

MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION

WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

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.

Item 21
FINANCIAL STATEMENTS

We have not been in business for three years or more, and therefore cannot include all financial statements required by the Franchise Rule of the Federal Trade Commission. Exhibit F contains our audited opening balance sheet dated as of 5/17/2022, 12/31/2022 and our most recent audited financial statements as of 12/31/2023 and our unaudited financial statements as of 10/31/2024. Our fiscal year end is December 31.

Item 22
CONTRACTS

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Non-Disclosure Agreement, Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements

Item 23
RECEIPTS

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

EXHIBIT F

FINANCIAL STATEMENTS

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAD AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

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10/31/24

Accrual Basis

DaaBIN Store Franchising LLC

Balance Sheet

As of October 31, 2024

	<u>Oct 31, 24</u>
ASSETS	
Current Assets	
Checking/Savings	
CFCCU Checking #180236-7	599.20
Total Checking/Savings	599.20
Accounts Receivable	
Accounts Receivable (A/R)	29,081.75
Total Accounts Receivable	29,081.75
Total Current Assets	29,680.95
TOTAL ASSETS	<u>29,680.95</u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable (A/P)	5,321.30
Total Accounts Payable	5,321.30
Total Current Liabilities	5,321.30
Total Liabilities	5,321.30
Equity	
Opening balance equity	20.00
Retained Earnings	-4,182.72
Net Income	28,522.37
Total Equity	24,359.65
TOTAL LIABILITIES & EQUITY	<u>29,680.95</u>

9:14 AM
10/31/24
Accrual Basis

DaaBIN Store Franchising LLC
Profit & Loss
January through October 2024

	<u>Jan - Oct 24</u>
Ordinary Income/Expense	
Income	
Franchise License Income	3,320.55
Franchise Purchase Income	84,269.53
Marketing Income	
Elizabeth City Marketing Income	1,937.51
Graham Marketing Income	8,774.50
LaCrosse Marketing Income	4,742.96
Mason City Marketing Income	5,207.56
Newport News Marketing Income	10,346.92
Rice Lake Marketing Income	17,703.90
Marketing Income - Other	166.46
Total Marketing Income	48,879.81
Royalty Income	
Elizabeth City Royalty Income	9,687.66
Graham Royalty Income	36,124.52
LaCrosse Royalty Income	23,714.71
Mason City Royalty Income	29,696.15
Newport News Royalty Income	51,736.38
Rice Lake Royalty Income	46,297.59
Royalty Income - Other	832.30
Total Royalty Income	198,089.31
Services	3,673.61
Store Online Order	40,270.54
Store Reimbursements	
BRAM SF Reimbursement	45.60
Elizabeth City Reimbursement	129,245.25
Graham Reimbursement	409,625.00
LaCrosse Reimbursement	338,673.55
Mason City Reimbursement	384,938.00
Newport News Reimbursement	704,057.22
Rice Lake Reimbursement	514,525.00
Statesville Reimbursement	20,900.00
Store Reimbursements - Other	33,094.10
Total Store Reimbursements	2,535,103.72
Total Income	2,913,607.07
Gross Profit	2,913,607.07
Expense	
General business expenses	
Bank fees & service charges	10.00
Total General business expenses	10.00
Newport News Pass Through Exp	587,995.47
Store Pass Through Expenses	
Elizabeth City Pass Through Exp	169,966.32
Graham Pass Through	451,012.31
Kinston Pass Through	38,653.60
LaCrosse Pass Through Expense	422,501.57
Mason City Pass Through	422,420.93
Newport News PassThrough Expens	104,435.03
Rice Lake Pass Through	533,390.51
Spring Lake Pass Through	35.89

	<u>Jan - Oct 24</u>
Statesville Pass Through	25,935.89
Store Pass Through Expenses - Other	<u>128,727.76</u>
Total Store Pass Through Expenses	2,297,079.81
Total Expense	2,885,085.28
Net Ordinary Income	28,521.79
Other Income/Expense	
Other Income	
Interest earned	<u>0.58</u>
Total Other Income	0.58
Net Other Income	0.58
Net Income	<u>28,522.37</u>

DAABIN STORE FRANCHISING, LLC

Financial Statements For The Years Ended December 31, 2023 & December 31, 2022

TOGETHER WITH INDEPENDENT ACCOUNTANT AUDIT REPORT

**Item 3
LITIGATION**

No litigation is required to be disclosed in this Item.

