

Special Risks to Consider About *This* Franchise

1. **Out-of-State Dispute Resolution.** The Franchise Agreement and Area Development Agreement require you to resolve disputes with the franchisor by mediation and arbitration, only in Utah. Out-of-state mediation and arbitration may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or arbitrate with the franchisor in Utah 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 Franchise Agreement and Area Development Agreement even if your spouse has no ownership interest in the franchise. This Guarantee will place both your and your spouse's marital and personal assets, potentially including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty, advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **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.
5. **Inventory Control.** You must maintain the Minimum Inventory Levels stipulated in the Franchise Agreement. Your inability to make these purchases or to maintain required inventory levels at all times may result in termination of your franchise and loss of your investment.
- ~~6. **Ownership Change:** The franchisor recently had a change of ownership. The support provided by the franchisor may be different from previous owners. Therefore, the expenses related to operating the franchise and the potential revenue you might achieve may be different from past performance.~~
- ~~7.6. **General 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.~~

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

FRANCHISED LOCATIONS: GROUP AVERAGE

Annualized Average, Median and Range of Profit and Loss for the System Average—Consisting of 69 Franchised Units Operating from November 1, 2024 through October 31, 2025

	Average	Median	% of Sales	Stores at or above Avg.		Range (1)	
				#	%	Low	High
INCOME							
Gross Sales (2)	\$1,017,375	\$879,337	100.0%	24	34.8%	453,830	3,151,597
Cost of Goods Sold (3)	\$344,492	\$294,523	33.9%	25	36.2%	152,110	1,186,964
Gross Profit (4)	\$672,883	\$584,814	66.1%	24	34.8%	301,720	1,964,633
EXPENSE							
Franchise Royalty (5)	\$47,121	\$40,311	4.6%	26	37.7%	22,654	126,864
Administration (6)	\$45,657	\$39,530	4.5%	25	36.2%	21,482	114,420
Facility (7)	\$146,992	\$134,791	14.4%	28	40.6%	76,968	349,248
Marketing	\$53,214	\$42,765	5.2%	31	44.9%	10,788	148,763
Sales Expense (8)	\$11,565	\$10,327	1.1%	31	44.9%	765	43,236
Labor (9)	\$257,942	\$226,847	25.4%	28	40.6%	97,591	795,976
Total Expenses	\$562,491	\$494,570	55.3%	24	34.8%	304,164	1,567,554
Net Income (10)	\$110,392	\$90,244	10.9%	31	44.9%	(56,913)	413,891
	Average	Median	% of Sales	Stores at or above Avg.		Range (1)	
				#	%	Low	High
INCOME							
Gross Sales (2)	\$1,017,375	\$909,631	100.0%	24	34.8%	453,830	3,151,597
Cost of Goods Sold (3)	\$344,492	\$297,208	33.9%	25	36.2%	152,110	1,186,964
Gross Profit (4)	\$672,883	\$612,423	66.1%	24	34.8%	301,720	1,964,633
EXPENSE							
Franchise Royalty (5)	\$47,121	\$43,563	4.6%	26	37.7%	22,654	126,064
Administration (6)	\$45,657	\$43,047	4.5%	25	36.2%	21,482	114,420
Facility (7)	\$146,992	\$137,334	14.4%	28	40.6%	76,968	349,248
Marketing	\$53,214	\$51,023	5.2%	31	44.9%	10,788	148,763
Sales Expense (8)	\$11,565	\$11,017	1.1%	31	44.9%	765	43,236
Labor (9)	\$257,942	\$231,324	25.4%	28	40.6%	97,591	795,976
Total Expenses	\$562,491	\$517,308	55.3%	24	34.8%	304,164	1,567,554
Net Income (10)	\$110,392	\$95,115	10.9%	31	44.9%	(56,913)	413,891

Notes (which apply to the above table and all subsequent tables in Item 19):

- (1) These numbers illustrate the range for individual stores for each line item. Since line items show different stores, the numbers do not total.
- (2) Gross Sales means all revenue from the franchise location and online sales, excluding sales or use tax. This term is defined in Item 6.
- (3) Cost of Goods Sold includes the costs and expenses related to retail items. This includes shrinkage (loss of product due to theft, donations, etc.) and markdowns.
- (4) Gross Profit means Gross Sales minus Cost of Goods Sold.
- (5) Franchise Royalty numbers do not equal five percent (5.0%) of gross sales due to certain incentives in place for multi-unit franchisees and the fact that charges for any given month are paid in the following month.

COMPANY-OWNED LOCATIONS: GROUP AVERAGE

Annualized Average, Median and Range of Profit and Loss for the System Average—Consisting of 19 Company-Owned Units Operating from November 1, 2024 through October 31, 2025

