

## APPENDIX A: INVESTMENT RISKS

## YOU MIGHT LOSE YOUR MONEY

When you buy a certificate of deposit from a bank, the Federal government (through the FDIC) guarantees you will get your money back. Buying a Note is not like that at all. The ability of Grit Fit Cafe to make the payments you expect, and ultimately to give you your money back, depends on a number of factors, including many beyond our control.

## LIMITED SERVICES

Grit Fit Cafe operates with a very limited scope, offering only particular services to potential clients, making them vulnerable to changes in customer preferences.

## LIMITED OPERATING HISTORY

Grit Fit Cafe is a newly established entity and has no history for prospective investors to consider.

## INABILITY TO SELL YOUR INVESTMENT

The law prohibits you from selling your securities (except in certain very limited circumstances) for 12 months after you acquire them. Even after that one-year period, a host of Federal and State securities laws may limit or restrict your ability to sell your securities. Even if you are permitted to sell, you will likely have difficulty finding a buyer because there will be no established market. Given these factors, you should be prepared to hold your investment for its full term.

## THE COMPANY MIGHT NEED MORE CAPITAL

Grit Fit Cafe might need to raise more capital in the future to fund/expand operations, buy property and equipment, hire new team members, market its services, pay overhead and general administrative expenses, or a variety of other reasons. There is no assurance that additional capital will be available when needed, or that it will be available on terms that are not adverse to your interests as an investor. If Grit Fit Cafe is unable to obtain additional funding when needed, it could be forced to delay its business plan or even cease operations altogether.

## NO REGISTRATION UNDER SECURITIES LAWS

The Notes will not be registered with the SEC or the securities regulator of any State. Hence, neither Grit Fit Cafe nor the Notes will be subject to the same degree of regulation and scrutiny as if they were registered.

## INCOMPLETE OFFERING INFORMATION

Title III does not require us to provide you with all the information that would be required in some other kinds of securities offerings, such as a public offering of shares (for example, publicly-traded firms must generally provide investors with quarterly and annual financial statements that have been audited by an independent accounting firm). Although Title III does require extensive information, it is possible that you would make a different decision if you had more information.

## LACK OF ONGOING INFORMATION

Grit Fit Cafe will be required to provide some information to investors for at least 12 months following the offering. However, this information is far more limited than the information that

would be required of a publicly-reporting company; and Grit Fit Cafe is allowed to stop providing annual information in certain circumstances.

#### UNINSURED LOSSES

Although Grit Fit Cafe will carry some insurance, Grit Fit Cafe may not carry enough insurance to protect against all risks to the business. Additionally, there are some kinds of risks that are very difficult or impossible to insure against, at least at a reasonable cost. Therefore, Grit Fit Cafe could incur an uninsured loss that could damage its business.

#### FUTURE INVESTORS MIGHT HAVE SUPERIOR RIGHTS

If Grit Fit Cafe needs more capital in the future and takes on additional debt or other sources of financing, the new investors might have rights superior to yours. For example, they might have the right to be paid before you are, to receive larger distributions, to have a greater voice in management, or otherwise.

#### THE COMPANY IS NOT SUBJECT TO THE CORPORATE GOVERNANCE REQUIREMENTS OF THE NATIONAL SECURITIES EXCHANGES

Any company whose securities are listed on a national stock exchange (for example, the New York Stock Exchange) is subject to a number of rules about corporate governance that are intended to protect investors. For example, the major U.S. stock exchanges require listed companies to have an audit committee made up entirely of independent members of the board of directors (i.e., directors with no material outside relationships with Grit Fit Cafe or management), which is responsible for monitoring Grit Fit Cafe's compliance with the law. Grit Fit Cafe will not be required to implement these and other investor protections.

#### YOU HAVE A LIMITED UPSIDE

Notes include a maximum amount you can receive. You cannot receive more than that even if Grit Fit Cafe is significantly more successful than your initial expectations.

#### YOU DO HAVE A DOWNSIDE

Conversely, if Grit Fit Cafe fails to generate enough revenue, you could lose some or all of your money.

#### PAYMENTS AND RETURN ARE UNPREDICTABLE

Because your payments are based on the revenue of Grit Fit Cafe, and the revenue of Grit Fit Cafe can go up or down (or even disappear altogether) unpredictably, it is impossible to predict how much you will receive and when. And because the payments are unpredictable, so is your ultimate return.

#### THE NOTES ARE UNSECURED AND UNINSURED

The Notes are not secured by any collateral, nor are they guaranteed or insured by the FDIC or any other entity.

#### SUBORDINATION

The Notes shall be subordinated to all indebtedness of Grit Fit Cafe to banks, commercial finance lenders, leasing and equipment financing institutions, and/or other institutions regularly

engaged in the business of lending money.

#### LACK OF GUARANTY

The Notes are not personally guaranteed by any of the founders or any other person.

#### LIMITATION OF INDIVIDUAL RIGHTS IN EVENT OF DEFAULT

In the event of a default under the Notes, you will not be able to enforce your rights individually (for example, by bringing a lawsuit). Instead, a representative will be appointed according to the procedures set forth in the Note Indenture. It's possible that you will not like the representative, or that the representative will do things you believe are wrong or misguided. If an event of default has occurred and a representative has been appointed, all of the representative's reasonable expenses must be paid before any further payments are made with respect to the Notes.