

Provision	Section in Franchise or Other Agreement	Summary
o. Our option to purchase your business	15.6	60 day option upon termination or expiration
p. Your death or disability	12.6, 12.7	If you, or your managing owner, die or are permanently disabled, your interest in the franchise must be transferred to a third party within 2 months from the date of death or permanent disability.
q. Non-competition covenants during the term of the franchise	7.1	You may not have an ownership interest in a competitive business while you are a franchisee (subject to state law)
r. Non-competition covenants after the franchise is terminated or expires	15.4	24 months within the Territory (subject to state law)
s. Modification of the agreement	17.16	Must be in writing
t. Integration / merger clause	17.18	Oral statements not binding. The Franchise Agreement and the system standards are the entire agreement (subject to federal and state law). Any representation or promise made outside this disclosure document or the Franchise Agreement may not be enforceable. 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	17.12	All non-money issues except post-term use of the Marks are to be resolved by arbitration (subject to state law)
v. Choice of forum	17.14	California (subject to federal and state law)
w. Choice of law	17.13; Section 11 to Purchase Agreement	State in which the Area of Operation is located, except for arbitration which is covered by the Federal Arbitration Act (subject to state law)

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote ACFN franchises. No public figure is involved in our management or control.

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.

Possible Results of ACFN Franchisee Operating 1 ATM, 5 ATMs and 10 ATMs

The following 3 tables (first, second and third tables) are presented to demonstrate possible results of an ACFN franchisee operating 1 ATM, a small network of 5 ATMs, and a larger network of 10 ATMs, based on a combination of variables. The variables include the following: (i) Transactions Per Day; (ii) Total Transactions Per Day; (iii) Transactions Per Month; (iv) Fees Collected; (v) Transaction Fees; (vi) Profit Share; (vii) Administration Fees; and (viii) Estimated Funds.

This financial performance representation is a forecast of future financial performance. The possible results included in the tables below are solely based on our estimates of the variables, and are not the actual results of any particular ACFN franchisee or ACFN ATM.

To give the information presented in these tables a reasonable basis, however, we used averages based on every ATM surcharge transaction that took place at all operational ACFN ATMs during our 2023 fiscal year (October 1, 2022 to September 30, 2023) in calculating several of the estimated variables, including average dispense, average surcharge collected and average profit share. A detailed description of our estimates and the material assumptions underlying this financial performance representation are included in the notes following the tables.

