

Provision	Section in Franchise or Development Agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 16 of the Franchise Agreement <hr/> 14(b) of the Development Agreement	Arbitration and actions for injunctive relief, claims based on the Marks, or on covenants not to compete must be in the State of North Carolina. (Subject to state law)
v. Choice of forum	Section 16.06 of the Franchise Agreement <hr/> 14(b) of the Development Agreement	Mediation, Arbitration and actions to confirm arbitration award must be brought in New Hanover County, North Carolina (subject to applicable state law)
w. Choice of law	16.06 of the Franchise Agreement <hr/> 14(a) of the Development Agreement	Except for federal law, North Carolina law applies (subject to applicable state law)

The provision of the Franchise Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy, law (11 U.S.C. Section 101 et seq.)

See the state addenda (attached as Exhibit F to the Franchise Agreement and this Disclosure Document for special state disclosures.

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote our franchise, but we reserve the right to do so in the future.

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 franchisee 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.

We make the following representations franchised restaurants that were open for at least eighteen months as of December 31, 2023 and were operated by the same franchisee (i.e. no franchised restaurants that were sold or transferred are included). The historical performance numbers for Table 1 are for the period January 1, 2023-December 31, 2023. During fiscal year 2023, we had

ninety nine (99) total open outlets, including one (1) company owned or affiliated outlet and ninety eight (98) franchised outlets.

TABLE 1^{11,12, 13}
2023 GROSS SALES, COST OF GOODS, LABOR, OCCUPANCY,
OTHER OPERATING COSTS, AND EBITDA (LESS OWNER/MANAGER)

Category	Average ² of Category	Top 25% Average ²	Bottom 25% Average ²	Median ³ of Category
Gross Sales ¹	1,086,720	\$1,713,223	\$616,104	\$976,634
Cost of Goods Sold ⁵	\$420,667	\$647,881	\$252,218	\$374,638
Labor ⁶	\$175,854	\$264,713	\$130,203	\$158,794
Occupancy Cost ⁷	\$70,155	\$78,512	\$59,806	\$72,236
Other Operating Costs ⁸	\$266,814	\$399,857	\$180,991	\$223,879
EBTIDA (less owner/manager salary)	\$153,230	\$321,260	\$(-)7,113	\$147,087

1. “Gross Sales” – represents the total receipts minus taxes, tips, and refunds for each restaurant location listed above for the period for the twelve months ending December 31st of the respective year. Gross Sales does not include sales tax, discounts, allowances or returns.
2. “Average” means the sum of all data points in a set, divided by the number of data points in that set. For average of a category, the sum all 67 restaurants was divided by 67 to produce the average of the category. For the Top 25% Average, the sum of the top fourteen (14) restaurants, ranked by Gross Sales, was divided by sixteen (16). For the Bottom 25% Average, the sum of the bottom seventeen (17) restaurants, ranked by Gross Sales, was divided by seventeen (17).
3. “Median” is determined by ranking locations in order of Gross Sales (\$), from lowest to highest. With an odd sample size, median is determined by taking the middle number in ranking order. With an even sample size, median is determined by averaging the two (2) middle numbers in ranking order.

4. Of those outlets whose data were used in arriving at the figures in the table above, twenty seven (27) franchised locations attained or surpassed the Average Gross Sales, representing 40% of the represented franchises.
5. “Cost of Goods Sold” is the cost of the products and ingredients of the products sold by each franchise to consumers. It does not include the cost of paper products, packaging and other items which are not sold to end-user consumers.
6. “Labor” includes the wages paid to employees of the franchises, except for manager and franchise owner pay. Labor does not include plus payroll taxes and unemployment insurance, as applicable.
7. “Occupancy Cost” includes expenses related to leasing space for the operation of a franchise restaurant. Occupancy Cost includes rent, common area maintenance fees and other expenses paid directly to a franchisee’s landlord.
8. “Other Operating Costs” includes bonuses to employees, payroll taxes, health insurance (if any), worker’s compensation insurance, royalties to franchisor, advertising fund payments to franchisor, bank charges, professional fees, software expense, equipment, supplies, utilities, office supplies, repairs and maintenance, dues and subscriptions, taxes and licenses, miscellaneous supplies, travel, auto expenses and miscellaneous expenses.
9. “EBTIDA (less owner/manager salary)” is an acronym for “earnings before taxes, interest, depreciation and amortization” is defined as Gross Sales plus Miscellaneous Income, minus Cost of Goods Sold, Labor, Occupancy Cost and Other Operating Costs, but not including taxes, insurance, depreciation or amortization expenses. EBTIDA (less owner/manager salary) also does NOT include a manager’s salary, or the salary taken by franchise owners. The manager/owner salaries were removed because they vary widely among the represented franchises based on individual franchise owner preference and local market conditions. You should investigate manager salaries in your location and take into account manager salary expenses.
10. In Table 1, for the fiscal year ending December 31, 2023, the lowest reported Gross Sales for a Café was \$405,769 and the highest Gross Sales for a Café was \$2,418,977.
11. In Table 1, for the fiscal year ending December 31, 2023, of the Cafes represented in the top twenty five percent (25%) the lowest Gross Sales was \$1,413,998 and the highest Gross Sales was \$2,418,977. The median of this data set is \$1,618,803.
12. In Table 1, for the fiscal year ending December 31, 2023, of the cafes represented in the bottom twenty five percent (25%) the lowest Gross Sales was \$405,969 and the highest Gross Sales was \$788,190. The median of this data set is \$615,537.

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

You may experience capitalized or other balance sheet expenditures that are not included in this cost and expense information. Costs and expenses in the operation of a restaurant will vary from franchisee to franchisee, and from location to location and will depend on seasonal, local and other factors, like the franchisee's efficiency in the utilization of products, the cost of transportation, and the fluctuation in market prices for food and other products.

The gross sales for franchised restaurants are based on the reports of the respective Franchisee. We have not audited the reports for purposes of this Item 19 information. All franchised and company owned restaurants considered offer substantially the same products and services as will be offered from your restaurant.

Your results will be affected by factors such as your own operational ability, which may include your experience with managing a business, prevailing economic or market area conditions, demographics, geographic location, your capital and financing (including working capital), continual training of you and your staff, customer service orientation, and the use of experts, e.g., an accountant, to assist you with your business plans.

We encourage you to conduct an independent investigation of this opportunity and to consult with your own accounting, business and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your franchise before entering into a Franchise Agreement. We also encourage you to contact existing franchisees to discuss their experience with the system and the franchise business. Written Substantiation of the data used in preparing the earnings claims in this Item will be made available to prospective franchisees on reasonable request.

Other than the preceding financial performance representation, Clean EatZ 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 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 Don Varady at 4389 Oleander Drive Wilmington NC 28403, 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 2021-2023