**Item 4
BANKRUPTCY**

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

**Item 5
INITIAL FEES**

Franchise Fee

When you sign your franchise agreement, you must pay us \$35,000 as the initial franchise fee. This fee is uniform and is not refundable.

All fees are deferred until Franchisor has delivered all preopening obligations and the Franchisee has commenced doing business.

Bins, Shopping Carts, Signage and Marketing Materials

When you purchase the franchised business model, you will be required to purchase the Shopping Carts from us. The total Investment will be \$1,500 for 15 shopping carts. This fee is uniform and not refundable.

You will be required to purchase the Bins you will use in the operation of the store and sell goods from us. Bins will be a total Investment of \$15,000 depending on the size of the store. This fee is uniform and not refundable.

You will be required to purchase Marketing Materials and signage from us for the franchised business. Marketing Materials and Signage will be a total of \$5,000 to \$14,000. This fee is uniform and not refundable.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to \$25,000 for each additional franchise after the first franchise. You will pay all franchise fees upon signing the MUDA. They are uniform and not refundable.

Total	\$187,750 - \$381,000			This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total of 3 or 5 locations.
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Notes

1. The initial Franchise Fee is paid at the time of executing the Franchise Agreement. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment. All fees are deferred until Franchisor has delivered all preopening obligations and the Franchisee has commenced doing business.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider.

3. You will purchase the fixtures, store furniture and much of the opening hard goods from approved vendors and suppliers. You will be required to purchase the bins and the shopping carts from our Affiliate company. The portion of this investment which is paid to our Affiliate is \$16,500.

4. You will be required to purchase the exterior and interior signage from our Affiliate company. Your costs for exterior signage may vary greatly depending on your location and the signage requirements by your landlord and the amount of signage needed for your location.

5. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a DaaBIN Store business by our affiliate, and our general knowledge of the industry.

6. This estimate assumes you sign a Multi-Unit Development Agreement for three to five franchises. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. Your initial franchise fees are reduced to \$25,000 for the second and each additional franchise. You will pay all franchise fees upon signing the MUDA.

ARTICLE 1. FEES

4.1 Initial Franchise Fee. Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

All fees are deferred until Franchisor has delivered all preopening obligations and the Franchisee has commenced doing business.

4.2 Royalty Fee. Franchisee shall pay DaaBIN Store Franchising a weekly royalty fee (the “Royalty Fee”) equal to 5% of Net Sales. Royalties are paid on Tuesdays of each week based on the previous week’s Net Sales from Thursday through Wednesday evening at 11:59pm.

Example: If the royalty fees were paid on Tuesday June 21st, that covers the period of Thursday June 9th – Wednesday June 15th at midnight.

4.3 Marketing Contributions.

(a) Brand Fund Contribution. Franchisee shall pay DaaBIN Store Franchising a contribution to the Brand Fund (the “Brand Fund Contribution”) equal to 1% of Franchisee’s Net Sales (or such lesser amount as DaaBIN Store Franchising determines), at the same time as the Royalty Fee.

(b) Market Cooperative Contribution. If the Business participates in a Market Cooperative, then Franchisee shall contribute to the Market Cooperative a percentage of Net Sales (or other amount) determined by the Market Cooperative, not to exceed 5%.

4.4 Replacement / Additional Training Fee. If Franchisee sends an employee to DaaBIN Store Franchising’s training program after opening, DaaBIN Store Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$250 per day, plus travel and expenses if training is at Franchisee’s location.

4.5 Non-Compliance Fee. DaaBIN Store Franchising may charge Franchisee \$500 for any instance of non-compliance with the System Standards or this Agreement (other than Franchisee’s non-payment of a fee owed to DaaBIN Store Franchising) which Franchisee fails to cure after 30 days’ notice. Thereafter, DaaBIN Store Franchising may charge Franchisee \$250 per week until Franchisee ceases such non-compliance. This fee is a reasonable estimate of DaaBIN Store Franchising’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fee is in addition to all of DaaBIN Store Franchising’s other rights and remedies (including default and termination under Section 14.2).

4.6 Reimbursement. DaaBIN Store Franchising may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If DaaBIN Store Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to DaaBIN Store Franchising within 15 days after invoice by DaaBIN Store Franchising accompanied by reasonable documentation.