	Average	Median	% of Sales	Stores at or above Avg.		Range (1)	
				#	%	Low	High
INCOME							
Gross Sales (2)	\$834,773	\$879,337	100.0%	11	57.9%	466,566	1,208,387
Cost of Goods Sold (3)	\$300,654	\$294,523	36.0%	11	57.9%	175,643	470,044
Gross Profit (4)	\$534,119	\$584,814	64.0%	11	57.9%	290,923	745,738
EXPENSE							
Franchise Royalty (5)	\$32,337	\$40,311	3.9%	12	63.2%	-	48,335
Administration (6)	\$35,957	\$39,530	4.3%	10	52.6%	19,633	54,402
Facility (7)	\$140,398	\$134,791	16.8%	8	42.1%	91,722	228,571
Marketing	\$36,099	\$42,765	4.3%	8	42.1%	23,704	61,468
Sales Expense (8)	\$9,766	\$10,327	1.2%	8	42.1%	6,256	16,968
Labor (9)	\$224,580	\$226,847	26.9%	10	52.6%	165,309	293,584
Total Expenses	\$479,136	\$494,570	57.4%	9	47.4%	375,846	671,080
Net Income (10)	\$54,983	\$90,244	6.6%	10	52.6%	(140,992)	245,371
	Average	Median	% of Sales	Stores at or above Avg.		Range (1)	
				#	%	Low	High
INCOME							
Gross Sales (2)	\$834,773	\$894,826	100.0%	11	57.9%	466,566	1,208,387
Cost of Goods Sold (3)	\$300,654	\$314,752	36.0%	11	57.9%	175,643	470,044
Gross Profit (4)	\$534,119	\$580,074	64.0%	11	57.9%	290,923	745,738
EXPENSE							
Franchise Royalty (5)	\$32,337	\$35,793	3.9%	12	63.2%	-	48,335
Administration (6)	\$35,957	\$36,657	4.3%	10	52.6%	19,633	54,402
Facility (7)	\$140,398	\$132,364	16.8%	8	42.1%	91,722	228,571
Marketing	\$36,099	\$35,320	4.3%	8	42.1%	23,704	61,468
Sales Expense (8)	\$9,766	\$8,900	1.2%	8	42.1%	6,256	16,968
Labor (9)	\$224,580	\$226,847	26.9%	10	52.6%	165,309	293,584
Total Expenses	\$479,136	\$475,880	57.4%	9	47.4%	375,846	671,080
Net Income (10)	\$54,983	\$104,194	6.6%	10	52.6%	(140,992)	245,371

COMPANY-OWNED LOCATIONS: FIRST QUARTILE

Annualized Average, Median and Range of Profit and Loss for the First Quartile (by Gross Sales)—Consisting of 4 Company-Owned Units Operating from November 1, 2024 through October 31, 2025

FRANCHISED & COMPANY-OWNED LOCATIONS: GROUP AVERAGE

Annualized Average, Median and Range of Profit and Loss for the System Average—Consisting of 88 Units Operating from November 1, 2024 through October 31, 2025

	Average	Median	% of Sales	Stores at or above Avg.		Range (1)	
				#	%	Low	High
INCOME							
Gross Sales (2)	\$977,950	\$879,129	100.0%	32	36.4%	453,830	3,151,597
Cost of Goods Sold (3)	\$335,027	\$293,823	34.3%	35	39.8%	152,110	1,186,964
Gross Profit (4)	\$642,923	\$585,307	65.7%	33	37.5%	290,923	1,964,633
EXPENSE							
Franchise Royalty (5)	\$43,929	\$39,815	4.5%	36	40.9%	-	126,064
Administration (6)	\$43,563	\$39,484	4.5%	34	38.6%	19,633	114,420
Facility (7)	\$145,568	\$134,220	14.9%	36	40.9%	76,968	349,248
Marketing	\$49,518	\$42,180	5.1%	36	40.9%	10,788	148,763
Sales Expense (8)	\$11,176	\$10,217	1.1%	36	40.9%	765	43,236
Labor (9)	\$250,739	\$225,830	25.6%	34	38.6%	97,591	795,976
Total Expenses	\$544,494	\$491,746	55.7%	33	37.5%	304,164	1,567,554
Net Income (10)	\$98,429	\$93,560	10.1%	38	43.2%	(140,992)	413,891

	Average	Median	% of Sales	Stores at or above Avg.		Range (1)	
				#	%	Low	High
INCOME							
Gross Sales (2)	\$977,950	\$902,229	100.0%	32	36.4%	453,830	3,151,597
Cost of Goods Sold (3)	\$335,027	\$303,513	34.3%	35	39.8%	152,110	1,186,964
Gross Profit (4)	\$642,923	\$598,715	65.7%	33	37.5%	290,923	1,964,633
EXPENSE							
Franchise Royalty (5)	\$43,929	\$40,765	4.5%	36	40.9%	-	126,064
Administration (6)	\$43,563	\$39,933	4.5%	34	38.6%	19,633	114,420
Facility (7)	\$145,568	\$136,246	14.9%	36	40.9%	76,968	349,248
Marketing	\$49,518	\$43,941	5.1%	36	40.9%	10,788	148,763
Sales Expense (8)	\$11,176	\$10,458	1.1%	36	40.9%	765	43,236
Labor (9)	\$250,739	\$230,542	25.6%	34	38.6%	97,591	795,976
Total Expenses	\$544,494	\$501,884	55.7%	33	37.5%	304,164	1,567,554
Net Income (10)	\$98,429	\$96,831	10.1%	38	43.2%	(140,992)	413,891

FRANCHISED & COMPANY-OWNED LOCATIONS: FIRST QUARTILE

Annualized Average, Median and Range of Profit and Loss for the First Quartile (by Gross Sales)—Consisting of 22 Units Operating from November 1, 2024 through October 31, 2025