023</b>	<u>3,420,000</u>	<u>\$ 3,420,000</u>	<u>\$ (4,269,141)</u>	<u>\$ (849,141)</u>

**INFINILUSH COMPANY LIMITED.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

	2023	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Net loss	\$ (929,668)	\$ (328,435)	\$ (677,409)
Adjustments to reconcile net loss to net cash used in operating activities:			
Depreciation and amortization expense	183,166	133,098	116,434
Amortization of franchise and legal fee revenue	(103,721)	-	-
Amortization of franchise referral fee	2,426	-	-
Impairment of long-lived assets	327,356	-	229,049
Impairment of equity investments	206,000	-	-
Provision for doubtful accounts	38,390	1,060	401
Loss on inventory disposal	5,428	22,130	15,166
Loss (income) from equity method investments	52,351	(2,225)	-
Remeasurement of operating leased asset and liability	-	(243,906)	-
Amortization of right-of-use assets	36,917	326,062	-
Decrease in operating lease liabilities	-	(250,969)	-
Change in assets and liabilities			
Accounts receivable	14,485	(90,632)	(2,626)
Inventories	(53,575)	(94,278)	12,288
Prepaid expenses and other	(64,627)	57,580	(162,293)
Deposits	(34,234)	14,925	(24,972)
Franchise Referral Fee	(42,500)	-	-
Accounts payable	94,674	147,042	(28,813)
Accrued expenses	13,712	(3,039)	(87,350)
Income tax payable	902	-	-
Deferred Revenue	293,000	256,338	-
Other liabilities	75,000	8,000	196,284
Total adjustments	1,045,150	281,186	263,568
Net cash provided by (used in) operating activities	115,482	(47,249)	(413,841)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchases of property and equipment	(14,000)	(440,968)	(188,614)
Investment in shares of capital stock	-	(969,500)	-
Net cash used in investing activities	(14,000)	(1,410,468)	(188,614)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from notes payable	50,000	1,850,000	600,000
Payments of notes payable	-	(400,000)	-
Net cash provided by financing activities	50,000	1,450,000	600,000
<b>NET INCREASE (DECREASE) IN CASH</b>	151,482	(7,717)	(2,455)
<b>CASH - BEGINNING OF YEAR</b>	186,586	194,303	196,758
<b>CASH - END OF YEAR</b>	\$ 338,068	\$ 186,586	\$ 194,303

**INFINILUSH COMPANY LIMITED.**  
**STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED DECEMBER 31, 2023, 2022 AND 2021**

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	<u>2023</u>	<u>2022</u>	<u>2021</u>
<b>SCHEDULE OF NON CASH FINANCING ACTIVITY</b>			
Conversion of notes payable to capital	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,200,000</u>
<b>SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION</b>			
Cash paid during the year for:			
Interest	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 407</u>
Income taxes	<u>\$ 1,600</u>	<u>\$ 800</u>	<u>\$ -</u>

## **1. ORGANIZATION AND NATURE OF BUSINESS**

Infinilush Company Limited. (“the Company”) was incorporated in 2018 in California. The Company owns a franchise to operate CoCo Fresh Tea & Juice stores in California. The Company opened its first store in 2018. As of December 31, 2023, the Company operated four stores in California.

In 2021, the Company entered into a trademark license agreement for a non-exclusive and non-assignable license to use the trademark on or in association with CoCo Fresh Tea & Juice. The license agreement shall be for a period of six years with automatic renewal for successive three-year terms unless notified by either party not less than two months prior to the expiration of the initial term or any renewal term, as applicable.

The Company is 100% owned by He Cheng Feng Investment Co., Ltd. (He Cheng Feng) in 2019 and 2020. In December 2021, He Cheng Feng sold 100% of the shares of the Company to Auster-Celeucus Holding Pte. Ltd. (the Parent Company).

In 2022, the Company acquired 30% equity interests in ten corporations and a 45% equity interest in Tealife LLC, a limited liability company. The investees are all organized in the United States of America. These acquisitions are recorded as investments (see Note 4).

The Company started its franchise business in 2022, by entering into franchise agreements as franchisor with the above investee companies and other third parties.

**Going Concern, Liquidity and Management’s Plan** – The Company incurred losses and negative cash flows from operations since 2018, when it opened its first store. The Company incurred net losses of \$929,668, \$328,435 and \$677,409 in 2023, 2022 and 2021, respectively, and has stockholder’s deficit of \$849,141 as of December 31, 2023. Current liabilities exceeded current assets by \$234,830, \$615,747 and \$15,072 as of December 31, 2023, 2022 and 2021, respectively. Management believes these conditions raise substantial doubt about the Company’s ability to continue as a going concern within the next twelve months from the date the financial statements are available to be issued. The ability to continue as a going concern is dependent upon profitable operations, positive cashflows, and additional financing.

Management plans to open additional stores and grant additional franchises in the next three years. Revenue is expected to increase resulting in net income from operations starting in 2024. In 2023, the Company has positive cash flow in operations. In addition, the Company received a letter of commitment from its Parent Company. The Parent Company agreed to provide financial support through loan and/or capital infusion up to \$1,544,000 until December 31, 2025. In January 2024, the Parent Company has provided funding of \$400,000 to the Company through loans that are due on January 11, 2025.

Based on these action plans, management has a reasonable expectation that the Company has and will have adequate resources to settle its obligations and continue in operational existence for the foreseeable future.

As such, the financial statements have been prepared on a going concern basis. The financial statements do not include any adjustments related to recoverability and classification of recorded assets amounts or amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

## **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Basis of Accounting** – The accompanying financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America.

**Use of Estimates** – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Cash** – Cash consists of cash maintained at a financial institution.

**Accounts Receivable and Allowance for Doubtful Accounts** – Accounts receivable consists of receivables from credit card companies as well as online food delivery platforms. In addition, accounts receivable includes royalties and fees receivable from franchisees amounting to \$100,652 and \$102,878, respectively, as of December 31, 2023 and 2022.

