

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The area representative agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Texas. 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 Texas than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the area representative agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
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.
4. **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.
5. **Sales Performance Required.** You must maintain minimum sales performance levels. Your inability to maintain these levels may result in loss of any territorial rights you are granted, termination of your franchise, and loss of your investment.
6. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments, may result in termination of your franchise and loss of your investment.

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

- any SUCCESS Facility owned by us or our affiliate (we may not open company-owned SUCCESS Facilities in your Development Territory without your permission)
- any Limited Services Facility
- the initial franchise fee and initial training fee you pay us for your first SUCCESS Facility

The specific Area Representative Services you will provide, and our standards, policies, procedures, techniques, strategies and other requirements for providing these services, may be described in more detail in our Area Representative Brand Standards Manual (the “Area Representative Manual”). You must operate your Business in compliance with the AR Agreement and the Area Representative Manual.

Founders’ Club Program

We currently offer a program (the “Founders’ Club Program”) that includes various financial benefits for the first 10 Area Representatives who choose to participate. A qualifying Area Representative who elects to participate in the Founders’ Club Program is referred to as a “Founders’ Club Member”. Founders’ Club Members receive higher Commissions on initial franchise fees and royalty fees (as discussed above) and pay a lower initial development fee (discussed in Item 5). In order to participate, the Founders’ Club Member must: (a) sign the Founders’ Club Amendment attached to this Disclosure Document as EXHIBIT "G"-4; and (b) attend and actively participate in quarterly Founders’ Club meetings to discuss the SUCCESS Space and Area Representative business models and potential enhancements and improvements.

~~As of the issuance date of this Disclosure Document, we~~We are still accepting new Founders’ Club Members. We will confirm to you, upon request, whether we are still accepting new Founders’ Club Members at the time you purchase the franchise.

We may provide additional details regarding the Founders’ Club Program in the Manual. We reserve the right to change or discontinue the Founders’ Club Program at any time. There are no Area Representatives as of ~~the issuance date of this Disclosure Document.~~[April 19, 2024.](#)

Market and Competition

As an Area Representative, you will compete with other franchise systems in the shared workspace industry seeking to recruit franchisees within your Development Territory. The franchising industry is well developed and highly competitive. Sales of franchises are not seasonal.

The target market for the goods and services offered by a SUCCESS Facility includes entrepreneurs, small business owners, flex workers, telecommuters and other individuals seeking a convenient and flexible co-workspace solution. The target market for the café is the general public. The market for local flexible office providers, co-working facilities, meeting and training facilities, and flexible office alternatives is developing and demand for these services is growing. We do not expect sales to be seasonal, although we have not confirmed this fact because no Facilities have been open a full year as of ~~the issuance date of this Disclosure Document.~~[April 19, 2024.](#)

Franchisees compete primarily with other co-working facilities, meeting and training facilities, executive suites, coffee shops and retail businesses that offer services and products comparable to those offered by a SUCCESS Facility. Most competitors are independently owned and operated, but others operate through regional or national chains (a few operate under a franchise model). Unlike most shared workspace competitors, SUCCESS Facilities will generally be located in suburban retail areas, which allows them to offer members a convenient and accessible shared workspace solution closer to where they live. We believe the unique blend of services and amenities offered by SUCCESS Facilities also provides a competitive advantage.

Laws and Regulations

You must comply with all federal and state licensing and other regulatory requirements relating to the operation of your Business. As an Area Representative, you must comply with certain federal and state laws regulating the

Franchise Disclosure Document (2024 Area Rep)

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

Development Fee

You pay us a nonrefundable \$100,000 initial development fee in one lump sum at the time you sign the AR Agreement. If you are a Founders' Club Member, the initial development fee is reduced to \$75,000. The development fee is uniformly imposed except for the discount received by Founders' Club Members.

Initial Training Fee

You pay us a nonrefundable \$2,500 initial training fee in one lump sum when you sign the AR Agreement. The initial training fee is paid for the initial training program we provide for the development and operation of an Area Representative Business. The initial training fee is uniformly imposed.

