

FRANCHISE DISCLOSURE DOCUMENT

Velofix Holdings USA, Inc
a Delaware corporation
233-35 West 5th Avenue
Vancouver, British Columbia, Canada V5Y 1H4
604-418-7447
velofix.com
twitter.com/thevelofix
facebook.com/thevelofix
youtube.com/user/velofixable
instagram.com/velofix

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The franchise is for a mobile workshop business that provides on-site repair and servicing of all types of bicycles as well as other ancillary services and products

The total investment necessary to begin operation of a Velofix Business ranges from \$163,200 to \$198,950, including \$82,700 to \$88,200 that must be paid to the franchisor or its 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 Davide Xausa at 233-35 West 5th Avenue, Vancouver, British Columbia, Canada V5Y 1H4 or 604-418-7447 or davide@velofix.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 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, DC 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.

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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 Attachment A 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 MEDIATION ONLY AT THE AMERICAN ARBITRATION ASSOCIATION OFFICE NEAREST TO OUR THEN-CURRENT PRINCIPAL PLACE OF BUSINESS AND BY LITIGATION ONLY IN THE STATE AND FEDERAL DISTRICT COURTS LOCATED IN THE STATE OF DELAWARE (SUBJECT TO STATE LAW) OUT OF STATE MEDIATION AND LITIGATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES IT MAY ALSO COST YOU MORE TO MEDIATE WITH US AT THE AMERICAN ARBITRATION ASSOCIATION OFFICE NEAREST TO OUR THEN-CURRENT PRINCIPAL PLACE OF BUSINESS AND TO SUE US IN DELAWARE THAN IN YOUR HOME STATE
- 2 THE FRANCHISE AGREEMENT STATES THAT DELAWARE LAW GOVERNS THE FRANCHISE AGREEMENT (SUBJECT TO STATE LAW), AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW YOU MAY WANT TO COMPARE THESE LAWS
- 3 IF THE FRANCHISEE IS AN INDIVIDUAL, THE FRANCHISEE'S SPOUSE MUST SIGN A PERSONAL GUARANTY UNDER WHICH THE SPOUSE WILL BE JOINTLY AND SEVERALLY LIABLE FOR OBLIGATIONS OF THE FRANCHISEE WHETHER OR NOT THE SPOUSE IS INVOLVED IN THE OPERATION OF THE FRANCHISED BUSINESS THIS REQUIREMENT PLACES THE PERSONAL ASSETS OF THE FRANCHISE OWNER AND THE SPOUSE AT RISK
- 4 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 the franchise

See the following state effective date summary page for state effective dates

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