Allowance for doubtful accounts is determined based on the collectability of receivables. The Company performs credit evaluations and establishes an allowance based on the age of receivables, payment performance, and other information. Accounts receivables are written off against allowance when it is probable that the receivables will not be collected.

Allowance for doubtful accounts as of December 31, 2023, 2022 and 2021 amounted to \$38,390, \$0 and \$401, respectively.

**Inventories** – Inventories are stated at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business, less reasonably predictable costs of completion, disposal, and transportation. Cost is determined using the first-in, first-out method. Obsolete inventories are either written off or reduced to its estimated realizable value.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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**Property and Equipment** – Property and equipment are stated at cost and depreciated or amortized on a straight-line basis over the following useful lives:

<u>Type of Property</u>	<u>Estimated Useful Life (in Years)</u>
Leasehold improvements	Life of assets or lease term whichever is shorter.
Furniture & fixtures	5
Equipment	5

Construction-in-progress represents expenditures related to the construction of stores. All stores under construction as of December 31, 2021, were completed in 2022. There is no construction in progress as of December 31, 2022. As of December 31, 2023, construction in progress related to a new store location amounted to \$14,000.

The cost of maintenance and repairs is charged to expense as incurred; significant renewals or improvements are capitalized. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation and amortization are removed from the accounts and any resulting gain or loss is recognized in income for the period.

The depreciation expenses were \$183,166, \$120,432, and \$100,434, during the years ended December 31, 2023, 2022 and 2021, respectively.

**Investments** – Investments in companies in which the Company exercises significant influence over the operating and financial policies of the investees and are not required to be consolidated and investment in limited liability companies that maintain a specific ownership accounts for each investor are accounted for under the equity method. Under the equity method of accounting, the investments are initially recognized at cost and adjusted thereafter to recognize the Company's share in profits or losses of the investee. Dividends received or receivable are recognized as a reduction of the carrying value of the investment. Where the Company's share of losses in an investment accounted for under the equity method equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Company does not recognize further losses, unless it has incurred obligations or made payments on behalf of the other entity.

The Company also holds investments without readily determinable fair values in which the Company does not have a controlling or significant influence. These investments are accounted for under the measurement alternative. These investments are initially recorded at cost and are subsequently adjusted to fair value for impairments and price changes from observable transactions in the same or similar securities issued by the same investee. This election is reassessed each reporting period to determine whether non-marketable equity securities have a readily determinable fair value, in which case they would no longer be eligible for this

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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election. Changes in the basis of the equity investment are recognized in other income (expense) on the statements of operations.

The Company evaluates investments for impairment whenever events or circumstances exist that may have a significant adverse impact on the fair value of the investments. The Company reviews several factors to determine if an impairment loss occurred including absence of an ability to recover the carrying amount of investment and the financial condition and future prospects of the investee.

**Intangible Assets** – The initial franchise fee paid to the franchisor is recorded as an intangible asset and amortized over the life of the contract, which is five years. The amortization expenses were \$12,666 and \$16,000 during the years ended December 31, 2022 and 2021, respectively. In 2021, the Company recorded an impairment loss of franchise fees in the amount of \$12,667.

**Impairment of Long-Lived Assets** – The Company evaluates the recoverability of its long-lived assets whenever events or substantive changes in circumstances indicate that the carrying amount may not be recoverable. The evaluation is based on the cash flows generated by the underlying assets groups, including estimated future operating results, trends, or other determinants of fair value. If the total of the expected future undiscounted cash flows is less than the carrying amount of the asset group, the Company will recognize an impairment charge to the extent that the carrying amount of the asset group exceeded its estimated fair value. The Company uses the discounted cash flow (DCF) model to measure the impairment of fixed assets. For the purpose of estimating future cash flows to evaluate the impairment of property and equipment, the Company groups assets at the lowest level for which there are identifiable cash flows that are largely independent of cashflows of other group of assets. In 2023, the Company recorded impairment loss on certain stores' property and equipment and ROU assets amounting to \$179,881 and \$147,475, respectively. In 2022, no impairment loss was recorded. In 2021, the Company recorded an impairment loss on certain stores' property and equipment of \$216,382.

**Leases** – The Company leases space for its stores under operating leases. During and as of the years ended December 31, 2021, the Company recognized rent from operating leases on a straight-line basis from the date of initial possession, which is the date the space was turned over to the Company. Straight-line rent expense includes the minimum rent expenses, tenant improvements allowances and rent holidays. Tenant improvements received are initially recorded as deferred credit and amortized over the term of the lease as a reduction to rent expense. Deferred rent is included in other liabilities.

Effective January 1, 2022, the Company adopted ASU No. 2016-02, *Leases (Topic 842)* for its operating leases. The Company elected not to adjust comparative periods and not elect the hindsight practical expedient. However, the Company elected the package of practical expedients not to reassess the lease agreements already classified as operating leases. The Company's adoption date is effective January 1, 2022, and since the lease contracts do not

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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provide an implicit rate, the Company used the earliest closing rate of the United States (US) Treasury term notes which is January 3, 2022. Certain leases require the Company to pay a portion of the real estate taxes, utilities, building operating expenses, insurance and other charges in addition to the rent.

For new lease agreements after the ASU Topic 842 adoption date, the Company would use the date it takes possession of the leased space for construction purposes at the beginning of the lease terms. This is usually a few months prior to the store's opening date for purposes of measurement and amortization of the right-of-use asset and associated lease liability over the terms of the leases.

In April 2020, the Financial Accounting Standards Board (FASB) staff provided accounting elections for entities that receive or provide lease-related concessions to mitigate the economic effects of COVID-19 on lessees. The Company elected not to evaluate whether certain concessions provided by lessors in response to the COVID-19 pandemic, that are within the scope of additional interpretation provided by the FASB in April 2020, were lease modifications and has also elected not to apply modification guidance under Topic 840. These concessions will be recognized as a reduction of rent expense in the month they occur. During the year ended December 31, 2021, as a result of the ongoing COVID-19 pandemic, the Company was able to negotiate lease concessions with certain landlords. These rent concessions have been recorded in accordance with the guidance noted above. As a result, the Company recorded \$198,775 related to rent concessions as a reduction to rent expense in 2021.

