

THE FRANCHISE RELATIONSHIP		
PROVISION	SECTIONS IN AGREEMENT	SUMMARY
q. Non-competition covenants during the term of the franchise	Section 13.2 & 13.3	No involvement in competing business; comply with non-disclosure covenants.
r. Non-competition covenants after the franchise is terminated or expires	Section 13.2, 13.3 & 13.4	No involvement for 2 years in competing business within 5 miles of any Baja Smoothies Franchise; comply with non-disclosure covenants; cease use of intellectual property.
s. Modification of the agreement	Section 23.3 & 23.8	Requires writing signed by both parties (except for unilateral changes to Manual or unilateral reduction of scope of restrictive covenants by us). Other modifications primarily to comply with various states laws.
t. Integration/merger clause	Section 23.8	Only the terms of the Franchise Agreement and its attachments are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or any related agreements is intended to disclaim any of the representations we made in this Disclosure Document.  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.
u. Dispute resolution by arbitration or mediation	Section 21	Subject to state law, all disputes must be mediated or arbitrated before litigation, except for certain disputes involving our intellectual property or compliance with restrictive covenants.
v. Choice of forum	Section 21	Subject to state law, all mediation, arbitration and litigation must take place in county where we maintain our principal place of business at time dispute arises (currently, Washington County, Minnesota).
w. Choice of law	Section 23.1	Subject to state law, the laws of the state where the Baja Smoothies Business is located govern.

## ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise.

## ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the Disclosure Document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

## **Defined Terms**

For purposes of this FPR, the following terms have the meanings given to them below.

**“Company-Owned Outlet”** means any Baja Smoothies Business that is owned by: (a) us; (b) any affiliate of ours; or (c) any person listed in Item 2 of this Disclosure Document if that person is also involved with the management of the Baja Smoothies Business.

**“Converted Outlet”** means any Baja Smoothies Business that either: (a) was a Company-Owned Outlet that was sold to a franchisee at any time during the Measuring Period; or (b) was a Franchised Outlet that we or our affiliate reacquired from the franchisee at any time during the Measuring Period.

**“FPR”** means the financial performance representation set forth in Item 19 of this Disclosure Document.

**“Franchised Outlet”** means any Baja Smoothies Business that is owned by a franchisee.

**“Gross Sales”** means all gross sums collected from all goods and services sold in connection with the Baja Smoothies Business, together with any other revenue or monies derived in connection with your Baja Smoothies Business, including any advertising revenues, sponsorship fees or business interruption insurance proceeds. “Gross Sales” does not include: (a) revenues derived from the sale of products to customers if such products were purchased from us or an affiliate of ours at wholesale; (b) revenues that were collected from a customer and later refund to that customer; or (c) any sales or use taxes that paid to a government agency.

**“Measuring Period”** means the period of time commencing June 1, 2024 and expiring May 31, 2025.

**“Qualifying Outlet”** means any Company-Owned Outlet or Franchised Outlet that satisfies all of the following criteria: (a) the outlet was open and operating as of the last day of the Measuring Period; (b) the outlet provided us with all data we requested to prepare the FPR; and (c) the outlet was not a Converted Outlet.

## **System Statistics**

For purposes of this FPR, each Baja Smoothies Business may be referred to as an “outlet.” As of May 31, 2025 (the last day of the Measuring Period), there were: (a) 2 Franchised Outlets in operation, 1 of which is a Qualifying Outlet; and (b) 0 Company-Owned Outlets in operation. The table below summarizes the outlet statistics and the number of Qualifying Outlets:

2024-2025 Outlet Statistics						
Outlet Type	Open Outlets (June 1, 2024)	Converted Outlets During 2024-2025	Outlets Opened During 2024-2025	Outlets Closed During 2024-2025	Open Outlets (May 31, 2025)	Qualifying Outlets
Franchised	0	1	1	0	2	1
Company-Owned	2	1	0	1	0	0

This FPR is limited to data from Franchised Outlets. It does not include data from Company-Owned Outlets. Of the 2 outlets that were open as of the end of the Measuring Period, 1 did not qualify as “Qualifying Outlets” for the following reasons:

- 1 of these outlets was excluded because it is a Converted Outlet.

There are no material differences between the operations of the Qualifying Outlets and the franchised business

offered under this Disclosure Document.

### **Financial Performance Representation**

The following table presents the historical financial results achieved by the Qualifying Outlets during the Measuring Period. The one Qualifying Outlet opened in May 2025 and operated during a single, two-day art festival event in Minneapolis, Minnesota with approximately 25,000 attendees.

MAY 2025 GROSS SALES		
Gross Sales	Number of Cups Sold	Number of Event Days
\$13,954	1,350	2

#### Notes:

1. Source of Data: We prepared the FPR for Franchised Outlets based on data we obtained from periodic reports of Gross Sales prepared and submitted to us by our franchisees. The data has not been audited.
2. The FPR does not include any expense information. As a franchisee, you will incur expenses, such as event vendor entrance fees, payroll, marketing, inventory replenishment, utilities as well as the initial and ongoing fees imposed under the Franchise Agreement.

You should consult with your advisors to develop your own estimates of revenue for your Baja Smoothies Business.

**Some Baja Smoothies Business have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.**

Written substantiation for this financial performance representation will be made available to you upon your reasonable written request.

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Chad Warzeka, 5995 Oren Ave. N, Ste. 209-270, Woodbury, MN 55083 or by phone at 651-661-4445, the Federal Trade Commission, and the appropriate state regulatory agencies.

### **ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1 - SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2022-2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	0	0
	2024	0	1	+1
Company-Owned	2022	2	2	0
	2023	2	2	0
	2024	2	0	-2
Total Outlets	2022	2	2	0