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# ATMs	Tran. per day	Total per day	Tran. per month	Fees collected	Tran. fees	Profit share	Admin fee	Paid to franchisee	Annual total	Estimated funds	10 year total
1	1	1	30	\$ 114.60	\$ 2.40	\$ 49.50	\$12	\$ 50.70	\$608	\$ 879	\$6,963
1	2	2	60	\$ 229.20	\$ 4.80	\$ 99.00	\$12	\$ 113.40	\$1,361	\$ 1,759	\$15,367
1	3	3	90	\$ 343.80	\$ 7.20	\$ 148.50	\$12	\$ 176.10	\$2,113	\$ 2,638	\$23,770
1	4	4	120	\$ 458.40	\$ 9.60	\$ 198.00	\$12	\$ 238.80	\$2,866	\$ 3,517	\$32,173
1	5	5	150	\$ 573.00	\$ 12.00	\$ 247.50	\$12	\$ 301.50	\$3,618	\$ 4,397	\$40,577
1	6	6	180	\$ 687.60	\$ 14.40	\$ 297.00	\$12	\$ 364.20	\$4,370	\$ 5,276	\$48,980
1	7	7	210	\$ 802.20	\$ 16.80	\$ 346.50	\$12	\$ 426.90	\$5,123	\$ 6,156	\$57,384
1	8	8	240	\$ 916.80	\$ 19.20	\$ 396.00	\$12	\$ 489.60	\$5,875	\$ 7,035	\$65,787
1	9	9	270	\$ 1,031.40	\$ 21.60	\$ 445.50	\$12	\$ 552.30	\$6,628	\$ 7,914	\$74,190
1	10	10	300	\$ 1,146.00	\$ 24.00	\$ 495.00	\$12	\$ 615.00	\$7,380	\$ 8,794	\$82,594
1	11	11	330	\$ 1,260.60	\$ 26.40	\$ 544.50	\$12	\$ 677.70	\$8,132	\$ 9,673	\$90,997
1	12	12	360	\$ 1,375.20	\$ 28.80	\$ 594.00	\$12	\$ 740.40	\$8,885	\$ 10,552	\$99,400
5	1	5	150	\$ 573.00	\$ 12.00	\$ 247.50	\$60	\$ 253.50	\$3,042	\$ 4,397	\$34,817
5	2	10	300	\$ 1,146.00	\$ 24.00	\$ 495.00	\$60	\$ 567.00	\$6,804	\$ 8,794	\$76,834
5	3	15	450	\$ 1,719.00	\$ 36.00	\$ 742.50	\$60	\$ 880.50	\$10,566	\$ 13,190	\$118,850
5	4	20	600	\$ 2,292.00	\$ 48.00	\$ 990.00	\$60	\$1,194.00	\$14,328	\$ 17,587	\$160,867
5	5	25	750	\$ 2,865.00	\$ 60.00	\$1,237.50	\$60	\$1,507.50	\$18,090	\$ 21,984	\$202,884
5	6	30	900	\$ 3,438.00	\$ 72.00	\$1,485.00	\$60	\$1,821.00	\$21,852	\$ 26,381	\$244,901
5	7	35	1050	\$ 4,011.00	\$ 84.00	\$1,732.50	\$60	\$2,134.50	\$25,614	\$ 30,778	\$286,918
5	8	40	1200	\$ 4,584.00	\$ 96.00	\$1,980.00	\$60	\$2,448.00	\$29,376	\$ 35,174	\$328,934
5	9	45	1350	\$ 5,157.00	\$108.00	\$2,227.50	\$60	\$2,761.50	\$33,138	\$ 39,571	\$370,951
5	10	50	1500	\$ 5,730.00	\$120.00	\$2,475.00	\$60	\$3,075.00	\$36,900	\$ 43,968	\$412,968
5	11	55	1650	\$ 6,303.00	\$132.00	\$2,722.50	\$60	\$3,388.50	\$40,662	\$ 48,365	\$454,985
5	12	60	1800	\$ 6,876.00	\$144.00	\$2,970.00	\$60	\$3,702.00	\$44,424	\$ 52,762	\$497,002
10	1	10	300	\$ 1,146.00	\$ 24.00	\$ 495.00	\$120	\$ 507.00	\$6,084	\$ 8,794	\$69,634
10	2	20	600	\$ 2,292.00	\$ 48.00	\$ 990.00	\$120	\$1,134.00	\$13,608	\$ 17,587	\$153,667
10	3	30	900	\$ 3,438.00	\$ 72.00	\$1,485.00	\$120	\$1,761.00	\$21,132	\$ 26,381	\$237,701
10	4	40	1200	\$ 4,584.00	\$ 96.00	\$1,980.00	\$120	\$2,388.00	\$28,656	\$ 35,174	\$321,734
10	5	50	1500	\$ 5,730.00	\$120.00	\$2,475.00	\$120	\$3,015.00	\$36,180	\$ 43,968	\$405,768
10	6	60	1800	\$ 6,876.00	\$144.00	\$2,970.00	\$120	\$3,642.00	\$43,704	\$ 52,762	\$489,802
10	7	70	2100	\$ 8,022.00	\$168.00	\$3,465.00	\$120	\$4,269.00	\$51,228	\$ 61,555	\$573,835
10	8	80	2400	\$ 9,168.00	\$192.00	\$3,960.00	\$120	\$4,896.00	\$58,752	\$ 70,349	\$657,869
10	9	90	2700	\$10,314.00	\$216.00	\$4,455.00	\$120	\$5,523.00	\$66,276	\$ 79,142	\$741,902
10	10	100	3000	\$11,460.00	\$240.00	\$4,950.00	\$120	\$6,150.00	\$73,800	\$ 87,936	\$825,936
10	11	110	3300	\$12,606.00	\$264.00	\$5,445.00	\$120	\$6,777.00	\$81,324	\$ 96,730	\$909,970
10	12	120	3600	\$13,752.00	\$288.00	\$5,940.00	\$120	\$7,404.00	\$88,848	\$105,523	\$994,003

