

Provisions	Section in Franchise Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 15.2	Neither you nor your Owners may have any involvement with any health food restaurant or any quick-service or fast casual restaurant that derives a significant portion of its income from the sale of health food and/or superfood items, other than the one authorized in the Franchise Agreement, at your former Restaurant location or within a 25-mile radius of your former Restaurant or within a 25-mile radius of any other NAUTICAL BOWLS Restaurant for two years following expiration, termination or transfer. Non-competition covenants are subject to State law.
s. Modification of the agreement	Sections 18.1 and 18.2	Must be in writing and signed by all parties
t. Integration/merger clause	Sections 18.1 and 18.2	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). However, nothing in the franchise agreement is intended to disclaim or require you to waive reliance on any representation made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	Section 19.2 and 19.3	Claims, controversies, or disputes from or relating to the Franchise Agreement must be mediated, except for actions seeking injunctive relief and actions we bring which are related to or based on our Marks or Confidential Information.
v. Choice of forum	Sections 19.2, 19.3, and 19.4	Mediation in the city where our principal business office is located at the time mediation occurs. Venue for any other proceeding is the courts in the county in which we maintain our principal business office (subject to applicable state law).
w. Choice of law	Section 19.1	Texas law applies without giving effect to any conflict of laws principles (subject to state law).

ITEM 18 PUBLIC FIGURES

We do not use any public figure to promote the 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.

Factual Background, Statement of Bases and Material Assumptions

There were 58 NAUTICAL BOWLS restaurants in the NAUTICAL BOWLS system as of December 31, 2023. Of these restaurants, 23 stores were open for the full 12 months ending December 31, 2023. Sales for these restaurants ranged from \$641,385 to \$261,693. Thirteen of those 23 restaurants had net sales greater than \$440,000, five restaurants had Sales less than \$440,000 but more than \$375,000, and five restaurants had Sales had less than \$375,000.

The following income statement reflects estimated Cost of Goods, Gross Profit, Rent, Crew Labor costs, and other expenses of a restaurant that earns \$440,000 in Sales. These figures assume that the restaurant is owner/operated and that there is no general manager expense. These figures also assume there is no debt financing or other financing expenses or payments.

Projected Income and Expenses for Nautical Bowls Restaurant with Annual Sales of \$400,000

	Revenue Dollars	% of Revenue
Sales¹	\$440,000	100.00%
Cost of Goods ²	\$140,800	32.00%
Gross Profit³	\$299,200	68.00%
Rent (including CAM, insurance and real estate taxes) ⁴	\$48,000	10.91%
Crew Labor (wages and payroll taxes) ⁵	\$89,000	20.23%
Royalty Fee ⁶	\$26,400	6.00%
National Marketing Fund ⁷	\$8,800	2.00%
Local Marketing and Promotion ⁸	\$4,400	1.00%
Merchant Account Fees ⁹	\$11,128	2.53%
Store Operations ¹⁰	\$8,800	2.00%
Utilities ¹¹	\$8,200	1.86%
Professional Services ¹²	\$5,300	1.20%
Operating Supplies ¹³	\$2,200	.50%
Repairs and Maintenance ¹⁴	\$2,200	.50%
Business Insurance ¹⁵	\$1,960	.45%

	Revenue Dollars	% of Revenue
Computer and Internet Expenses ¹⁶	\$1,800	.41%
Business Licenses and Permits ¹⁷	\$800	.18%
Uniforms and Apparel ¹⁸	\$500	.11%
Total Expenses	\$360,288	81.88%
Earnings Before Income, Taxes, Depreciation and Amortization (EBITDA)	\$79,712	18.12%

Note 1. “Sales” means cash receipts from the sale of food and merchandise, net of customer refunds and sales tax.

Note 2. “Cost of Goods Sold” includes the cost of ingredients and packaging.

Note 3. “Gross Profit” means Gross Sales less Cost of Goods Sold.

Note 4. “Rent” includes rent, CAM charges and tenant’s portion of insurance and real estate taxes.

Note 5. “Crew Labor” includes wages and payroll taxes for hourly workers but does not include manager or owner salary.

Note 6. “Royalty Fee” reflects the 6% Royalty Fee that franchisees pay to us under the franchise agreement.

Note 7. “National Marketing Fund Contribution” reflects the 2% National Marketing Fund contributions that franchisees pay to us under the franchise Agreement. The Minnetonka and Eden Prairie Restaurants make this contribution.

Note 8. “Marketing and Promotion” means costs paid to market and promote the restaurants in the local market.

Note 9. “Merchant Account and Bank Fees” means the total costs paid for fees associated with credit card processing and wire transfers.

Note 10. “Store Operations” means the total costs paid for restaurant and office supplies needed to perform the day-to-day operations, including cleaning supplies, smallwares, uniforms, and miscellaneous office supplies.

Note 11. “Utilities” means the total costs paid for electricity, water, sewage, and other utilities.

Note 12. “Professional Fees” means costs paid to third parties for professional services including costs for attorney services, accountant services, and other professional services that may exist.

Note 13. “Operating Supplies” means cleaning supplies, office supplies, utensils, etc.

Note 14. “Repairs and Maintenance” means costs paid for general upkeep, repairs, and maintenance.

Note 15. “Business Insurance” means costs paid for insurance, including general liability insurance and workers’ compensation insurance.

Note 16. “Computer and Internet” means costs paid for computer repairs or updates, internet service, and phone service.

Note 17. “Business License and Permits” means costs paid to municipalities for appropriate licenses and permits.

Note 18. “Uniforms and Apparel” includes the cost of purchase uniforms and apparel for employees.

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

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

Except for the information presented above, 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 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 Peter Taunton, Nautical Bowls Franchising, LLC, 2020 North Bayshore Drive, Unit 4104, Miami, Florida 33137, ptaunton@nauticalbowls.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
SYSTEMWIDE OUTLET SUMMARY
FOR YEARS 2021 TO 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at End of Year	Net Change
Franchised	2021	0	4	+4
	2022	4	28	+24
	2023	28	62	+34
Company-Owned	2021	2	0	-2 ¹
	2022	0	0	0
	2023	0	1	+1
Total Outlets	2021	2	4	+2
	2022	4	28	+24
	2023	28	63	+35

Note 1. In 2021 two of our company-owned locations transitioned to franchised locations owned by two of our principals, Bryant and Rachel Amundson.

**TABLE NO. 2
TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2021 TO 2023**

State	Year	Number of Transfers
Totals	2021	0
	2022	1
	2023	4