ITEM 6 OTHER FEES

TYPE OF FEE ¹	AMOUNT ²	DUE DATE	REMARKS
Minimum Marketing Expenditure	\$500 per month	As incurred	You must spend these funds on marketing and advertising to promote the franchise opportunity and solicit prospective franchisees within your Development Territory. You pay these amounts to third-party suppliers.
Training Fee	Up to \$500 per person per day (plus Travel Expenses for onsite training)	10 days after invoice	Payable for each person who: (a) attends initial training after you open (such as a new Managing Owner); (b) retakes training after failing a prior attempt; (c) attends remedial training we require due to your operational deficiencies; (d) attends any refresher or additional training; or (e) attends additional training you request. You must also reimburse us for Travel Expenses we incur for training in your Development Territory.
Technology Fee	Varies (currently \$250 per month for sales CRM & microsite)	10 th day of month or as otherwise specified by us	This fee includes all amounts you pay us and our affiliates relating to the Technology Systems, including amounts paid for proprietary items and amounts we collect from you and remit to third-party suppliers. It may also include a reasonable administrative fee for managing the technology platform and negotiating/managing relationships with third-party licensors. It does not include amounts you pay to third-party suppliers.

within the state. You are responsible for all costs associated with these licenses, permits and registrations.

7. **Professional Fees:** This includes the estimated fees for professionals you may choose to hire in order to:
- assist you in reviewing this Disclosure Document and negotiating your AR Agreement
 - advise you regarding local laws and regulations applicable to your Business
 - form a business entity
 - set up your books, records and accounts
 - develop a business plan and budget for the development and operation of your Business.

You are required to hire an attorney to advise you franchise disclosure and registration laws applicable in your state. The other services listed above are optional but highly recommended.

8. **Additional Funds:** This estimates your expenses during the first 3 months of operation, including marketing, legal compliance, payroll and other miscellaneous expenses and required working capital. Your initial 3 months of rent and insurance premium are separately stated in the table above. The low estimate assumes you do not hire any employees during the first 3 months of operation. These figures are estimates based on: (a) the prior franchising experience of our principals, consultants and advisors; and (b) the recent experience of our Area Representatives in developing, opening and operating franchised Area Representative Businesses.

9. **Budget and Initial Investment Report:** ~~We strongly recommend you hire an accountant, business advisor or other professional to assist you in developing a budget for the development and operation of your Business.~~ This table does not include the costs to develop your SUCCESS Facility. Some expenses you incur relating to your SUCCESS Facility will carry over and also cover the same or similar expenses with respect to your Business, including your computer system, training expenses, professional fees, utility deposits and working capital. The table above only lists expenses to develop your Business that are in addition to expenses you incur to develop your SUCCESS Facility. Within 60 days after your opening date, you must send us a report, in the form we designate, listing the expenses you incur to develop and open your Business. We may use this data to update the initial investment estimate in our Franchise Disclosure Document.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Source-Restricted Purchases and Leases - Generally

You must purchase or lease certain “source-restricted” goods and services for the development and operation of your Business. By “source-restricted”, we mean the good or service must meet our specifications (or must be a specific brand or model) and/or must be purchased from an approved or designated supplier (in some cases, an exclusive designated supplier, which may be us or our affiliate). The Area Representative Manual will include our specifications and supplier list. We notify you of changes to our specifications and suppliers by email, updates to the Area Representative Manual, bulletins or other means of communication.

Supplier Criteria

Our criteria for evaluating a supplier include standards for quality, delivery, performance, design, appearance and price of the product or service as well as the dependability, reputation and financial viability of the supplier. Upon request, we will provide you with any objective specifications pertaining to our evaluation of a supplier or product, although certain important subjective criteria (e.g., product appearance, design, functionality, etc.) are important to our evaluation but cannot be described in writing.

If you wish to purchase or lease a source-restricted item from a non-approved supplier, you must send us a written request for approval and submit all additional information we request. We may require that you send us samples from the supplier for testing. We may also require that we be allowed to inspect the supplier’s facilities. We will notify you of our decision within 30 days after we receive your request for approval and all additional

information and samples we require. We may periodically re-inspect the facilities and products of any approved supplier and revoke our approval if the supplier fails to meet our then-current criteria. [We will notify you in writing by email or a similar form of communication if we revoke our approval of any suppliers.](#) You must reimburse us for all costs we incur to evaluate products and suppliers you propose.

Current Source-Restricted Items

We estimate nearly 95% of the total purchases and leases to establish your Business and 75% of ongoing operating expenses will consist of source-restricted goods or services, as further described below.