**Store Preopening Expenses** – Costs incurred in connection with the start-up and promotion of new store openings are expensed as incurred.

**Revenue Recognition** – Food and beverage sales from Company-operated stores are recognized when payment is tendered at the point of sale. Revenues are reported net of sales taxes that are collected from customers and remitted to taxing authorities.

Franchise fees – The Company also generates revenues from initial franchise license fees and royalties based on a percent of sales from stores operated by franchisees. Other revenues consist of charges to franchisees for legal and other processing fees.

The Company's performance obligations under its franchise agreements consist of a franchise license and pre-opening services, mainly training. These performance obligations are not considered to be individually distinct as these are highly interrelated. Consequently, these are accounted for as a single performance obligation which is satisfied by providing a right to use the Company's licensed trademark over the term of each franchise agreement. Initial franchise fees are payable by the franchisee prior to the opening of a store. Franchise fees are recognized as revenue on a straight-line basis over the term of the franchise agreement. Unearned franchise fees, (contract liabilities) are recorded as deferred revenue in the balance sheet as of December 31, 2023 and 2022.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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Royalties – These are sales-based royalties that are related entirely to the Company’s performance obligation under the franchise agreement and are recognized as the franchise sales occur. Royalties are calculated as a percentage of franchise-store sales over the term of the franchise agreement.

**Franchise Referral Fee** – The Company incurs incremental costs to obtain franchise contracts such as referral costs. Franchise referral fees are capitalized and amortized over the term of the related franchise.

**Advertising Expenses** – Advertising expenses incurred are expensed in the period it was incurred.

**Income Taxes** – Deferred income tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The components of the deferred tax assets and liabilities are individually classified as current and noncurrent based on their characteristics. A valuation allowance is established if it is more likely than not that some or all of the deferred tax assets will not be realized.

The Company also recognizes the impact of an uncertain income tax position on the income tax return at the largest amount that is more likely than not to be sustained upon audit by the relevant taxing authority. An uncertain income tax position will not be recognized if it has less than 50% likelihood of being sustained.

Penalties and interest resulting from the Company’s tax positions are recorded in other expenses and are excluded from the provision for income taxes.

The Company recognizes interest and penalties related to income tax in other expense in the statements of operations. Accrued interest and penalties are included within the related tax liability on the balance sheets.

**Concentration of Credit Risk** – Financial instruments which potentially subject the Company to concentration of credit risk, consist principally of deposits in financial institutions and trade receivables. The Company maintains cash balances at a financial institution and is insured by the Federal Deposit Insurance Corporation up to \$250,000. The Company periodically reviews its cash policies, evaluates its clients’ collection risk, and maintains adequate reserves for potential credit losses, which are based on management’s expectations and estimates.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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As of December 31, 2023, two franchisees represented 37% of the accounts receivable. As of December 31, 2022, two franchisees represented 50% of the accounts receivable. As of December 31, 2021, no customer represented above 10% of accounts receivable.

None of the Company's customers or franchisees represented more than 10% of total revenues in 2023, 2022 and 2021.

**Fair Value of Financial Instruments** – The carrying value of the Company's financial instruments, including cash, accounts receivable, accounts payable, accrued expenses, and notes payable are carried at cost which approximates their fair values due to the short-term nature of these financial instruments. Nonfinancial assets such as intangible assets and property and equipment are measured at fair value when there is an indicator of impairment and recorded at fair value only when impairment is recognized.

Equity investments without readily determinable fair value are measured at fair value when there is an impairment as a result of price changes from observable transactions in the same or similar securities.

The Company also holds investments without readily determinable fair values in which the Company does not have a controlling or significant influence. These investments are accounted for under the measurement alternative. These investments are initially recorded at cost and are subsequently adjusted to fair value for impairments and price changes from observable transactions in the same or similar securities issued by the same investee. This election is reassessed each reporting period to determine whether non-marketable equity securities have a readily determinable fair value, in which case they would no longer be eligible for this election. Changes in the basis of the equity investment are recognized in other income (expense) on the statements of operations.

Considerable judgment is necessary in interpreting market data to develop the estimates of fair market value, and, accordingly, the estimates are not necessarily indicative of the amount the Company could realize in a current market exchange.

**Recent Accounting Standards** – In December 2023, the FASB issued ASU 2023-09 "*Income Taxes (Topics 740): Improvements to Income Tax Disclosures*" to expand the disclosure requirements for income taxes, specifically related to the rate reconciliation and income taxes paid. ASU 2023-09 is effective for our annual periods beginning January 1, 2025, with early adoption permitted. The Company is currently evaluating the potential effect that the updated standard will have on our financial statement disclosures.

The Company does not expect the adoption of other recently issued accounting pronouncements to have a significant impact on its financial position, results of operations, or cash flows.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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**Prior Period Reclassifications** – Certain amounts in prior periods have been reclassified to conform with current period presentation.

**3. INVENTORIES**

Inventories consist of consumer food products. Inventories consist of the following as of December 31, 2023, 2022 and 2021:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Food Inventory	\$ 131,207	\$ 125,009	\$ 74,508
Store Supplies Inventory	<u>85,423</u>	<u>43,474</u>	<u>21,827</u>
	<u>\$ 216,630</u>	<u>\$ 168,483</u>	<u>\$ 96,335</u>

**4. INVESTMENTS**

Investments consist of the following:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Investments accounted under equity method	\$ 209,298	\$ 1,085,225	\$ -
Equity investments without readily determinable fair values	<u>789,576</u>	<u>586,000</u>	<u>-</u>
	<u>\$ 998,874</u>	<u>\$ 1,671,225</u>	<u>\$ -</u>

In March 2022, the Company purchased interest in Tealife LLC for \$270,000. The investment is accounted for under the equity method of accounting. For the years ended December 31, 2023 and 2022, the Company's share in the net loss of Tealife LLC amounted to \$52,351 and \$8,351, respectively. As of December 31, 2023 and 2022, the carrying value of the investment were \$209,269 and \$261,649, respectively.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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The condensed financial information of Tealife LLC as of December 31, 2022 and 2023 and for the period March 16, 2022 to December 31, 2022, and for the year ended December 31, 2023, respectively, is summarized as follows (in thousands):

Investee	December 31	Ownership			Equity	Revenue	Net Income (Loss)
		Interest	Assets	Liabilities			
Tealife LLC	2023	45%	\$ 493	\$ 31	\$ 463	\$ 633	(112)
	2022	45%	\$ 787	\$ 187	\$ 600	\$ 457	(79)

Also, in October 2022, the Company purchased ownership interest in six corporations for a total of \$813,000. These investments are also accounted for under the equity method of accounting in 2022. The Company's share in the investees' net income amounted to \$10,576 for the year ended December 31, 2022.

