

FRANCHISE DISCLOSURE DOCUMENT

HobbyTown®

Hobby Town Unlimited, Inc.
A Nebraska Corporation
1133 Libra Drive
Lincoln, NE 68512
(402) 434-5064
sales@hobbytown.com
www.hobbytownfranchise.com

The franchisee will engage in the retail sales of hobby, toy, entertainment, educational, collectible and gift merchandise to the public.

The total investment necessary to begin operation of a HobbyTown®/HobbyTown USA® franchise is (1) \$160,000 to \$209,000 for a Core Concept store, or (2) \$202,000 to \$388,000 for a Comprehensive Model store. This includes approximately (1) \$126,100 to \$162,100 for a Core Concept store or (2) \$158,100 to \$294,600 for a Comprehensive Model store that must be paid to the franchisor or affiliate.

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 Tim Van Ert, Franchise Sales Director of Hobby Town Unlimited, Inc. at 1133 Libra Drive, Lincoln, Nebraska 68512 and (402) 434-5064 or sales@hobbytown.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.

Issued: October 29, 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 B, 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 THE COMPANY BY LITIGATION IN NEBRASKA UNLESS THE STATE IN WHICH YOUR FRANCHISE IS LOCATED REQUIRES THAT THE JURISDICTION OF YOUR STATE GOVERN. OUT OF STATE LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO SUE THE COMPANY IN NEBRASKA THAN IN YOUR OWN STATE.
2. THE FRANCHISE AGREEMENT STATES THAT NEBRASKA LAW GOVERNS THE AGREEMENT UNLESS THE STATE IN WHICH YOUR FRANCHISE IS LOCATED REQUIRES THAT THE LAWS OF YOUR STATE GOVERN, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.
3. THE FRANCHISE AGREEMENT IMPOSES STRICT REQUIREMENTS REGARDING THE MAINTENANCE OF INVENTORY LEVELS. FAILURE TO MAINTAIN THE REQUIRED INVENTORY COULD RESULT IN THE TERMINATION OF YOUR FRANCHISE.
4. SEVENTEEN FRANCHISED LOCATIONS HAVE CLOSED SINCE JANUARY 1, 2019, MOST OF WHICH WERE BASED ON DECISIONS BY THE FRANCHISEE TO CLOSE THE LOCATION. THREE NEW FRANCHISED LOCATIONS HAVE OPENED DURING THAT TIME.
5. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

Addenda disclosures concerning the agreements You must sign and the Disclosure Document are located in Exhibits A, A-1, and F.

Effective Date: This offering is available in multiple states. See the next page for state effective dates.

SUPPLEMENT TO STATE COVER PAGE

The registration of the offer and sale of HobbyTown[®]/HobbyTown USA[®] franchises is effective in the following states:

<u>Registration State</u>	<u>Effective Date</u>
California	March 7, 2019
Illinois	March 7, 2019
Indiana	January 9, 2019
Maryland	December 3, 2018
Minnesota	June 19, 2019
New York	March 13, 2019
North Dakota	April 12, 2019
South Dakota	March 8, 2019
Virginia	October 1, 2019
Washington	July 16, 2019
Wisconsin	March 5, 2019

This offer is exempt from pre-sale registration requirements in the following states:

<u>State</u>	<u>Exemption Date</u>
Connecticut	August 23, 1993
Florida	December 15, 2018
Iowa	No filing required
Kentucky	December 28, 1994
Louisiana	No filing required
Maine	No filing required
Michigan	September 22, 2018
Nebraska	November 10, 1993
North Carolina	September 24, 1993
Ohio	No filing required
Oklahoma	No filing required
South Carolina	December 30, 1998
Texas	August 3, 1998
Utah	August 3, 2019

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