

FRANCHISE RELATIONSHIP		
Provision	Article in Franchise Agreement	Summary
s. Modification of the agreement	Article 16.1 & Article 16.2	None, except products, services, Operations Manual, Marks, and System are subject to change; may modify the Franchise Agreement if in a writing signed by the Franchisor, Franchisee, and the Guarantors
t. Integration/merger clause	Article 22.10	Only the terms of the Franchise Agreement and associated Documents are binding (subject to state laws). Other promises may not be enforceable
u. Choice of forum	Article 22.8	State of New York
v. Choice of Law	Article 22.8	State of New York law applies

NOTES:

(1) These states have statutes which may supersede the Franchise Agreement in your relationship with the Franchisor, including the areas of termination and renewal of your Franchise: ARKANSAS [Stat. Section 4-72-201 to 7-72-210, 70-807], CALIFORNIA [Bus. & Prof. Code Sections 20000-20043], CONNECTICUT [Gen. Stat. Section 42-133e et seq.], DELAWARE [Code, Tit. 6, Ch. 25, Sections 2551-2556], HAWAII [Rev. Stat. Section 482E-1], ILLINOIS [ILCS, Ch. 815, Sections 705/1-705/44, 705/19 and 705/20], INDIANA [Stat. Section 23-2-2.7], IOWA [Code Sections 523H.1-523H.17], MARYLAND [Stat. Sections 14-201 to 14-233], MICHIGAN [Stat. Section 19.854(27)], MINNESOTA [Stat. Section 80C.14], MISSISSIPPI [Code Section 75-24-51 to 75-24-61], MISSOURI [Stat. Section 407.400 to 407.410 and 407.420], NEBRASKA [Rev. Stat. Section 87-401 to 87-410], NEW JERSEY [Stat. Section 56:10-1 to 56:10-12], RHODE ISLAND [Section 19-28.1-14], SOUTH DAKOTA [Codified Laws Section 37-5A-51], VIRGINIA [Code 13.1-557 to 13.1-574], WASHINGTON [Code Sections 19.100.180, 19.100.190], WISCONSIN [Stat. Section 135.01 to 135.07]]. These and other states may have court decisions that may supersede the provisions of the Franchise Agreement in your relationship with us including the areas of termination, a limitation on the post termination non-competition covenant and renewal of your Franchise. Provisions of your Franchise Agreement giving Project LeanNation the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101, et seq.).

(2) Some states have statutes and court decisions that supersede the provisions of the Franchise Agreement in your relationship with us including a limitation on the post termination non-competition covenant.

ITEM 18. PUBLIC FIGURES

We do not use any public figures to promote our franchise at this time but reserve the right to do so.

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.

As of September 30, 2024 there were 28 Project LeanNation units operating. 1 franchise is affiliate-owned and 27 are franchised locations. Of these 28 locations, 21 were operating for the full 12-month fiscal period ending September 30, 2024.

The chart below represents historical information for the 19 units that were open and operating for the full the full 12-month period ending September 30, 2024 and were operated by the same franchisee during that time (i.e. no franchised locations that were sold or transferred are included).

		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Number of Units in Tier</i>		19	21%	53%	26%
<i>Gross Revenue</i>	Max	\$1,827,013	\$1,827,013	\$774,045	\$430,955
	Min	\$205,084	\$926,046	\$437,901	\$205,084
	Average	\$687,421	\$1,330,202	\$613,655	\$320,730
	Median	\$613,707	\$1,283,873	\$624,515	\$321,832
		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Subscription Revenue</i>	Max	\$1,267,056	\$1,267,056	\$581,124	\$292,859
	Min	\$145,157	\$486,873	\$332,241	\$145,157
	Average	\$487,557	\$906,089	\$454,726	\$218,392
	Median	\$455,772	\$935,214	\$466,882	\$220,361
		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Retail Revenue</i>	Max	\$559,957	\$559,957	\$192,921	\$138,096
	Min	\$59,927	\$315,413	\$105,659	\$59,927
	Average	\$199,865	\$424,112	\$158,929	\$102,337
	Median	\$153,397	\$410,540	\$155,364	\$104,567
		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Subscription Average Order Value</i>	Max	\$141.56	\$137.95	\$141.56	\$138.64
	Min	\$118.80	\$128.73	\$118.80	\$122.47
	Average	\$132.52	\$132.79	\$132.15	\$133.06
	Median	\$134.93	\$132.24	\$133.42	\$134.93
		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Weekly Boxes Fulfilled</i>	Max	181	181	96	41