The condensed financial information as of December 31, 2022 and for the three months ended December 31, 2022, of the six corporation investees accounted for under the equity method of accounting are summarized as follows (in thousands):

Investee	Ownership			Equity	Revenue	Net Income (Loss)
	Interest	Assets	Liabilities			
Coco Astoria, Inc.	30%	\$ 223	\$ 153	\$ 70	\$ 127	\$ (48)
Coco FM, Inc.	30%	947	124	823	213	51
Coco Long Island, Inc.	30%	276	324	(48)	121	1
Coco Nassau, Inc.	30%	127	32	95	-	(15)
Coco Tea NY, Inc.	30%	3,440	811	2,629	807	88
Coco Westbury, Inc.	30%	154	81	73	77	(24)

The by-laws of the investee corporations were amended to explicitly state that the majority shareholder shall retain the sole power to designate any future directors of the corporations and that the designation power of the majority shareholder represents all managing power of the corporations. As a result of the amendment to the by-laws, the Company would not be able to exercise significant influence over the investees corporations' operation and financial policies. As such, in 2023 these equity investments no longer qualified to be accounted for under the equity method and were remeasured at fair value immediately after discontinuing the equity method.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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The following table summarizes the carrying value of equity investments without readily determinable fair values:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Carrying value, beginning of year	\$ 586,000	\$ 586,000	\$ -
Reclassification from equity method	823,576	-	-
Adjustment in purchase price	(414,000)	-	-
Adjustment for impairment	<u>(206,000)</u>	<u>-</u>	<u>-</u>
Carrying value, end of of year	<u>\$ 789,576</u>	<u>\$ 586,000</u>	<u>\$ -</u>

The Company annual and cumulative downward and impairment adjustment amounted to \$206,000 and \$0 in 2023 and 2022, respectively.

In December 2023, the purchase price of five of the investee corporations was reduced by \$414,000 without change to its ownership interests, with a commensurate reduction in accounts payable.

A qualitative assessment review was performed on the Company's investments in each of the ten investee corporations. Management's assessment includes, among others, review of the investees forecasted and historical result of operations, working capital as of December 31, 2023, and the ability to obtain financing. The assessment indicated impairment existed on five out of the ten investee corporations due to consecutive operating losses, insufficient working capital, and insufficient liquid assets to fund projected sales growth that is needed for the investee to operate profitably. The Company also considered the assets of the investees in determining the downward adjustment resulting from impairment.

## **5. RELATED PARTY TRANSACTIONS**

On March 20, 2020, the Company obtained a loan of \$600,000 from He Cheng Feng Investment Co., Ltd. (He Cheng Feng), its parent company in 2020. The loan had an interest rate of 0.15% and matured on March 31, 2021. As of December 31, 2020, the outstanding loan under this agreement amounted to \$400,000.

On September 1, 2020, He Cheng Feng agreed to extend additional loans to the Company not exceeding \$600,000. The loan under this agreement had an interest of 0.15% and matured on August 31, 2021. In 2021, the Company borrowed an additional \$200,000 under this agreement.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2023, 2022 AND 2021**

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In April 2021, loans totaling to \$1,200,000 were converted to capital. On May 16, 2021, He Cheng Feng also agreed to extend an additional non-interest-bearing loan up to \$700,000. As of December 31, 2021, the outstanding loan to He Cheng Feng under this agreement amounted to \$400,000. This was subsequently paid in November 2022.

During 2022, the Company obtained loans from the Parent Company, totaling \$1,850,000. These loans are interest free and have various due dates in 2023. As of December 31, 2022, the outstanding loan to the Parent Company amounted to \$1,850,000. During 2023, the Company borrowed an additional \$50,000 that increased the total outstanding loans payable to \$1,900,000 as of December 31, 2023, with a maturity date of December 31, 2024. On March 14, 2024, the Parent Company extended the due dates of the loans to December 31, 2025.

The Company has other related party transactions with franchisees who are also investees. The summary of transactions and balances are as follows:

	As of December 31, 2023	For the Year ended December	As of December 31, 2022	For the Year ended December 31, 2022
Receivables for franchise deposits, legal fees and royalties	\$ 37,147	\$ -	\$ 80,153	\$ -
Guaranteed deposits received from franchisees	40,000	-	40,000	-
Deferred revenue for franchise license fees	15,204	-	11,086	-
Franchise revenue earned from franchisees	-	1,199	-	913
Revenue from royalty fees	-	141,112	-	47,419
Other income from franchisees for legal fees	-	2,998	-	28,653
Other income from franchisees for supplies	-	7,684	-	-

**6. INCOME TAXES**

Provision for income taxes consists of current taxes for:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Federal	\$ 902	\$ -	\$ -
State	1,600	800	800
	<u>\$ 2,502</u>	<u>\$ 800</u>	<u>\$ 800</u>

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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The Company's federal and state tax net loss carryover follows:

	<u>Federal</u>	<u>State</u>
Net operating loss carryover (NOL) incurred in:		
2018	\$ 493,269	\$ 427,774
2019	482,681	455,107
2020	1,166,568	1,231,479
2021	412,836	424,831
2022	<u>439,808</u>	<u>424,050</u>
	<u>\$ 2,995,162</u>	<u>\$ 2,963,241</u>

Federal NOL can be carried over indefinitely and applied against Federal taxable income to reduce income tax liabilities. California NOL can be carried over for 20 years and applied against California taxable income to reduce income tax liabilities. As a result of the change in ownership in 2021, the future use of the Company's NOL from 2021 and prior years will be limited.

