

FRANCHISE DISCLOSURE DOCUMENT



BeaverTails USA Inc.
A Delaware company
1209 Orange Street
Wilmington, DE 19801
(514) 392-2222
www.beavertails.com
development@beavertails.com

You will operate a BeaverTails® treat shop business (the “Store”) specializing in the business of selling cooked dough, freshly prepared with various toppings, and served direct to the customer, along with specialty French fry products, such as Poutine, various beverages, including a specialty dairy bar/juice bar, and thematic merchandise.

The total initial investment necessary to begin operation of a Store from a permanent location is from \$223,700 to \$593,500. This includes 44,500 to 58,000 that must be paid to us or our affiliates. The total investment necessary to begin operation of a Store from a Vehicle is from \$112,650 to \$269,400. This includes 38,800 to 128,200 that must be paid to us or our affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Nathalie Markatos at 3700 St-Patrick, Suite 106, Montreal, Quebec, H4E 1A2, (514) 392-2222 ext. 20, nathalie@beavertails.com.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “[A Consumer’s Guide to Buying a Franchise](#),” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 25, 2019

STATE COVER PAGE

Your state may have a franchise law that requires a franchisor to register or file with a state franchise administrator before offering or selling in your state. REGISTRATION OF A FRANCHISE BY A STATE DOES NOT MEAN THAT THE STATE RECOMMENDS THE FRANCHISE OR HAS VERIFIED THE INFORMATION IN THIS DISCLOSURE DOCUMENT.

Call the state franchise administrator listed in **Exhibit C** for information about the franchisor, or about franchising in your state.

MANY FRANCHISE AGREEMENTS DO NOT ALLOW YOU TO RENEW UNCONDITIONALLY AFTER THE INITIAL TERM EXPIRES. YOU MAY HAVE TO SIGN A NEW AGREEMENT WITH DIFFERENT TERMS AND CONDITIONS IN ORDER TO CONTINUE TO OPERATE YOUR BUSINESS. BEFORE YOU BUY, CONSIDER WHAT RIGHTS YOU HAVE TO RENEW YOUR FRANCHISE, IF ANY, AND WHAT TERMS YOU MIGHT HAVE TO ACCEPT IN ORDER TO RENEW.

Please consider the following RISK FACTORS before you buy this franchise:

1. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY MEANS OF ARBITRATION ONLY IN MINNESOTA. OUT-OF-STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST MORE TO ARBITRATE WITH US IN MINNESOTA THAN IN YOUR OWN STATE.
2. THE FRANCHISOR WAS FORMED IN OCTOBER 2014 AND HAS LITTLE OPERATING HISTORY OR RECORD OF PERFORMANCE. A FRANCHISEE'S ESTIMATED INITIAL INVESTMENT RANGING FROM \$112,650 TO \$593,500 EXCEEDS THE FRANCHISOR'S TOTAL STOCKHOLDER'S EQUITY OF \$72,200 AT DECEMBER 31, 2018.
3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

We use the services of one or more FRANCHISE BROKERS or referral sources to assist us in selling our franchise. A franchise broker or referral source represents us, not you. We pay this person a fee for selling our franchise or referring you to us. You should be sure to do your own investigation of this franchise.

Effective Date: See the next page for state effective dates

STATE EFFECTIVE DATES

The following states require that the 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.

In the states listed below, the effective date (and issuance date) of this disclosure document is April 25, 2019.

| | | |
|----------------------|----------------|----------------|
| Alabama | Kentucky | Ohio |
| Alaska | Louisiana | Oklahoma |
| Arizona | Maine | Oregon |
| Arkansas | Massachusetts | Pennsylvania |
| Colorado | Mississippi | South Carolina |
| Connecticut | Missouri | Tennessee |
| Delaware | Montana | Texas |
| District of Columbia | Nebraska | Utah |
| Florida | Nevada | Vermont |
| Georgia | New Hampshire | West Virginia |
| Idaho | New Jersey | Wyoming |
| Iowa | New Mexico | |
| Kansas | North Carolina | |

This document is registered, or on file or exempt from registration in the following states having franchise registration and disclosure laws, with the following effective dates:

| State | Effective Date |
|-----------|------------------|
| Hawaii | See Separate FDD |
| Illinois | April __, 2019 |
| Indiana | April __, 2019 |
| Michigan | April __, 2019 |
| Minnesota | See Separate FDD |
| New York | See Separate FDD |
| Virginia | April __, 2019 |
| Wisconsin | April __, 2019 |

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