

## 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 Idaho. 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 Idaho than in your own state.
- 2. 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 the prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
- 4.3. 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 in a system with a longer operating history.

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.

Type of Fee	Amount	Due Date	Remarks
	<p>new equipment, products, or processes; and(iii) each hygiene or dress code violation or for violations arising from uncleanliness of the Store</p> <p>3. \$100 per day per deviation from any other contractual requirement</p>		
<b>Late Payment Fee</b>	10% of the past due amount plus \$50 per week for each week thereafter the amount remains unpaid	Upon receipt of notification from us that the fee is being charged	
<b>Insufficient Funds Fee</b>	<p><u>Actual cost incurred by us due to insufficient funds in your designated bank account when any payment is made</u><del>\$25 per week for each week there are insufficient funds in your designated bank account</del></p>	Upon receipt of notification from us that the fee is being charged	<p><u>There is currently no minimum amount required in your account, but you must reimburse us for our costs if there are insufficient funds in your account with respect to a payment made to us.</u></p>
<b>Interest</b>	10% annually or the greatest amount allowed under applicable law, whichever is less	Upon receipt of notification from us that the fee is being charged	All past due amounts will be subject to interest, accruing from the due date at the rate of 1.5% per month or the greatest amount allowed under applicable law, whichever is less
<b>Reimbursement of Taxes</b>	An amount necessary to cover any taxes and related costs and expenses imposed upon or paid by us to ensure that the payment is equal to the amount we would have otherwise received	Upon receipt of notification from us	This fee applies if any tax or fee (other than federal or state income tax) is imposed on us due to our receipt of fees from you under the Franchise Agreement
<b>Additional Initial Training</b>	Initial training for two people at the Rexburg, Idaho, or other operating location is included in the initial training fee. Additional individuals that attend the initial training program must pay our then-current fee for initial training; currently \$250 per day	Prior to commencement of training	See Note 5

**TABLE 5: PROJECTED OPENINGS AS OF DECEMBER 31, 2023  
(LAST DAY OF FISCAL YEAR)**

State	Franchise agreements signed but outlet not opened	Projected new franchised outlets in the next fiscal year	Projected new company-owned outlets in the next fiscal year
Arizona	1	1	0
Florida	2	2	0
Texas	1	1	0
Utah	1	1	0
Total	5	5	0

Attached as Exhibit E is a list of the names, addresses, and telephone numbers of all current franchisees and area developers. No franchisee had an outlet terminated, cancelled, or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year. The contact information for any such franchisees will be found on Exhibit E. In addition, no franchisee has failed to communicate with us within 10 weeks of the date of this Disclosure Document. If you buy a Crispy Cones franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

During the last three fiscal years, no franchisees or licensees have signed confidentiality clauses. Future franchisees will be required to sign agreements that include confidentiality clauses. In some instances, franchisees will sign agreements restricting their ability to speak openly about their experience with Crispy Cones franchise system.

There is no trademark-specific franchisee organization associated with Crispy Cones franchise system and no franchisee organization incorporated or otherwise organized under state law has asked us to be included in this Disclosure Document.

## ITEM 21. FINANCIAL STATEMENTS

Attached as Exhibit ~~DF~~ to this Disclosure Document are ~~an unaudited opening balance sheet as of~~ interim financial statements as of January 31, 2024 and audited financial statements for the years ended December 31, 2023 and December 31, 2022. We did not offer franchises prior to 2022 and do not yet have all required audited financial statements so we cannot include all of the financial statements otherwise required by the FTC rule. We are utilizing the phase-in option available under the FTC rule and state specific rules.

## ITEM 22. CONTRACTS

The following agreements and other required exhibits are attached to this Disclosure Document in the pages immediately following:

- Exhibit B** - Franchise Agreement and related Exhibits
  - Authorized Location
  - Acknowledgment of Opening
  - Entity Ownership Addendum

**MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT**

**CRISPY CONES FRANCHISING, LLC**

As a supplement to the information disclosed in this Disclosure Document, the following additional paragraphs are added:

Items 5 and 7 are amended to state the following:

We defer the collection of all initial fees from Minnesota franchisees until we have completed all our pre-opening obligations and you are open for business.

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

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## MINNESOTA ADDENDUM TO THE FRANCHISE AGREEMENT

### CRISPY CONES FRANCHISING, LLC

This Addendum (“**Addendum**”) is effective as of \_\_\_\_\_, 20\_\_ to that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_ (“**Agreement**”) by and between Crispy Cones Franchising, LLC, an Idaho limited liability company (“**Crispy Cones**”), and \_\_\_\_\_ (“**Franchisee**”). Notwithstanding any provisions in the Agreement, Crispy Cones and Franchisee hereby agree to the following:

1. **Release.** Minnesota Rule 2860.4400D prohibits Crispy Cones from requiring Franchisee to consent to a general release. The Agreement is modified accordingly, to the extent required by Minnesota law.
2. **Dispute Resolution.** Section 32 is amended, to the extent required under Minnesota law, to comply with Minn. Statutes, Sec. 80C.21 and Minn. Rule Part 2860.4400J, which may prohibit Crispy Cones from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring Franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Agreement can abrogate or reduce (1) any of 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.
3. **Notice.** With respect to the franchises governed by Minnesota law, Crispy Cones will comply with Minnesota Statute Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that Franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
4. **Indemnification for Use of Trademark.** Crispy Cones will protect Franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify 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 not to protect Franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
5. **Limitation of Claims.** With respect to the franchises governed by Minnesota law, any limitations of claims must comply with Minnesota Statutes Section 80C.17, Subd. 5.
6. **Injunctive Relief.** Franchisee cannot consent to Crispy Cones obtaining injunctive relief. Crispy Cones may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.
7. **Fee Deferral.** Crispy Cones defers the collection of all initial fees from Franchisee until the Crispy Cones has completed all its pre-opening obligations and Franchisee is open for business
- ~~6-8.~~ **No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.**