

<b>Provision</b>	<b>Section in franchise or other agreement</b>	<b>Summary</b>
	9(a) of Manufacturing Agreement	Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim representations made in this franchise disclosure document. Any representations or promises outside of the disclosure document and franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	21.F of Franchise Agreement	We and you must arbitrate all disputes within 10 miles of where we (or then-current franchisor) have our principal business address when the arbitration demand is filed (it currently is in Springdale, Arkansas) (subject to applicable state law).
v. Choice of forum	21.H of Franchise Agreement  9(g) of Manufacturing Agreement	Subject to arbitration requirements, litigation must be (with limited exception) in courts closest to where we (or then-current franchisor) have our principal business address when the action is commenced (it currently is in Springdale, Arkansas) (subject to applicable state law).
w. Choice of law	21.G of Franchise Agreement	Federal law and Arkansas law govern (subject to state law).

## **Item 18** **PUBLIC FIGURES**

We do not use any public figure to promote our 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.

This financial performance representation reflects certain actual historical average and median operating results for 180 7 BREW Stores (the "Measured Stores")—18 of which are owned by our parent company, Brew Culture, LLC (the "Company Stores"), and 162 of which are franchised Stores (the "Franchised Stores")—that were in operation during the entire 13-period timeframe (a full year) beginning with January 1, 2024, and ending with December 29, 2024 ("Fiscal Year 2024"). While an additional 137 franchised and affiliated 7 BREW Stores opened in

Fiscal Year 2024 (134 franchised 7 BREW Stores and 3 affiliated 7 BREW Stores), those Stores are excluded from the Measured Stores because they were not open for a full fiscal year as of the end of Fiscal Year 2024. The 180 Measured Stores operated for the full Fiscal Year 2024. No 7 BREW Stores closed (either temporarily or permanently) during Fiscal Year 2024. All financial performance representations are based on internal unaudited historical data that we obtained through the Computer System.

Exhibit 1 shows the average annual Gross Sales for all Measured Stores during the entire Fiscal Year 2024. It also shows the median Gross Sales for all Measured Stores during Fiscal Year 2024 and the highest and lowest individual Store Gross Sales of the Measured Stores during Fiscal Year 2024. Exhibit 2 shows average Net Sales, average Gross Profit, and average EBITDAR (EBITDAR is defined below)—all as a percentage of Gross Sales—for all Measured Stores during Fiscal Year 2024. Median performance in each of these categories is footnoted.

Exhibit 3 shows the average annual Gross Sales for the 18 Company Stores during the entire Fiscal Year 2024. It also shows the median Gross Sales for the 18 Company Stores during Fiscal Year 2024 and the highest and lowest individual Store Gross Sales of the Company Stores during Fiscal Year 2024. Exhibit 4 shows average Net Sales, average Gross Profit, and average EBITDAR (EBITDAR is defined below)—all as a percentage of Gross Sales—for the 18 Company Stores during Fiscal Year 2024. Median performance in each of these categories is footnoted.

Exhibit 5 shows the average annual Gross Sales for the 162 Franchised Stores during the entire Fiscal Year 2024. It also shows the median Gross Sales for the 162 Franchised Stores during Fiscal Year 2024 and the highest and lowest individual Store Gross Sales of the Franchised Stores during Fiscal Year 2024. Exhibit 6 shows average Net Sales, average Gross Profit, and average EBITDAR (EBITDAR is defined below)—all as a percentage of Gross Sales—for the 162 Franchised Stores during Fiscal Year 2024. Median performance in each of these categories is footnoted.

All 180 Measured Stores are substantially similar to the 7 BREW Stores for which we offer franchises in this disclosure document. Of the 18 affiliate-owned 7 BREW Stores included within the Measured Stores, 15 are located in Arkansas, one is located in Missouri, and 2 are located in South Carolina.

Of the 162 franchised 7 BREW Stores included within the Measured Stores, 8 are located in Alabama, 12 are located in Arkansas, one is located in Colorado, 11 are located in Florida, 4 are located in Georgia, 7 are located in Illinois, 12 are located in Indiana, 2 are located in Iowa, 7 are located in Kansas, 6 are located in Kentucky, 3 are located in Louisiana, 2 are located in Michigan, 2 are located in Mississippi, 15 are located in Missouri, 2 are located in Nebraska, 2 are located in New York, 5 are located in North Carolina, 4 are located in Ohio, 12 are located in Oklahoma, one is located in Pennsylvania, 4 are located in South Carolina, one is located in South Dakota, 9 are located in Tennessee, 26 are located in Texas, 2 are located in Virginia, and 2 are located in Wisconsin.

## MEASURED STORES

The Measured Stores average approximately 510 square feet. As of the end of Fiscal Year 2024, the Measured Stores had been open for an average of 22 months. The longest-operating Store of the Measured Stores had been open for 95 months, and the shortest-operating Store of the Measured Stores had been open for 12 months, as of the end of Fiscal Year 2024. Their products are the same as those to be offered and sold by the franchised 7 BREW Stores offered by this disclosure document. The Measured Stores also significantly reflect the standard 7 BREW Store prototype offered in this disclosure document.