General Notes Relating to 3 Tables Above

The 3 tables above represent projections of possible results using the estimated variables described above, some of which are based on information compiled using every surcharge transaction that took place at all operational ACFN ATMs located in the United States during our 2023 fiscal year. These ACFN ATMs are referred to in this financial performance representation as the “2023 ATMs.” There were 2,654 2023 ATMs, located in 47 different states, that were operating for at least some portion of our 2023 fiscal year. The length of time each 2023 ATM was operational during our 2023 fiscal year varied as follows: 2,532 were operational for 12 full months; 31 were operational for more than 9 months, but less than 12 months; 30 were operational for more than 6 months, but less than 9 months; 33 were operational for more than 3 months, but less than 6 months; and 28 were operational for less than 3 months. The 2023 ATMs are primarily located in hotels and other travel and entertainment based businesses.

As the result of the COVID-19 pandemic, many state and local governments have imposed operating restrictions from 2020 to 2022 that resulted in the closure of some of the host locations where ATMs are located for a period of time. These operating restrictions, as well as concerns relating to the pandemic, also have resulted in reduced foot traffic at some of the host locations since 2020.

While the Transaction Fee and the Administrative Fee (as defined below) are flat fees and the same for each ATM, other fees and averages described in this Item 19, including average dispense, average surcharge collected and average profit share, are different for each ATM because of where the ATM is located, the arrangement negotiated with the ATM location owner and local market conditions.

The information provided in this Item 19 regarding the 2023 ATMs is based on third-party processor network reports. All numbers in the above tables are rounded to the nearest dollar.

Using the information described above, we calculated the following averages and medians:

Average Dispense – Represents the average amount of money withdrawn in a single surcharge transaction from a 2023 ATM. This average was calculated by dividing the total amount of cash withdrawn from all 2023 ATMs during our 2023 fiscal year by the total number of cash withdrawals. The average for our 2023 fiscal year was \$109.92. Of the 2,654 2023 ATMs, 1,354 or 51% were below this average, and 1,300 or 49% were at or above this average. The median for our 2023 fiscal year was \$108.00.

Average Surcharge Collected – Represents the average fee collected by a 2023 ATM for a single surcharge transaction, and was calculated by dividing the total surcharge collected by all 2023 ATMs during our 2023 fiscal year by the total number of surcharge transactions. The average surcharge for our 2023 fiscal year was \$3.82. Of the 2,654 2023 ATMs, 1,380 or 52% were below this average, and 1,274 or 48% were at or above this average. The median surcharge for our 2023 fiscal year was \$3.50.

Average Profit Share – Represents the average amount paid per surcharge transaction to the location owner of each of the 2023 ATMs, and was calculated by dividing the total paid to all 2023 ATM location owners during our 2023 fiscal year by the total number of surcharge transactions. The average profit share during our 2023 fiscal year was \$1.65. Of the 2,654 2023 ATMs, 1,592 or 60% paid at or below this average, and 1,062 or 40% paid above this average. The median profit share during our 2023 fiscal year was \$1.00.