The details of the deferred tax assets are as follows:

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Deferred tax assets	\$ 1,192,299	\$ 955,969	\$ 795,886
Valuation allowance	<u>(1,192,299)</u>	<u>(955,969)</u>	<u>(795,886)</u>
	-	-	-
Deferred tax liabilities	<u>-</u>	<u>-</u>	<u>-</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

In assessing the realizability of deferred income tax assets, management considers whether it is more likely than not that some portion or all of the deferred income tax assets will not be realized. Management believes that deferred income tax assets will not be realized, and therefore provided a full allowance for the deferred income tax asset.

The statutory income tax rate differs from the effective income tax rate of the Company primarily due to nondeductible expenses.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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As of December 31, 2023, the Company’s federal income tax filings for the tax years ended December 31, 2020, through 2023 remain subject to examination by the Internal Revenue Service, and the Company’s state income tax filings for the tax years ended December 31, 2019, through 2023 remain subject to examination by the state authorities.

**7. LEASE COMMITMENTS**

As discussed in Note 2, the Company adopted ASU No. 2016-12, “*Leases (Topic 842)*” effective January 1, 2022. The Company leases spaces for its retail stores. There are four operating leases for its retail stores and one operating car lease. The Company pays a monthly fixed minimum monthly base rent provided under the lease contracts.

Upon adoption of the ASU No. 2016-12 on January 1, 2022, the Company recognized an operating lease liability of \$3,817,130 and operating lease right-of-use asset of \$3,378,008.

On January 1, 2022, one store operating lease was amended from a fixed minimum base rent to a percentage rent at 20% of gross receipts. The amendment was through April 30, 2022. A further amendment was made effective May 1, 2022, indefinitely extending the percentage rent, until the landlord decides otherwise. Thereafter, variable rent payments were made and as such, the related right-of-use asset and operating lease liability, initially recognized upon adoption on January 1, 2022, were reversed. The excess operating lease liability amounting to \$243,906 is included in other income in the statement of operations.

The following tables disclose the components of the Company’s lease cost, supplemental cash flow disclosures, and other information regarding the Company’s lease arrangements for the years ended December 31, 2023 and 2022:

	Year Ended <u>December 31, 2023</u>	Year Ended <u>December 31, 2022</u>
Lease Cost:		
Operating lease cost	\$ 313,904	\$ 293,699
Short-term lease cost	38,037	31,858
Variable lease cost	51,643	118,340
Total	<u>\$ 403,584</u>	<u>\$ 443,897</u>

Total rent expenses for the years 2023, 2022 and 2021 amounted to \$403,584, \$443,897 and \$557,215, respectively.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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	For the Year Ended December 31	
	<u>2023</u>	<u>2022</u>
Supplemental Cash Flow Disclosures:		
Operating lease liabilities arising from obtaining operating lease assets	\$ 506,747	\$ 3,817,130
Cash paid for amounts included in the measurement of lease liabilities:		
Cash used in operating activities - Operating leases	\$ 325,142	\$ 313,632

The following table presents an analysis of lease liability maturities as of December 31, 2023.

Years ending December 31,	
2024	\$ 346,634
2025	359,149
2026	372,663
2027	344,908
2028	354,420
Thereafter	<u>520,508</u>
Total undiscounted cash flow	2,298,282
Less: interest on lease liabilities	<u>158,432</u>
Total lease liabilities	<u>\$ 2,139,850</u>

The Company's lease portfolio consists of operating leases. The lease liability reflects the present value of the Company's estimated future minimum lease payments over the term of the lease. The lease liability does not include an assumption on renewal options that have not yet been exercised by the Company and are not currently a future obligation. The lease liability will continue to be impacted by new leases, lease modifications, reevaluation of lease terms and lease terminations. As of December 31, 2023 and 2022, the remaining weighted average lease term that is included in the maturities of the lease liabilities was 1.53 years and 1.73 years, respectively.

For the years ended December 31, 2023 and 2022, the net amortization of right-of-use assets amounted to \$36,917 and \$326,062, respectively. The Company recorded impairment loss on operating lease right-of-use assets amounting to \$147,475 and \$0 as of December 31, 2023 and 2022, respectively.

**INFINILUSH COMPANY LIMITED.**  
**NOTES TO FINANCIAL STATEMENTS**  
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As described in Note 2, the Company used the closing rate of the United States (US) Treasury term notes as the rate implicit in each lease is not readily determinable. The weighted average discount rate used for the leases was 1.54% as of December 31, 2022. During 2023, there was one new operating lease for a new store location. The Company used the closing rate of 3.62% on May 1, 2023, the lease commencement date, as the rate implicit on the new lease as the discount rate. The closing rate was taken from the United States (US) Treasury 7-year term notes.

**8. CONCENTRATIONS**

Certain significant concentrations existed related to the Company's purchases and liabilities. In 2021, there were four vendors that made up 54% of total purchases. In 2022 and 2023, there were three vendors and two vendors that made up 54% and 44% of total purchases, respectively. These purchases relate to food inventory and store supplies, royalty, delivery, and freight fees.

As of December 31, 2021, 62% of total outstanding payables comprise amounts owed to three vendors for purchase of equipment and improvements for the new stores. As of December 31, 2022 and 2023, 91% and 88%, respectively, of the total outstanding payables comprise amounts owed to two vendors for the purchase of food supplies and inventory, and for the remaining unpaid purchase price of shares of stock acquired from Yi-Ding International Holding Co. Limited.

**9. SUBSEQUENT EVENTS**

As described in Note 1, the Company was granted a loan of \$400,000 from its Parent Company in January 2024. The Company has evaluated subsequent events through March 15, 2024, the date the financial statements were available to be issued.