	Min	24	74	50	24
	Average	72	130	69	33
	Median	67	132	68	33
		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Meals Per Box</i>	Max	13.9	13.9	13.3	13.9
	Min	12.4	13.0	12.4	12.6
	Average	13.1	13.5	12.9	13.2
	Median	13.0	13.4	12.9	13.2
		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Weekly Retail Revenue</i>	Max	\$10,768	\$10,768	\$3,710	\$2,656
	Min	\$1,152	\$6,066	\$2,032	\$1,152
	Average	\$3,844	\$8,156	\$3,056	\$1,968
	Median	\$2,950	\$7,895	\$2,988	\$2,011
		All Units	Top Tier	Middle Tier	Bottom Tier
<i>Retail Average Ticket Price</i>	Max	\$38.30	\$31.19	\$38.30	\$25.72
	Min	\$17.85	\$18.03	\$17.85	\$18.23
	Average	\$24.64	\$23.98	\$26.23	\$22.00
	Median	\$23.54	\$23.36	\$25.57	\$21.12

Breakdown of Revenue		Average	Meal Fulfillment	Average
Subscription Percentage of Total Revenue		71%	In Store Pickup	91.1%
Retail Percentage of Total Revenue		29%	Local Delivery	8.9%
Breakdown of Meal Types		Average	Frequency of Orders	Average
Lifestyle Meal Subscription Percentage		82.8%	Weekly	63.3%
Athlete Meal Subscription Percentage		17.2%	Bi-Weekly	36.7%

AVG Number of Subscribers	214.78 per location
AVG Number of New/Re-Activated Subscribers	29.86 per month per location
AVG Net Subscriber Growth	4.52 net subscribers per month per location

Definitions

"Gross Revenue" - Means the total revenue derived by each Project LeanNation store less sales tax, discounts, allowances and returns.

"Subscription Revenue" - Means the total revenue derived from recurring meal subscription plans, including weekly or biweekly plans by each Project LeanNation store less sales tax, discounts, allowances and returns.

"Retail Revenue" - Revenue derived from the sale of products outside of subscription services, including individual meals, shakes, supplements, and merchandise available for purchase. The calculation is based on retail sales after applying discounts and refunds.

"Subscription Average Order Value": The average dollar amount spent per subscription transaction, calculated by dividing total subscription revenue by the number of subscription transactions during the reporting period.

"Weekly Boxes Fulfilled": The average number of meal subscription plans fulfilled to members each week during the reporting period.

"Meals Per Box": The average number of individual meals included in each subscription box prepared for customers.

"Average Weekly Retail Revenue": Weekly revenue derived from the sale of products outside of subscription services, including individual meals, shakes, supplements, and merchandise available for purchase. The calculation is based on retail sales after applying discounts and refunds.

"Average Retail Ticket Price": The average amount spent per retail transaction, calculated by dividing total retail revenue by the number of retail transactions during the reporting period.

"Lifestyle Meal Subscription Percentage": The proportion of total subscription revenue generated from "Lifestyle Meal" subscription plans.

"Athlete Meal Subscription Percentage": The proportion of total subscription revenue generated from "Athlete Meal" subscription plans.

"Subscription Percentage of Revenue": The percentage of total revenue attributed to subscription sales, calculated by dividing subscription revenue by gross revenue.

"Retail Percentage of Revenue": The percentage of total revenue derived from retail sales, calculated by dividing retail revenue by gross revenue.

"AVG Number of Subscribers" - Means the average number of active subscribers in a given time period for

each Project LeanNation store. Active subscribers are defined as individuals with an active subscription and at least one completed transaction during the period.

"AVG Number of New/Re-Activated Subscribers" - Means the average number of subscribers who either started a new subscription or re-activated a previously canceled or paused subscription during a given time period for each Project LeanNation store.

"AVG Net Subscriber Growth" - Means the average change in the total number of active subscribers during a given time period for each Project LeanNation store, calculated as new/re-activated subscribers minus cancellations.

"Meal Fulfillment" - Breaks down the members that picked up in store verse delivery

"In-Store Pickup" - Means the percentage or count of fulfilled orders picked up by subscribers at the physical location of each Project LeanNation store during a given time period.