Insurance Policies

You must obtain the insurance coverage we require (whether in the Franchise Agreement or in the Area Representative Manual) from licensed insurance carriers with an A.M. Best Rating of A-VII or better, including the following:

Policy Type	Minimum Coverage
Comprehensive General Liability	\$1,000,000 per occurrence and \$2,000,000 in the aggregate
Cyber Liability Insurance	\$1,000,000 per occurrence
Umbrella Insurance	\$3,000,000 per occurrence
Business Interruption Insurance	At least 50% of annual revenues or 12 months’ actual loss sustained
Worker’s Comp & Employer Liability Insurance	As required by law (minimum of \$1,000,000 per occurrence)

The required coverage and policies are subject to change. All insurance policies must be endorsed to: (a) name us (and our members, officers, directors and employees) as additional insureds; (b) contain a waiver by the insurance carrier of all subrogation rights against us; and (c) provide us with at least 30 days’ prior written notice of the termination, expiration, cancellation or modification of the policy.

Marketing Materials and Services

All marketing materials must comply with our standards and requirements. We must approve your marketing materials prior to use, including marketing materials to solicit the sale of franchises. In some states, franchise advertising materials must be filed with a state agency prior to use. You must purchase branded marketing materials only from us or other suppliers we designate or approve. We may require that you utilize a designated supplier to provide social media marketing on your behalf.

Technology Systems

Your Technology Systems (including hardware, software, equipment, software applications, mobile apps and similar items) must meet our standards and specifications. Certain components of your Technology Systems must be purchased from approved or designated suppliers while other components may be purchased from any supplier of your choosing. We may also require that certain services relating to the establishment, use, maintenance, monitoring, security or improvement of your Technology Systems be purchased from approved or designated suppliers.

Purchase Agreements

We may, but need not, negotiate purchase agreements with suppliers, including favorable pricing terms, for the benefit of our Area Representatives. If we succeed, you may purchase these goods or services at the discounted prices we negotiate (less any rebates or other consideration paid to us). As of the date of this Disclosure Document, we have not negotiated any purchase agreements (including pricing terms) with suppliers.

We may purchase items in bulk and resell them to you at our cost plus a reasonable markup. You do not receive any material benefits for using designated or approved suppliers other than having access to any discounted

pricing we negotiate. Currently there are no purchasing cooperatives but we may establish them in the future.

Franchisor Revenues from Source-Restricted Purchases

We are currently the exclusive designated supplier for the sales CRM and microsite we provide in exchange for the technology fee. We may designate ourselves and/or our affiliates as approved or designated suppliers for other items in the future. We and our affiliates may generate a profit from these purchases. No person affiliated with us is currently an approved (or the only approved) supplier. There are currently no approved or designated suppliers in which any of our officers owns an interest.

We may receive rebates, payments or other material benefits from suppliers based on purchases by Area Representatives and we have no obligation to pass them on to our Area Representatives or use them in any particular manner. ~~As of the issuance date of this Disclosure Document we~~ We do not have any relationships with suppliers that involve rebates, payments or other material benefits based upon Area Representative purchase or leases.

During the fiscal year ended December 31, 2023, neither we nor our affiliates received any revenue as a result of Area Representative purchases or leases of goods or services from designated or approved suppliers (including purchases from us or our affiliates).

ITEM 9 FRANCHISEE'S OBLIGATIONS

This table lists your principal obligations under the AR Agreement and other agreements. It will help you find more detailed information about your obligations in these agreements and other items in this Disclosure Document.

OBLIGATION	SECTIONS IN AGREEMENT	DISCLOSURE DOCUMENT ITEM
a. Site selection and acquisition/lease	§3.1 & 8.1	Item 7 & Item 11
b. Pre-opening purchases/leases	§3.1, 8, 16.4, 16.5, 16.6 & 19.1	Item 7, Item 8 & Item 11
c. Site development and other pre-opening requirements	§3.1 & 8	Item 7 & Item 11
d. Initial and ongoing training	§6	Item 6 & Item 11
e. Opening	§8.3	Item 11
f. Fees	§6.9, 9.3, 11, 14.5, 16.4, 16.6, 16.7, 19.1, 20.2 & 23.2	Item 5 & Item 6
g. Compliance with standards and policies/Operating Manual	§7.1, 13.2, 13.3, 13.5, 13.7, 14.1, 15.1, 16, 19.6 & 21	Item 11
h. Trademarks and proprietary information	§18.2 & 21	Item 13 & Item 14
i. Restrictions on products/services offered	§16.3	Item 16
j. Warranty and client service requirements	Not Applicable	Not Applicable
k. Territorial development and sales quotas	§13.1	Item 12
l. Ongoing product/service purchases	§16.4	Item 8
m. Maintenance, appearance and remodeling requirements	§16.5	Item 11
n. Insurance	§19.1	Item 6, Item 7 & Item 8

