

Provision	Section in Franchise Agreement/Satellite Store Agreement	Summary
franchise		state law.
r. Non-competition covenants after the franchise is terminated or expires	Sect. XIX.	No competing business for 2 years within 5 miles of any location that contains BREADSMITH products and no bread sales to bulk or wholesale accounts you serviced within the last year, subject to state law. No competing business in your designated area and no bread sales to bulk or wholesale accounts you serviced within the last year, subject to state law.
s. Modification of the agreement	Sect. XXVI.D.	No modifications, except in writing, but confidential manuals subject to change.
t. Integration/merger clause	Sect. XXVI.D.	Only the terms of the Franchise Agreement and representations in this FDD are binding. Any other promises outside the disclosure document and franchise agreement may not be enforceable. Nothing in the Franchise Agreement will disclaim or require you to waive reliance on any representation we make in this Disclosure Document (including exhibits and amendments).
u. Dispute resolution by arbitration or mediation	Sect. XXIV.B.	Most disputes must first be submitted to mediation in Whitefish Bay, Wisconsin subject to state law.
v. Choice of forum	Sect. XXIV.E.	Litigation must be in Wisconsin subject to state law.
w. Choice of law	Sect. XXVI.O.	Wisconsin law generally applies subject to state law.

Item 18

PUBLIC FIGURES

We do not use any public figure to promote its 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 any 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 only be given 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.

The first table in this Item 19 sets forth certain calendar year 2024 financial information provided to us by Breadsmith franchisees who have operated their franchise location for at least the entirety of the 2024 calendar year. We have excluded franchise locations that underwent a transfer of ownership within the last fiscal year in order to accurately reflect a whole uninterrupted year. The table includes 16 of a total of 19 Breadsmith franchise locations.

The second table in this Item 19 provides gross sales of Breadsmith franchise satellite stores in calendar year 2024 provided to us by the Breadsmith franchisees who operate them. This table also excludes satellite locations that underwent a transfer of ownership or did not operate for the entire calendar year. A satellite store may not be operated without a main franchise store. The table includes 6 of 9 satellite stores.

Franchise (Main Store) Financial Information

Quartile	# Stores	Avg. Sales	# Above Average	Median	Low	High	Avg. Wholesale Sales	Avg. COGS	Avg. Labor
1	4	\$2,827,999.81	2	\$2,566,411.37	\$1,173,540.34	\$5,005,636.15	\$1,378,910.61	23%	46%
2	4	\$951,210.38	3	\$984,413.81	\$749,028.00	\$1,086,985.91	\$284,834.00	25%	44%
3	4	\$597,523.17	1	\$568,339.69	\$547,517.03	\$705,896.26	\$221,359.01	23%	44%
4	4	\$473,802.29	2	\$484,736.31	\$390,613.00	\$535,123.55	\$195,862.83	20%	35%
Total	16	\$1,212,633.91	3	\$727,462.13	\$390,613.00	\$5,005,636.15	\$520,241.61	23%	43%

Notes to Table 1

1. Avg. Sales represents the mean average gross sales for the respective quartile of franchisees' main franchise location. # Above Average is the number of franchise locations in the quartile above the average sales revenue of the quartile. Median represents the median average gross sales of the respective quartiles. Avg Wholesale Sales means the average gross sales generated from sales made to wholesale accounts by the franchisees in the quartile. Not all franchisees participate in wholesale sales, and some focus more than others on wholesale sales. Avg. COGS is the average cost of goods sold as a percentage of average gross sales, and Avg. Labor is a percentage of labor costs as a percentage of average gross sales.
2. Due to labor percentages significantly lower than represented by the system as a whole, we have not included in the calculations the Avg. Labor percentage for two locations in the third quartile and one location in the fourth quartile. Labor figures can vary substantially in our franchise system based on methods of accounting, tax calculations, and operational strategies.

3. Two franchise locations (one in the third quartile and one in the fourth quartile) did not report their Cost of Goods Sold in a manner that would allow us to include their COGS percentage into the Avg. COGS calculation. Two franchise locations did not report complete labor costs and one franchise location provided anomalously low labor costs; these three locations were excluded from the Avg. Labor figures.
4. Some franchisees operate more than one franchise location. These franchisees may gain certain operational efficiencies and economies of scale.

Satellite Store Gross Sales

Satellite Store #	Avg. Sales
S01	\$462,923.43
S02	\$439,718.64
S03	\$425,091.21
S04	\$405,783.18
S05	\$191,805.33
S06	\$167,419.11

Notes to Table 2

1. Not all franchisees operate satellite locations and some franchisees operate multiple satellite locations. Operating multiple satellite locations may allow for operational efficiencies and economies of scale.

Notes to All Tables

“Gross Sales” means all revenues derived from business operations, less refunds and sales tax. It does not include any costs or expenses associated with the operation of a Store.

The financial data disclosed above was provided to us by Breadsmith franchisees and has not been audited. Additionally, except for the cost of goods sold as a percentage of gross sales and labor costs as a percentage of gross sales, this Item does not contain expense or operating cost information, including royalty fees, loyalty program fees, advertising fund fees (as applicable) or any other fees, as well as other expense information stated in Item 6, which you will incur as a franchisee, and other expenses your business incurs.

We expect that Gross Sales, revenues, and expenses will vary among franchisees, including new franchises. Many of the franchise operators identified in the tables above have operated for several years in the franchise system. In particular, the revenues and expenses of your franchised business will be directly affected by many factors, including: (a) geographic location; (b) competition from other similar businesses in your area; (c) advertising effectiveness based on market saturation; (d) your product and service pricing; (e) vendor prices on materials, supplies and inventory; (f) labor costs and the number of employees you employ; (g) health and other fringe benefits you provide; (h) ability to generate customers; (i) customer loyalty; and (j) employment conditions in the market.

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

Other than the preceding financial performance representation, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you receive any other financial performance information or projections of your future income, you should report it to our management by contacting Mr. Tim Malouf, President, Breadsmith Franchising, Inc. at (414) 962-1965 or 409 East Silver Spring Drive, Suite U11, Whitefish Bay, Wisconsin 53217, the Federal Trade Commission, and the appropriate state regulatory agencies. Written substantiation for the financial performance representations made in this Item will be made available to prospective franchisees upon reasonable request.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEMWIDE OUTLET SUMMARY
FOR THE YEARS 2022 TO 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	21	20	-1
	2023	20	18	-2
	2024	18	19 ¹	1
Franchised Satellite	2022	9	7	-2
	2023	7	7	0
	2024	7	9 ¹	2
Company Owned	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Company Satellite	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Total Outlets	2022	34	31	-3
	2023	31	29	-2
	2024	29	32	3

¹One franchised outlet and one satellite outlet are operated by a franchisee in which officers of BFI own a majority interest.