"Local Delivery" - Means the percentage or count of fulfilled orders delivered by the store's delivery service during a given time period for each Project LeanNation store.

"Frequency of Orders" - Means the rate at which subscribers place orders within a given time period, segmented into weekly or bi-weekly order frequencies for each Project LeanNation store.

"Weekly" - Means the percentage or count of subscribers who are signed up for weekly meal plans.

"Bi-Weekly" - Means the percentage or count of subscribers who are signed up for bi-weekly meal plans.

The chart below represents an operating profit and loss statement for our one affiliate-owned location, Project LeanNation Rochester for the full fiscal year October 1, 2023 to September 30, 2024

Date Range: October 1, 2023 – September 30, 2024

Gross Revenue		Project LeanNation Rochester	
	Subscription	\$1,267,056	69.4%
	Retail	\$559,957	30.6%
Total Gross Revenue		\$1,827,013	100.0%
Cost of Goods Sold			
	Production of Meals	\$791,220	43.3%
	Other Retail Cost of Goods Sold	\$124,624	6.8%
Total Cost of Goods Sold		\$915,844	50.1%
Gross Profit		\$911,169	49.9%

Operating Expenses		
Labor	\$193,355	10.6%
Rent	\$38,944	2.1%
Other Operating Expenses & Fees	\$251,453	13.8%
Total Operating Expenses	\$483,752	26.5%
EBITDA	\$427,417	23.4%

Definitions:

"Gross Revenue" Means the total revenue derived from subscription and retail products and services

"Subscription" Means the total revenue derived from recurring meal subscription plans, including weekly or biweekly plans by each Project LeanNation store less sales tax, discounts, allowances and returns.

"Retail" - Revenue derived from the sale of products outside of subscription services, including individual meals, shakes, supplements, and merchandise available for purchase. The calculation is based on retail sales after applying discounts and refunds.

"Cost of Goods Sold" direct costs associated with producing or delivering the products sold

"Production of Meals" includes direct inputs for meals orders from LeanLife manufacturing including logistics, packaging, and prepared meals

"Other Retail Cost of Goods Sold" includes direct inputs for products sold in retail including shake bar supplies, supplements, beverages and merchandise.

"Operating Expenses" the ongoing costs incurred by a business to run its day-to-day operations. These expenses are not directly tied to the production of goods or services (unlike Cost of Goods Sold) but are necessary to maintain the business. Common examples include rent, utilities, labor, marketing, insurance, and office supplies.

"Labor" includes wages & payroll taxes paid to employees of the franchises, except for the franchise owner pay.

"Rent" includes total rent paid according to lease agreement during specified time period

"Other Operating Expenses & Fees" includes remaining operating expenses such as utilities, store supplies, computer and any other ongoing costs incurred to run its day-to-day operations. Royalty & brand marketing fees are also included in this amount.

"EBITDA" (Earnings Before Interest, Taxes, Depreciation, and Amortization) a financial metric that

measures a company's profitability by focusing on its core operational performance. It excludes the effects of financing decisions (interest), tax strategies (taxes), and non-cash expenses (depreciation and amortization), providing a clearer picture of operational efficiency.

Note: These financial statements are unaudited and have been prepared for informational purposes only. They do not reflect a certified audit or independent verification of the financial data. While every effort has been made to ensure accuracy, these statements may contain errors or omissions.

Some locations have earned this amount. There is no assurance you'll do as well. If you rely upon our figures, you must accept the risk of not doing as well.

Written substantiation for the above financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Franchisor does 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 are purchasing an existing outlet, however, we may provide you with the actual records of that location. 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 Tim Dougherty at 14 Franklin Street, Suite 1403, Rochester, New York 14604, Phone number: (585) 705-8887, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20. OUTLETS AND FRANCHISEE INFORMATION**A. Information Regarding All Franchises**

Listed below are the status summaries for our franchise outlets.

TABLE 1 SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2022 TO 2024¹				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	5	7	+2
	2023	7	21	+14
	2024	21	28	+7
Company-Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	6	8	+2
	2023	8	22	+14
	2024	22	29	+7

1 Our fiscal year ends on September 30. All references to years in these tables refers to September 30th of that year.

2 Our affiliate Project Lean Nation, Inc. operates a “company owned” outlet. All references to company owned outlets in these tables refers to Project Lean Nation, Inc.

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