Specific Notes Relating to Each Column on 3 Tables Above

<u>Column</u>	<u>Heading</u>	<u>Description</u>
1	# ATMs	The total number of ACFN ATMs a franchisee owns and has placed in operation.
2	Tran. per day (Surcharge Transactions Per Day)	The average number of surcharge transactions performed at each of a franchisee's ACFN ATMs each day. While the tables include information for average daily surcharge transactions ranging from 1 to 12 surcharge transactions, we would generally recommend that an ACFN ATM producing less than 4 surcharge transactions per day be moved to a new location for better results, unless the ACFN ATM is part of a MLA Program we establish.
3	Total per day (Total Surcharge Transactions Per Day)	The average number of surcharge transactions performed at each of a franchisee's ACFN ATMs each day multiplied by the number of ACFN ATMs in a franchisee's network. The result represents an estimate of the total number of surcharge transactions for a franchisee's ACFN ATM network that day.
4	Tran. per mo. (Surcharge Transactions Per Month)	The estimated number of surcharge transactions performed each month by a franchisee's ACFN ATM network based on a 30-day month.
5	Fees Collected (Per Month)	Fees collected each month by a franchisee as owner of the ATM based on the Average Surcharge Collected for our 2023 fiscal year of \$3.82 per surcharge transaction.

<u>Column</u>	<u>Heading</u>	<u>Description</u>
6	Tran. Fees (Transaction Fees Per Month)	\$0.08 per surcharge transaction for communications and other transaction-related costs. This is the amount currently set in the Franchise Agreement, although we periodically may reasonably increase it.
7	Profit Share (Per Month)	Paid to the ACFN ATM location owner for participating in our “On Site ATM” program and based on our Average Profit Share for our 2023 fiscal year of \$1.65 per surcharge transaction.
8	Admin. Fee (Administration Fee Per Month)	\$12 per ACFN ATM per month for processing, reporting and accounting. This is the amount currently set in the franchise agreement, although we may increase it by up to 10% every 12 months.
9	Paid to Franchisee (Amount Paid to Franchisee Per Month)	The Fees Collected, less the Transaction Fees, Profit Share and Administration Fee, each month.
10	Annual Total (Annual Amount Paid to Franchisee)	The amount paid to a franchisee annually for an ACFN ATM performing at this level based on the averages described above.
11	Estimated Funds	This represents the estimated amount of money needed by a franchisee to operate (that is, provide adequate cash) the franchisee’s ACFN ATM(s) with service calls performed once each week, and is calculated by multiplying the number of surcharge transactions per month times the Average Dispense of \$109.92, divided by 30 to calculate the daily average then multiplied by 8 so the ATM will have extra cash to prevent it from running out of cash before the next service call.
12	10 Year Total	10 times the Annual Total, plus the Estimated Funds (as these terms are described above). If a franchisee ceases operating the ACFN ATM business at the end of 10 years, a franchisee will have received 10 times the Annual Total. In addition, the franchisee will be able to retrieve the Estimated Funds used to operate the franchisee’s ACFN ATM(s) since the funds are no longer needed.

These figures are only estimates of what we think you may earn. Your individual results may differ. There is no assurance that you'll earn as much.

Except for Estimated Funds, the figures in the tables above do not reflect the cost of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or net profit. You should conduct an independent investigation of the costs and expenses you incur in operating your franchised ACFN business. Franchisees or former franchisees listed in this disclosure document may be one source of information.

Written substantiation of the information contained in this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, ACFN Franchised Inc. 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 Jeffrey Kerr, ACFN Franchised Inc., 4 North Second Street, Suite 1240, San Jose, California 95113, (888) 794-2236, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE NUMBER 1

Systemwide Business Summary

For Years Ended December 31, 2020, September 30, 2022, and September 30, 2023*

Business Type	Year	Businesses at the Start of the Year	Business at the End of the Year	Net Change
Franchised	2021	240	222	-18
	2022	222	227	+5
	2023	227	227	0
Company Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Businesses	2021	240	222	-18
	2022	222	227	+5
	2023	227	227	0