TABLE 5 - PROJECTED OPENINGS AS OF DECEMBER 31, 2023

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
Totals	1	1	0

A list of all current Area Representatives is attached to this Disclosure Document as EXHIBIT "E" (Part A), including their names and the addresses and telephone numbers of their outlets as of December 31, 2023. In addition, EXHIBIT "E" (Part B) lists the name, city and state, and the current business telephone number (or, if unknown, the last known home telephone number) of every Area Representative who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the area representative agreement during our most recently completed fiscal year or who has 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 other buyers when you leave the franchise system.**

During the last 3 fiscal years, no current or former Area Representatives have signed confidentiality clauses that restrict them from discussing with you their experience as an Area Representatives in our franchise system.

There are no: (a) trademark-specific franchisee organizations associated with the franchise system being offered that we have created, sponsored or endorsed; or (b) independent franchisee or Area Representative organizations that have asked to be included in this Disclosure Document.

ITEM 21 FINANCIAL STATEMENTS

Our fiscal year ends on December 31st. Attached to this Disclosure Document as EXHIBIT "F" are audited financial statements of SUCCESS Franchising, LLC for (a) the fiscal years ended December 31, 2023 and December 31, 2022 and (b) the period from January 12, 2021 (inception) through December 31, 2021. In addition, an unaudited balance sheet as of June 30, 2024 and an unaudited profit and loss statement from January 1, 2024 through June 30, 2024 are attached to this Disclosure Document as EXHIBIT "F". Because we have not been in existence for 3 years, we cannot provide all of the financial statements required by the FTC franchise disclosure guidelines. Our fiscal year end is December 31st.

ITEM 22 CONTRACTS

Attached to this Disclosure Document (or the AR Agreement attached to this Disclosure Document) are copies of the following franchise and other contracts or agreements proposed for use or in use in this state:

Exhibits to Disclosure Document

- EXHIBIT "C" Area Representative Agreement
- EXHIBIT "G"-1 State Addenda & Disclosures
- EXHIBIT "G"-2 General Release
- EXHIBIT "G"-3 Founders' Club Amendment

Attachments to AR Agreement

- ATTACHMENT "B" Franchise Owner Agreement
- ATTACHMENT "C" Confidentiality Agreement
- ATTACHMENT "D" ACH Authorization Form

ITEM 23 RECEIPT

EXHIBIT "I" to this Disclosure Document are detachable receipts. You are to sign both, keep one copy and return the other copy to us.

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

Balance Sheet

	YTD Ending Balance Jun 30, 2024
	<u>162-Success Franchising, LLC</u>
Current Assets	
<u>Cash and Cash Equivalents</u>	
11165-USD-5157-Wells Fargo-Success Franchising, LLC	69,765
11239-USD-6334-Wells Fargo-Success Space Limited, LLC	2,215
19999-Cash Clearing - Accounts Payable	-667
Total Cash & Equivalents	71,314
<u>Restricted Cash</u>	
Accounts Receivable, Net	
<u>Accounts Receivable</u>	
11303-Accounts Receivable Trade - Manual Entries	30,000
11361-Accrued Revenue	28,662
Total Accounts Receivable	58,662
<u>Allowance for Doubtful Accounts</u>	
Total Accounts Receivable, Net	58,662
<u>Inventory</u>	
<u>Short Term Investments</u>	
<u>Prepaid and Other Assets</u>	
11611-Prepaid Insurance	-3,950
11614-Prepaid Other	56,504
Total Prepaid and Other Assets	52,553
<u>Intercompany Receivables</u>	
11701-Receivables- IC	66,894
Total Intercompany Receivables	66,894

