

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 Indiana. 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 Indiana than in your own state.
2. **Mandatory Minimum Payments.** You must make minimum royalty payments regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
3. **Supplier Control: You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from suppliers that the franchisor designates or approves at prices negotiated between franchisor and the supplier and terms negotiated between you and the buyer.. These prices may be higher than prices you could obtain elsewhere for similar goods. This may reduce the anticipated profit of your franchise business.**

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.

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State Effective Dates

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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	<u>Pending</u>
Illinois	<u>Pending</u>
Indiana	<u>June 18, 2024</u>
Maryland	<u>Pending</u>
Minnesota	<u>Pending</u>
New York	<u>Pending</u>
North Dakota	<u>June 28, 2024</u>
Rhode Island	<u>April 15, 2024</u>
South Dakota	<u>June 20, 2024</u>
Virginia	<u>Pending</u>
Washington	<u>Pending</u>
Wisconsin	<u>Pending</u>

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.

ADDENDUM TO THE FRANCHISE OFFERING CIRCULAR
AND FRANCHISE AGREEMENT

Notwithstanding any provision described in the offering circular or contained in the Franchise Agreement:

1. Minn. Stat. §80C.21 and Minn. Rule 2860.4400J 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 offering circular or agreement can abrogate or reduce (1) any of your rights as provided for in Minnesota Statutes, Chapter 80C, or (2) your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

2. With respect to franchises governed by Minnesota law the franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, 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 that consent to the transfer of the franchise will not be unreasonably withheld.

3. Minnesota considers it unfair to not protect your right to use the trademarks. Refer to Minnesota Statute 80C.12 Subd. 1(G). The Company will protect your right to use the trademark, service marks, trade names, logotypes or other commercial symbols or indemnify you from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

4. Minnesota Rules 2860.4400(D) prohibits the Company from requiring you to assent to a general release.

5. You cannot consent to the Company obtaining injunctive relief. The Company may seek injunctive relief. See Minnesota Rule 2860.4400(J) also, a court will determine if a bond is required.

6. Any Limitations of Claims section must comply with Minnesota Statute 80C.17 Subd. 5.

7. NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.

Except as specifically provided herein, the terms of the Franchise Agreement as described in the offering circular and contained in the Franchise Agreement shall remain in full force and effect and are expressly ratified hereby.

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.