

## 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 us by mediation, arbitration, and litigation only in Texas. Out-of-state arbitration, litigation, and mediation may force you to accept a less favorable settlement for disputes. It may also cost you more to sue, arbitrate, or mediate with us in Texas than in your own state.
2. **Spousal Guarantee.** Your spouse must sign a document, such as a guarantee, that makes your spouse liable for your financial obligations under the franchise agreement even if your spouse does not own any part of the franchise business. If you live in a community property state, your spouse may be liable for your financial obligations even if he or she hasn't signed anything. In either case, both you and your spouse's marital and personal assets, including your house, could be lost if your franchise fails.
3. **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 prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
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. **Unregistered Mark.** The primary trademark that you will use in your business is not federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.

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.

## INITIAL TRAINING PROGRAM

Subject	Hours of Online Training	Hours of on-the-job Training	Location
<b>Franchise Compliance</b>	1		Online
<b>Industry &amp; Brand Introduction</b>	1		Online
<b>Checklist: Pre-opening &amp; store daily operation checklist</b>	0	1	In-Person at our Texas headquarters or designated location
<b>Marketing</b>	1		Online
<b>Customer Service</b>	1 (Introduction to CARE and recovery)	(Throughout Training)	In-Person at our Texas headquarters or designated location
<b>Menu Training</b>	1	(Throughout Training)	Online
<b>Food Preparation</b>	3	64	In-Person at our Texas headquarters or designated location
<b>Human Resource Management</b>	2	4	In-Person at our Texas headquarters or designated location
<b>Final Exam &amp; Review</b>		6	In-Person at our Texas headquarters or designated location
<b>Overview: Toast and POS Systems</b>	1	(Throughout) Training	Online
<b>Operation Manual &amp; Myfengcha.com</b>	2		Online
<b>Total</b>	<b>13</b>	<b>75</b>	

\*This includes “virtual” training.

\*\*“On-the-job” training hours may be converted to “classroom” training hours if we determine that in person training is not advisable due to health and safety reasons or otherwise in our discretion. In that case, remote training will be conducted.

We will give you an Initial Training and familiarization program (“Initial Training Program”) before the opening of your business. You will first complete an orientation, delivered via online portal (with a required 100% completion score). Then the in-person Initial Training will be held at our headquarters or a designated site over an estimated seven day period, subject to change. All your accommodations, travel, room, board, and wage expenses during this period are borne exclusively by you. Following the Initial Training, our