Total Current Assets	249,423
Non Current Assets	
Total Assets	249,423
Liabilities and Equity	
Liabilities	
Current Liabilities	
<u>Accounts Payable</u>	
21111-Accounts Payable Trade - Manual Entries	0
21130-Wells Fargo CCER Program	28,239
21151-Payables - IC	3,222,444
Total Accounts Payable	3,250,683
<u>Customer Deposits</u>	
<u>Accrued Expenses</u>	
21320-Deferred Revenue	288,000
21330-Accrued Expenses	32,980
21340-Agent Commission Payable	6,000
21411-Payroll Payable	20,549
21413-Accrued Bonuses and Incentives	40,608
21422-Payroll Taxes Payable	1,386
Total Accrued Liabilities	389,523
<u>Income Tax Payable</u>	
Total Current Liabilities	3,640,205
Total Liabilities	3,640,205
Stockholder's Equity	
<u>Common Stock</u>	
<u>Additional Paid in Capital</u>	
31210-APIC - IC	2,079,087
Total Additional Paid in Capital	2,079,087
<u>Cumulative Translation Adjustment</u>	

<u>Retained Earnings</u>	
31410-RETAINED EARNINGS	-4,257,644
Total Retained Earnings	-4,257,644
<u>Treasury Stock</u>	
Total Stockholder's Equity	-3,390,782
Total Liabilities and Equity	249,423
BS Check: Assets - Liabilities and Equity	0

P&L

January 1, 2024 - June 30, 2024

162-Success Franchising, LLC

Revenue

Revenue - Subscriptions

41401-SaaS Income 19,800

-

Total Revenue - Subscriptions 19,800

-

Revenue - Services

41507-Initial Franchise Fee 17,250

-

Total Revenue - Services 17,250

-

Revenue - Referral, BPO, & Other

41717-Uncategorized Income 7,213

-

Total Revenue - Referral, BPO, & Other 7,213

-

Total Revenue 44,263

-

Cost of Revenue

-

Cost of Sales Revenue

-

51116-Cost of Labor 5,667

51118-Other Cost of Services - COS 437

51132-Software - COGS 8,145

51135-Commission & Revenue Share - COGS 3,216

-

Total Cost of Sales Revenue 17,466

-

Total Cost of Revenue 17,466

-

Gross Profit 26,796

-

Operating Expenses

-

-

Personnel

-

Salary and Wages

-

61111-Salary and Wages - Direct 327,576

-

61121-Contract Labor	62,460
61135-Bonus	75,198
	-
Total Salary and Wages	465,236
	-
<u>Payroll Expenses</u>	-
61151-Employee Benefits	41,234
61152-401(k) Employer Match	16,163
	-
Total Payroll Expenses	57,397
	-
<u>Payroll Taxes</u>	-
61210-Payroll Taxes	32,747
	-
Total Payroll Taxes	32,747
	-
Total Personnel	555,378
	-
Office and Admin Expenses	-
<u>Office</u>	-
61610-Office Supplies	305
61630-Postage	2,119
61650-Credit Card Fees	903
61670-Dues and Subscriptions	1,270
61691-Seminars/Conferences	18,261
91720-Miscellaneous Office Expense	10,445
	-
Total Office	33,304
	-
<u>Computer and Software</u>	-
62061-Online Subscriptions	32,195
62062-CRM Mgmt subscription	4,000
62130-Computer Hardware	(2,673)
	-
Total Computer and Software	33,522
	-
<u>Utilities</u>	-
62590-Internet Service	1,440
	-
Total Utilities	1,440
	-
Total Office & Admin Expenses	68,268
	-
Travel, Meals and Entertainment	-
<u>Travel Expenses</u>	-
63560-Airfare	14,702
63570-Lodging	12,706

63580-Ground Transportation	9,221
63590-Travel - Other	1,651
	-
Total Travel Expenses	38,281
	-
<u>Meals and Entertainment</u>	-
63610-Meals	7,589
	-
Total Meals and Entertainment	7,589
	-
Total Travel, Meals and Entertainment	45,871
	-
Marketing and Advertising	-
	-
<u>Advertising and Promotion</u>	-
64055-Lead Capture	28,360
64065-Internet Advertising Other	77,671
64070-Promotional Materials	47,239
64075-Business Cards	148
64085-Advertising/Sponsorships	34,951
	-
Total Advertising and Promotion	188,367
	-
Total Marketing and Advertising	188,367
	-
Consulting Services & Stock Comp,	-
	-
<u>Professional Services</u>	-
64112-Audit and Tax	10,000
64145-NON - ADV General Corporate	13,330
64146-NON - ADV Corporate Regulatory & Compliance	15,000
64220-Consulting	150,675
	-
Total Professional Services	189,005
	-
<u>Stock-based Compensation</u>	-
64510-Stock Option - Employee - ISO	129,187
64511-Stock Option - Employee - NQ	53,970
	-
Total Stock-based Compensation	183,157
	-
Total Consulting Services & Stock Comp,	372,162
	-
	-
Total Operating Expenses	1,230,046
	-
(Net) Operating Income	(1,203,250)