**EXHIBIT F**

**REPRESENTATIONS AND ACKNOWLEDGEMENT STATEMENT**

**REPRESENTATIONS AND ACKNOWLEDGMENT STATEMENT**

**DO NOT SIGN THIS QUESTIONNAIRE IF YOU ARE LOCATED, OR YOUR FRANCHISED BUSINESS WILL BE LOCATED IN: CALIFORNIA, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.**

The purpose of this Statement is to demonstrate to Infililush Company Limited (“Franchisor”) that the person(s) signing below (“I,” “me” or “my”), whether acting individually or on behalf of any legal entity established to acquire the franchise rights, (a) fully understands that the purchase of a franchise to operate a CoCo Fresh Tea & Juice Store is a significant long-term commitment, complete with its associated risks, and (b) is not relying on any statements, representations, promises or assurances that are not specifically set forth in Franchisor’s Franchise Disclosure Document and Exhibits (collectively, the “FDD”) in deciding to purchase the franchise.

In that regard, I hereby represent to Franchisor and acknowledge that:

I understand that buying a franchise is not a guarantee of success. Purchasing or establishing any business is risky, and the success or failure of the franchise is subject to many variables such as my skills and abilities (and those of my partners, officers, employees), the time my associates and I devote to the business, competition, interest rates, the economy, inflation, operation costs, location, lease terms, the market place generally and other economic and business factors. I am aware of and am willing to undertake these business risks. I understand that the success or failure of my business will depend primarily upon my efforts and not those of Franchisor.	INITIAL:
I received a copy of the FDD, including the Franchise Agreement at least 14 calendar days before I executed the Franchise Agreement. I understand that all of my rights and responsibilities and those of Franchisor in connection with the franchise are set forth in these documents and only in these documents. I acknowledge that I have had the opportunity to personally and carefully review these documents and have, in fact, done so. I have been advised to have professionals (such as lawyers and accountants) review the documents for me and to have them help me understand these documents.	INITIAL:
Neither the Franchisor nor any of its officers, employees or agents (including any franchise broker) has made a statement, promise or assurance to me concerning any matter related to the franchise (including those regarding advertising, marketing, training, support service or assistance provided by Franchisor) that is contrary to, or different from, the information contained in the FDD.	INITIAL:
My decision to purchase the franchise has not been influenced by any oral representations, assurances, warranties, guarantees or promises whatsoever made by the Franchisor or any of its officers, employees or agents (including any franchise broker), including as to the likelihood of success of the franchise.	INITIAL:
I have made my own independent determination as to whether I have the capital necessary to fund the business and my living expenses, particularly during the start-up phase.	INITIAL:

PLEASE READ THE FOLLOWING QUESTION CAREFULLY. THEN  
SELECT YES OR NO AND PLACE YOUR INITIALS WHERE INDICATED.

INITIAL:

Have you received any information from the Franchisor or any of its officers, employees or agents (including any franchise broker) concerning actual, average, projected or forecasted sales, revenues, income, profits or earnings of the franchise business (including any statement, promise or assurance concerning the likelihood of success)?

Yes  No (Initial Here: \_\_\_\_)

If you selected "Yes," please describe the information you received on the lines below:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_.

**FRANCHISEE:**

\_\_\_\_\_  
(Print Entity Name)

Sign: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

*(do not leave date blank)*

**EXHIBIT G**  
**SAMPLE GENERAL RELEASE**

**INFILUSH COMPANY LIMITED**

**GRANT OF FRANCHISOR CONSENT AND FRANCHISEE RELEASE**

INFILUSH COMPANY LIMITED (“we,” “us,” or “our”) and the undersigned franchisee (“you” or “your”), currently are parties to a certain Franchise Agreement (the “Franchise Agreement”) dated \_\_\_\_\_, 20\_\_\_\_. You have asked us to take the following action or to agree to the following request: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_. We have the right under the Franchise Agreement to obtain a general release from you and your owners as a condition of taking this action or agreeing to this request. Therefore, we are willing to take the action or agree to the request specified above if you and your owners give us the release and covenant not to sue provided below in this document. You and your owners are willing to give us the release and covenant not to sue provided below as partial consideration for our willingness to take the action or agree to the request described above.

Consistent with the previous introduction, you, on your own behalf and on behalf of your successors, heirs, executors, administrators, personal representatives, each such foregoing person’s or entity’s respective agents, assigns, owners, directors, managers, officers, principals, employees, and affiliated entities (collectively, the “Releasing Parties”), hereby fully and forever unconditionally release and discharge us and our affiliates, each such foregoing entity’s respective current and former officers, directors, owners, principals, employees, agents, representatives, affiliated entities, successors, and assigns (collectively, the “Coco Fresh Parties”) of and from any and all claims (whether at law or in equity), damages (known and unknown), demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind (collectively, “Claims”), that you and any of the other Releasing Parties had, has or may have had, but for this document, hereafter would or could have against any of the Coco Fresh Parties, including without limitation, Claims (1) arising out of or related to any of Coco Fresh Parties' obligations under the Franchise Agreement or (2) otherwise arising from or related to your and the other Releasing Parties' relationship, from the beginning of time to the date of your signature below, with any of the Coco Fresh Parties. You, on your own behalf and on behalf of the other Releasing Parties, further covenant not to sue any of the Coco Fresh Parties on any of the Claims released by this paragraph and represent that you have not assigned any of the Claims released by this paragraph to any individual or entity who is not bound by this paragraph.

