

Provision	Section in Franchise Agreement	Summary
s. Modification of the agreement	Sections 9.4, 14.6 and 19.1.4	No oral modifications. We may change the operations manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t. Integration/merger clause	Section 21.12	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation and arbitration in the state where our headquarters is located, subject to state law.
v. Choice of forum	Section 20.3	Litigation takes place in New Jersey (subject to applicable state law).
w. Choice of law	Section 20.3	New Jersey law applies (subject to applicable state law).

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

We do not currently 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.

This item contains a historic financial performance representation of our franchised Break Coffee outlets as of December 31, 2024, our fiscal year end. As of December 31, 2024, we had a total of 8 franchised outlets, all of which operated for the full fiscal year. The 8 franchised outlets were previously Xpresso Delight franchisees and all have re-branded and have exclusively use the Break Coffee Co. trademarks, as July 2023.

Table 1¹
Income and Expense – All Franchised Businesses
January 1 – December 31, 2024

	Average	% of Gross Revenue	Median	% of Gross Revenue	Minimum of Range	% of Gross Revenue	Maximum of Range	% of Gross Revenue
REVENUE								
Gross Revenue²	\$ 151,804	100.0	\$ 141,628	100.0	\$ 10,695	100.00	\$ 289,045	100.00
Sales Tax	\$ 9,749	6.42	\$ 8,529	6.02	\$ 825	7.72	\$ 18,972	6.56
Royalty	\$ 18,921	12.46	\$ 18,076	12.76	\$ 1,993	18.63	\$ 32,267	11.16
COGS	\$ 21,709	14.30	\$ 17,542	12.39	\$ 1,643	15.36	\$ 52,824	18.28
Gross Margin	\$ 101,425	66.81	\$ 98,050	69.23	\$ 6,234	58.29	\$ 193,058	66.79
EXPENSES³								
Labor	\$ 14,791	9.74	\$ 15,542	10.97	\$ --	--	\$ 25,400	8.79
Machine Cleaning Supplies	\$ 2,239	1.47	\$ 1,100	0.78	\$ --	--	\$ 5,775	2.00
Marketing	\$ 4,652	3.06	\$ 2,586	1.83	\$ --	--	\$ 13,822	4.78
Transportation	\$ 2,417	1.59	\$ 2,235	1.58	\$ --	--	\$ 5,775	2.00
Admin Expenses	\$ 4,160	2.74	\$ 3,367	2.38	\$ --	--	\$ 15,365	5.32
Office / Storage	\$ 30	0.02	\$ --	0.00	\$ --	--	\$ 237	0.08
Machine Repair & Maintenance	\$ 5,650	3.72	\$ 4,384	3.10	\$ --	--	\$ 14,002	4.84
Meals / Entertainment	\$ 795	0.52	\$ 49	0.03	\$ --	--	\$ 2,859	0.99
Total Expenses	\$ 34,620	22.81	\$ 39,310	27.76	\$ --	--	\$ 54,973	19.02
OPERATING INCOME	\$ 66,805	44.01	\$ 55,916	39.48	\$ 6,234	58.29	\$ 138,085	47.77

* The number and percentage of outlets that attained or surpassed the results in the above table are as follows: Gross Revenue: 4 out of 8 outlets or 50%, Gross Margin: 4 out of 8 outlets or 50%, and Operating Income 3 out of 8 outlets or 37.5%.

Table 2¹
Income and Expense – By Franchisee
January 1 – December 31, 2024

	Outlet 1	Outlet 2	Outlet 3	Outlet 4	Outlet 5	Outlet 6	Outlet 7	Outlet 8
REVENUE								
Gross Revenue²	\$ 114,131	\$ 158,238	\$ 243,759	\$ 235,503	\$ 38,045	\$ 125,018	\$ 10,695	\$ 289,045
Sales Tax	\$ 7,267	\$ 7,635	\$ 16,563	\$ 15,235	\$ 2,069	\$ 9,423	\$ 825	\$ 18,972
Royalty	\$ 16,387	\$ 19,292	\$ 29,435	\$ 29,464	\$ 5,670	\$ 16,860	\$ 1,993	\$ 32,267
COGS	\$ 12,000	\$ 23,084	\$ 52,824	\$ 25,254	\$ 3,261	\$ 10,863	\$ 1,643	\$ 44,747
Gross Margin	\$ 78,477	\$ 108,228	\$ 144,938	\$ 165,550	\$ 27,045	\$ 87,872	\$ 6,234	\$ 193,058
EXPENSES³								
Labor	\$ 21,600	\$ 24,267	\$ 22,998	\$ 8,856	\$ 5,731	\$ 25,400	\$ --	\$ 9,485
Machine Cleaning Supplies	\$ 1,200	\$ 900	\$ 3,952	\$ 4,932	\$ 150	\$ 1,000	\$ --	\$ 5,775
Marketing	\$ 6,000	\$ 12,063	\$ 156	\$ 3,972	\$ 1,200	\$ --	\$ --	\$ 3,822
Transportation	\$ 2,400	\$ 2,071	\$ 1,581	\$ 2,030	\$ 2,881	\$ 2,600	\$ --	\$ 5,775
Admin Expenses	\$ 3,600	\$ 3,346	\$ 3,388	\$ 15,365	\$ 500	\$ 1,000	\$ --	\$ 6,079

Office / Storage	\$ --	\$ --	\$ --	\$ 237	\$ --	\$ --	\$ --	\$ --
Machine Repair & Maintenance	\$ 2,400	\$ 4,718	\$ 10,563	\$ 3,564	\$ 4,050	\$ 5,903	\$ --	\$ 14,002
Meals / Entertainment	\$ 2,400	\$ --	\$ 2,859	\$ 62	\$ --	\$ 1,000	\$ --	\$ 35
Total Expenses	\$ 39,600	\$ 47,364	\$ 45,487	\$ 39,020	\$ 13,613	\$ 36,903	\$ --	\$ 54,973
OPERATING INCOME	\$ 38,877	\$ 60,864	\$ 99,451	\$ 126,531	\$ 13,433	\$ 50,969	\$ 6,234	\$ 138,085
Depreciation/Amortization	\$ --	\$ 28,765	\$ 28,489	\$ 59,975	\$ --	\$ --	\$ --	\$ 58,138
Interest	\$ 12,000	\$ 6	\$ --	\$ 6,289	\$ --	\$ --	\$ --	\$ --
Machines—Start of Year	14	25	67	31	16	23	4	32
Machines—End of Year	23	30	75	52	16	14	4	59

¹ The information contained in this Chart has not been audited.

² Gross revenue is defined as total billings to customers for the sale of products and services.

³ Expense data is submitted to us by the franchisees and we have not independently verified this information.

A new franchisee's financial results are likely to differ from the results states in the financial performance representation.

Written substantiation of the data used in preparing these figures will be made available to you upon reasonable request. The information presented above has not been audited.

Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial performance representation, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 John DeYonker, 155 2nd Street, Jersey City, New Jersey, 07302 and 404-663-4106, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-wide Outlet Summary
For Years 2022 to 2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	9	9	0
	2023	9	9	0
	2024	9	8	-1
Company – Owned*	2022	1	1	0
	2023	1	1	0
	2024	1	2	+1