Other Income (Expense)	-
<u>Other Income</u>	-
71006-Service Income - IC	(8,976)
Total Other Income	(8,976)
Total Other Income (Expense)	(8,976)
Income Taxes	-
<u>Current Income Tax Expense</u>	-
<u>State and Local Taxes</u>	-
<u>Deferred Tax Expense</u>	-
Total Other Income/(Expense) and Taxes	(8,976)
Net Income (Loss)	(1,212,226)

ILLINOIS

In recognition of the requirements of the Illinois Franchise Disclosure Act, 815 ILCS 705, the Disclosure Document and the Franchise Agreement and Supplemental Agreements are amended as follows:

1. Illinois law shall apply to and govern the Franchise Agreement and Supplemental Agreements.
2. In accordance with Section 4 of the Illinois Franchise Disclosure Act, any provision in the Franchise Agreement and Supplemental Agreements that designated jurisdiction and venue in a forum outside of the State of Illinois is void. However, the Franchise Agreement and Supplemental Agreements may provide for arbitration to take place outside of Illinois. Therefore, any arbitration proceeding may be brought in Texas in accordance with the dispute resolution provision set forth in the Franchise Agreement and Supplemental Agreements.
3. Your rights upon Termination and Non-Renewal are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with Section 41 of the Illinois Franchise Disclosure Act, 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.
5. All fees referenced in the Franchise Agreement are subject to deferral pursuant to order of the Illinois Attorney General's Office. Accordingly, you will pay no fees to us until we have completed all of our material pre-opening responsibilities to you and you commence operating the franchised business. The Illinois Attorney General's Office imposed this deferral requirement due to franchisor's financial condition.
6. The Franchise Agreement and Supplemental Agreements are amended to state the following:

To the extent that any provision in the Illinois State Addendum is inconsistent with any provision in this Agreement, the provision in the Illinois State Addendum shall control.

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

See the last page of this Exhibit G-1 for your required signature.

VIRGINIA

In recognition of the requirements of the Virginia Retail Franchising Act, the Disclosure Document, Franchise Agreement and Supplemental Agreements are amended as follows:

1. Item 5 of the Disclosure Document is amended to add the following:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial development fee and other initial payments owed by area representatives to us until we have completed our pre-opening obligations under the Area Representative Agreement.

2. Item 17 of the Disclosure Document is amended to add the following:

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 or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee/area developer to surrender any right given to him under the applicable agreement.

3. If any provision of the Franchise Agreement or any Supplemental Agreement involves the use of undue influence by the franchisor to induce a franchisee/area developer to surrender any rights given to him under the applicable agreement, that provision may not be enforceable.
4. We will not require that you prospectively assent to a waiver, condition, stipulation, or provision that purports to relieve any person from liability imposed by the Virginia Retail Franchising Act. This provision does not prohibit you and us from entering into binding arbitration consistent with the Virginia Retail Franchising Act.
5. Any provision in the Franchise Agreement or Supplemental Agreement that limits the time period in which you may assert a legal claim against us under the Virginia Retail Franchising Act is amended to provide for a four (4) year statute of limitations for purposes of bringing a claim arising under the Virginia Retail Franchising Act.
6. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it shall be unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement or Supplemental Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

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

EXHIBIT "H"
TO DISCLOSURE DOCUMENT
STATE EFFECTIVE DATES

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	July 11, 2024
Hawaii	
Illinois	July 5, 2024
Indiana	June 1, 2024
Maryland	July 22, 2024
Michigan	October 1 June 5, 2024
Minnesota	
New York	
North Dakota	
Rhode Island	July 10, 2024
South Dakota	
Virginia	
Washington	
Wisconsin	May 31, 2024

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.