IF THE FRANCHISED BUSINESS YOU OPERATE UNDER THE FRANCHISE AGREEMENT IS LOCATED IN CALIFORNIA OR IF ANY OF THE RELEASING PARTIES ARE RESIDENTS OF CALIFORNIA, THE FOLLOWING SHALL APPLY:

**SECTION 1542 ACKNOWLEDGMENT.** IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS RELEASE THAT THIS INSTRUMENT BE AND IS A GENERAL RELEASE WHICH SHALL BE EFFECTIVE AS A BAR TO EACH AND EVERY CLAIM, DEMAND, OR CAUSE OF ACTION RELEASED BY YOU OR THE RELEASING PARTIES. YOU RECOGNIZE THAT

YOU OR THE RELEASING PARTIES MAY HAVE SOME CLAIM, DEMAND, OR CAUSE OF ACTION AGAINST THE COCO FRESH PARTIES OF WHICH YOU, HE, SHE, OR IT IS TOTALLY UNAWARE AND UNSUSPECTING, WHICH YOU, HE, SHE, OR IT IS GIVING UP BY EXECUTING THIS RELEASE. IT IS YOUR INTENTION, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, IN EXECUTING THIS INSTRUMENT THAT IT WILL DEPRIVE YOU, HIM, HER, OR IT OF EACH SUCH CLAIM, DEMAND, OR CAUSE OF ACTION AND PREVENT YOU, HIM, HER, OR IT FROM ASSERTING IT AGAINST THE COCO FRESH PARTIES. IN FURTHERANCE OF THIS INTENTION, YOU, ON YOUR OWN BEHALF AND ON BEHALF OF THE RELEASING PARTIES, EXPRESSLY WAIVE ANY RIGHTS OR BENEFITS CONFERRED BY THE PROVISIONS OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, WHICH PROVIDES AS FOLLOWS:

**“A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THAT THE CREDITOR OR RELEASING PARTY DOES NOT KNOW OR SUSPECT TO EXIST IN HIS OR HER FAVOR AT THE TIME OF EXECUTING THE RELEASE AND THAT, IF KNOWN BY HIM OR HER, WOULD HAVE MATERIALLY AFFECTED HIS OR HER SETTLEMENT WITH THE DEBTOR OR RELEASED PARTY.”**

YOU ACKNOWLEDGE AND REPRESENT THAT YOU HAVE CONSULTED WITH LEGAL COUNSEL BEFORE EXECUTING THIS RELEASE AND THAT YOU UNDERSTAND ITS MEANING, INCLUDING THE EFFECT OF SECTION 1542 OF THE CALIFORNIA CIVIL CODE, AND EXPRESSLY CONSENT THAT THIS RELEASE SHALL BE GIVEN FULL FORCE AND EFFECT ACCORDING TO EACH AND ALL OF ITS EXPRESS TERMS AND PROVISIONS, INCLUDING, WITHOUT LIMITATION, THOSE RELATING TO THE RELEASE OF UNKNOWN AND UNSUSPECTED CLAIMS, DEMANDS, AND CAUSES OF ACTION.

If the franchised business you operate under the Franchise Agreement is located in Maryland or if any of the Releasing Parties is a resident of Maryland, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

If the franchised business you operate under the Franchise Agreement is located in Washington or if any of the Releasing Parties is a resident of Washington, the following shall apply:

Any general release provided for hereunder shall not apply to any liability under the Washington Franchise Investment Protection Act.

*[SIGNATURE PAGE FOLLOWS]*

**IN WITNESS WHEREOF**, the parties hereto have executed and delivered this release on the date stated on the first page hereof.

**INFINILUSH COMPANY LIMITED**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

**FRANCHISEE OWNER**

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_

Print Name: \_\_\_\_\_

Title: \_\_\_\_\_

By: \_\_\_\_\_

Date: \_\_\_\_\_



**EXHIBIT H**  
**LISTS OF FRANCHISEES**

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

Infinilush Company Limited  
2024 FDD | Ex. H – List of Franchisees  
1482.002.003/400656~~2023~~Infinilush Company Limited  
2024 FDD | Ex. H – List of Franchisees  
1482.002.003/400656 FDD | Ex. H – List of FranchiseesInfinilush Company Limited  
2024 FDD | Ex. H – List of Franchisees  
1482.002.003/400656~~1482.002.002/374553~~Infinilush Company Limited  
2024 FDD | Ex. H – List of Franchisees  
1482.002.003/400656

**LIST OF CURRENT FRANCHISEES OPEN STORES**  
**(as of December 31, ~~2022~~2023)**

	Franchisee Name	Address	City	State	Telephone Number
1.	TCJP LLC	735 South Figueroa St.	Los Angeles	CA	213 372-5532
<u>2.</u>	<u>CHEN 868 CORP.*</u>	<u>954 E. Alostia Ave.</u>	<u>Azusa</u>	<u>CA</u>	<u>626-804-3841</u>
<u>3.</u>	<u>L&amp;N Family LLC</u>	<u>467 S Vance St.</u>	<u>Lakewood</u>	<u>CO</u>	<u>303-862-6615</u>
<u>4.</u>	<u>COCO FLORIDA LLC</u>	<u>6858 Stirling Rd.</u>	<u>Davie</u>	<u>FL</u>	<u>954-310-8990</u>
<u>5.</u>	<u>L and C Food &amp; Beverage LLC</u>	<u>1951 N. Federal Hwy</u>	<u>Boca Raton</u>	<u>FL</u>	<u>561-884-5125</u>
<u>6.</u>	<del>2.</del> <u>CoCo Boston Chanla Pang LLC</u>	<del>5751 Main Street</del> <u>5751 Main Street, Unit D</u>	Hudson	MA	774-253-9368
<u>7.</u>	<del>3.</del> CoCo Boston LLC	1764 Massachusetts Ave.	Lexington	MA	774-253-9368
<u>8.</u>	<del>4.</del> CoCo Boston LLC	475 Hancock St.	Quincy	MA	774-253-9368
<u>9.</u>	<del>5.</del> TOREY ENTERPRISES, LLC	<del>15240 11028 NE 15th Pl. Unit C</del> <u>11028 NE 15th Pl. Unit C 8<sup>th</sup> St.</u>	Bellevue	WA	510-759-8881
<u>10.</u>	<del>6.</del> TOREY ENTERPRISES, LLC	728 Southcenter Mall	Tukwila	WA	510-759-8881

\* this is a dual-branded Store.

