

Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Michigan. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Michigan than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **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 with a longer operating history.
- 3.4. **Mandatory Minimum Payments. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.**

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

Notes to Tables

1. The figures for Restaurant 2 and Restaurant 3 in the table were prepared by management of the affiliated entities and were not audited. The Restaurant 1 figures in the table were prepared by management of the affiliated entity through October 23, 2023, and then by the franchisee from October 23, 2023 through December 31, 2023.
2. The 3 Restaurants represented in the above table were open at least one full calendar year as of December 31, 2023.
3. We have added to the above table Royalty (5% of Gross Sales) and Brand Development Fund fees (2% of Gross Sales) to demonstrate the difference in expenses from the Restaurants operated by our affiliates that you will incur. Except as otherwise disclosed in these notes and the above table, we do not believe there are any material financial and operational characteristics of the affiliate-owned outlets that are reasonably anticipated to differ materially from future operational franchise outlets.
4. Gross Sales includes all retail revenue of the Restaurants, including sales taxes collected and paid to the tax authorities. The Gross Sales amounts for the Restaurant included in Table 1 do not include any non-retail revenue (e.g. wholesale or commissary revenue). Food costs includes all food costs related to preparing all of the Approved Products in the VARA Juice™ System. Labor costs includes all expenses related to hourly and management employees, including payroll expenses and payroll taxes. Although our affiliates do not pay Royalty or at this time Brand Development Fund Fees, we have adjusted this Item 19 to include those fees since a franchisee will be required to pay them to us.
5. The sales and expense information in the above table does not reflect the actual potential net income of a VARA Juice™ Restaurant. There are a number of fixed and variable costs associated with the development and operation of a VARA Juice™ Restaurant that are not reflected in the above table and that vary among individual VARA Juice™ Restaurants. These expenses include but are not limited to the following: rent; costs described in Items 6 and 7 of this Franchise Disclosure Document; other occupancy costs; other taxes; other insurance; advertising expenses; interest or finance charges if you finance some or all of the cost of the franchise; depreciation on property and equipment; legal and accounting fees; other general administrative expenses; any pre-opening or amortization of organization costs; costs associated with regulatory compliance; and management costs. We strongly encourage you to consult with your financial advisors in reviewing the information in this Item 19, in particular, in estimating the categories and amount of expenses you will incur in establishing and operating a VARA Juice™ Restaurant.
- ~~6. You should be aware that the financial performance of any particular VARA Juice™ Restaurant will be affected by a number of factors that may vary due to the individual characteristics of the VARA Juice™ Restaurant. These factors include, but are not limited to: the size and maximum capacity of your location; competition from other businesses; appreciation and acceptance of the products and services offered by your franchise in the community in which your franchise is located; your experience; the quality and effectiveness of your managerial skills; and your decisions with respect to location, advertising programs, personnel and cost controls; geographic and socioeconomic~~

~~conditions in your locality; business cycles; and the performance of the local, national and world economy.~~

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

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

Financial Information for Specific Operating Units

We may give a prospective franchisee who is seeking to buy a specific operating unit, whether owned by us, an affiliate or another franchisee, actual operating results of that unit.

We recommend that you make your own independent investigation to determine whether or not the franchise may be profitable to you. We suggest strongly that you consult your financial advisor or personal accountant concerning financial projections and federal, state and local income taxes and any other applicable taxes that you may incur in operating a VARA Juice™ Restaurant.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Ali Albadani at 3231 S. Gulley Road, Suite C, Dearborn, Michigan 48124 or 313-908-0002, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20—OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For Years 2021 to 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	3	+3
Company-Owned	2021	2	4	+2
	2022	4	4	0
	2023	4	3	-1
Total Outlets	2021	2	4	2
	2022	4	4	0
	2023	4	6	+2

(d) The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See MINNESOTA RULES 2860.4400(J) also, a court will determine if a bond is required.

(e) The Limitations of Claims section of the Franchise Agreement must comply with MINN. STAT. SECTION 80C.17 SUBD. 5.

2. The following is in addition to the disclosures made in Items 5 and 7 of the Franchise Disclosure Document:

(a) Franchisee's payment of the initial franchise fee will be deferred until Franchisor has met all of its initial obligations to Franchisee, and Franchisee has commenced doing business.

3. No statement, questionnaire, or acknowledgement 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 with the franchise.

NEW YORK

1. **REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271.**

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

2. Litigation. The following is in addition to the disclosure in Item 3 of the Franchise Disclosure Document:

Except for any actions disclosed in the body of the Disclosure Document, neither the franchisor, a predecessor, a parent or affiliate that induces franchise sales by promising to back the franchisor financially or otherwise guarantees the franchisor's performance, an affiliate who offers franchises under the Franchisor's principal trademarks, nor any person identified in Item 2 of the Franchise Disclosure Document:

A. 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; or any pending action, other than routine litigation incidental to