**LIST OF AGREEMENTS SIGNED BUT NOT OPEN**  
**(as of December 31, ~~2022~~2023)**

Franchisees may purchase a 3-Store franchise in one franchise agreement. This table reflects the number of Stores undeveloped under all franchise agreements

	Franchisee Name	Address Undeveloped Store(s)	City	State	Telephone Number
1.	L&N Family LLC	<del>18483 W 94th LN, Arvada</del> <u>2</u>	Denver	CO	<del>720-883-6782</del> <u>303-862-6615</u>
2.	COCO FLORIDA LLC	<del>1405 NW 27th Ave, Delray Beach</del> <u>1</u>	Miami	FL	<del>212-810-6509</del> <u>954-310-8990</u>
<u>3.</u>	<u>S &amp; A Bubble Tea Inc.</u>	<u>1</u>	<u>New Rochelle</u>	<u>NY</u>	<u>347-702-0198</u>
<u>4.</u>	<u>C&amp;C Fresh LLC**</u>	<u>3</u>	<u>Syosset</u>	<u>NY</u>	<u>718-483-5160</u>
<u>5.</u>	<u>Newtopia LLC</u>	<u>1</u>	<u>Austin</u>	<u>TX</u>	<u>915-315-0738</u>
<u>6.</u>	<u>Coco Fresh Tea Utah, Inc.</u>	<u>2</u>	<u>Draper</u>	<u>UT</u>	<u>385-202-9021</u>
<u>7.</u>	<del>3-</del> TOREY ENTERPRISES, LLC	<del>728 Southeaster Mall</del> <u>1</u>	Tukwila	WA	510-759-8881
<u>8.</u>	<u>CHEN 868 CORP.*</u>	<u>1</u>	<u>Greendale</u>	<u>WI</u>	<u>626-804-3841</u>
	<b><u>TOTAL</u></b>	<b><u>12</u></b>			

\* this is a dual-branded Store.

\*\* this is a three-Store agreement for non-traditional locations.

**LIST OF FRANCHISEES THAT LEFT SYSTEM**  
**(~~2022~~2023 calendar year)**

None

	Franchisee Name	Address	City	State	Telephone Number
<u>1.</u>	<u>CoCo Boston LLC*</u>	<u>47 Leonard St.</u>	<u>Belmont</u>	<u>MA</u>	<u>774-253-9368</u>

\* this franchisee is still a part of the franchise system.

**NEW YORK REPRESENTATIONS PAGE**

**FRANCHISOR REPRESENTS THAT THIS FRANCHISE DISCLOSURE DOCUMENT DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.**

## 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	<del>April 3, 2023</del> <a href="#">Pending</a>
Illinois	<del>March 28, 2023</del> <a href="#">Pending</a>
Indiana	<del>March 23, 2023</del> <a href="#">Pending</a>
Maryland	<del>August 8, 2023</del> <a href="#">Pending</a>
Michigan	March <del>28</del> <a href="#">26, 2023</a> <a href="#">2024</a>
Minnesota	<del>August 11, 2023</del> <a href="#">Pending</a>
New York	<del>May 5, 2023</del> <a href="#">Pending</a>
North Dakota	<del>May 4, 2023</del> <a href="#">Pending</a>
Rhode Island	<del>March 30, 2023</del> <a href="#">Pending</a>
South Dakota	<del>March 28, 2023</del> <a href="#">Pending</a>
Virginia	<del>June 6, 2023</del> <a href="#">Pending</a>
Washington	<del>April 6, 2023</del> <a href="#">Pending</a>
Wisconsin	March <del>28</del> <a href="#">26, 2023</a> <a href="#">2024</a>

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT I**

**RECEIPTS**

**RECEIPT  
(OUR COPY)**

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

If Infinilush Company Limited 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, Infinilush Company Limited or an affiliate in connection with the proposed franchise sale, or sooner if required by applicable state law. Under Iowa law, we must give you this disclosure document at the earlier of our 1<sup>st</sup> personal meeting or 14 calendar days before you sign an agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale. Under Michigan law, we must 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. Under New York law, we must provide this disclosure document at the earlier of the 1<sup>st</sup> personal meeting or 10 business days before you sign a binding agreement with, or make a payment to, us or an affiliate in connection with the proposed franchise sale.

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

The franchisor is Infinilush Company Limited, 652 Market Street, San Francisco, California 94104, +852-3507-6138. The franchise seller for this offering is:

- |   |   |  |
|---|---|--|
| <input type="checkbox"/> Warren Chen<br>Infinilush Company Limited<br>652 Market Street,<br>San Francisco, California 94104<br>+852-3507-6138 | <input type="checkbox"/> Jojo Chen<br>Infinilush Company Limited<br>652 Market Street,<br>San Francisco, California 94104<br>+852-3507-6138 | <input type="checkbox"/> Name of Franchise Seller:<br>_____<br>Principal Business Address:<br>_____<br>_____<br>Telephone No.: _____ |
|---|---|--|

Issuance Date: March ~~2826~~, ~~2023~~2024

See Exhibit A for Infinilush Company Limited’s registered agents authorized to receive service of process.

I have received a disclosure document dated March ~~2826~~, ~~2023~~2024, that included the following Exhibits:

Exhibit A	State Administrators / Agents for Service of Process	Exhibit D	State Addenda and Agreement Riders
Exhibit B	Franchise Agreement	Exhibit E	Financial Statements
Exhibit B-1	Franchise Agreement Supplement	Exhibit F	Representations and Acknowledgment
Exhibit B-2	Territorial Rights Amendment	Exhibit G	Sample General Release
Exhibit C	Table of Contents to Operations Manual	Exhibit H	List of Franchisees
		Exhibit I	Receipts

_____	_____	_____
Date	Signature	Printed Name

_____	_____	_____
Date	Signature	Printed Name

Please sign this copy of the receipt, print the date on which you received this disclosure document, and return it, by mail or email, to Infinilush Company Limited, at 652 Market Street, San Francisco, California 94104, phone: +852-3507-6138.

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_____ Date	_____ Signature	_____ Printed Name
_____ Date	_____ Signature	_____ Printed Name

PLEASE SIGN THIS COPY OF THE RECEIPT, PRINT THE DATE ON WHICH YOU RECEIVED THIS DISCLOSURE DOCUMENT AND KEEP IT FOR YOUR RECORDS.