<u>MEASURED STORES</u>	
<u>Exhibit 1</u>	<u>Fiscal Year 2024</u>
	<u>Measured Stores</u>
Average Store Gross Sales <sup>i</sup>	\$2,040,883
Median Store Gross Sales	\$2,060,914
High Store Gross Sales	\$3,978,338
Low Store Gross Sales	\$888,964

  

<u>Exhibit 2</u>	<u>Fiscal Year 2024</u>
	<u>Measured Stores</u>
Gross Sales <sup>i</sup>	100.0%
(-) Total Discounts	2.82%
Net Sales <sup>ii</sup>	97.18%
Cost of Goods Sold <sup>iii</sup>	26.31%
Gross Profit <sup>iv</sup>	70.87%
Total Labor Expense <sup>v</sup>	22.93%
Total Operating Expense <sup>vi</sup>	8.42%
Total Loyalty & Store Marketing Expense <sup>vii</sup>	10.18%

Store-Level EBITDAR <sup>viii</sup>	29.34%
Royalties <sup>ix</sup>	7.0%
Brand Fund <sup>x</sup>	2.0%
Technology Fee <sup>xi</sup>	0.25%
Post-Royalties, Brand Fund, and Technology Fee EBITDAR <sup>xii</sup>	20.09%

- i. “Gross Sales” means the aggregate revenue received from selling, or providing services with respect to, beverages, food, other menu items, and merchandise, whether for cash or on credit, less (a) applicable sales taxes collected and remitted to the appropriate tax authority, (b) valid coupon credits and employee discounts deducted from revenue initially recorded as Gross Sales in an amount equal to 2% of such Gross Sales, and (c) revenue derived from selling or issuing gift cards and loyalty cards (although revenue derived from selling products and services to customers using those cards for payment is included in Gross Sales), but without deducting any other costs or expenses whatsoever. Of the 180 Measured Stores, 91 Stores (51%) exceeded the sample’s average Gross Sales of \$2,040,883.
- ii. Of the 180 Measured Stores, 101 Stores (56%) exceeded the sample’s average Net Sales margin of 97.18%. Net Sales are Gross Sales less discounts other than valid coupon credits and employee discounts. Median Net Sales margin for the 180 Measured Stores during Fiscal Year 2024 was 97.23%. The highest Net Sales margin for any Measured Store was 99.01%. The lowest Net Sales margin for any Measured Store was 92.40%.
- iii. Of the 180 Measured Stores, 96 Stores (53%) exceeded the sample’s average Cost of Goods Sold margin of 26.31%. Median Cost of Goods Sold margin for the 180 Measured Stores during Fiscal Year 2024 was 26.38%. Cost of Goods Sold means the carrying value of all inputs to goods sold, including coffee, dairy and alternative milks, sauces, syrups, teas, mixes, canned beverages, cups and straws, and supplies for sales.
- iv. Of the 180 Measured Stores, 97 Stores (54%) exceeded the sample’s average Gross Profit margin of 70.87%. Median Gross Profit margin for the 180 Measured Stores during Fiscal Year 2024 was 70.95%. Gross Profit means Net Sales less Costs of Goods Sold.
- v. “Total Labor Expense” is defined as actual Store-level payroll, including the Store’s general manager and benefits, payroll taxes, and bonus expense. It does not include any area manager salary or incentives. Of the 180 Measured Stores, 83 Stores (46%) exceeded the sample’s average Total Labor Expense margin of 22.93% during Fiscal Year 2024. Median Total Labor Expense margin during Fiscal Year 2024 was 22.72%.

vi. “Total Operating Expense” includes expenses such as equipment, supplies, cash-handling, credit-card processing, repairs, maintenance, third-party commissions and delivery fees, other outside services, insurance, and utilities. Royalties and marketing expenses are excluded. Of the 180 Measured Stores, 96 Stores (53%) exceeded the sample’s average Total Operating Expense of 8.42% during Fiscal Year 2024. The median Total Operating Expense during Fiscal Year 2024 was 8.55%.

vii. “Total Loyalty & Store Marketing Expense” includes expenses related to (a) our “buy 10 drinks get the 11<sup>th</sup> free” loyalty program, which is highly utilized by our repeating customer base, (b) our Community Outreach program, which gives discounts to service men and women from the community, and (c) Store-level marketing expenses. It does not include any Brand Fund contributions. Of the 180 Measured Stores, 78 Stores (43%) exceeded the sample’s average Total Loyalty and Store Marketing Expense of 10.18% during Fiscal Year 2024. Median Total Loyalty & Store Marketing Expense during Fiscal Year 2024 was 10.00%.

viii. Of the 180 Measured Stores, 90 Stores (50%) exceeded the sample’s average Store-Level EBITDAR margin of 29.34% during Fiscal Year 2024. Median Store-Level EBITDAR margin during Fiscal Year 2024 was 29.34%. “Store-Level EBITDAR” is calculated by subtracting Total Labor Expense, Total Operating Expense, and Total Loyalty & Store Marketing Expense (as defined in notes v, vi, and vii above, respectively) from Gross Profit. Store-Level EBITDAR does not take into account any labor costs or other expenses excluded from the definitions of Total Labor Expense and Total Operating Expense in notes v and vi above and is before interest, taxes, depreciation, amortization, and rent expense. The average and median Store-Level EBITDAR margins are the numbers resulting arithmetically from calculating the average and median performance, respectively, in all of the sales, profit, and expense line-items appearing in the Exhibit 2 statement.

ix. Royalties identify the percentage of Gross Sales that a franchisee must pay us (Royalty rates are set forth in Section 5.B of the Franchise Agreement). The Company Stores included within the Measured Stores do pay royalties in the same manner as the Franchised Stores.

x. Brand Fund identifies the percentage of Gross Sales that we have the right to require a franchisee to pay us as a Brand Fund contribution (under Section 13.A of the Franchise Agreement). These figures do not represent the actual amounts that the Measured Stores spent on advertising, marketing, and related expenses. Brand Fund expenses were actually at 1% of a Store’s Gross Sales during Fiscal Year 2024.

xi. Technology Fee identifies the percentage of Gross Sales that we have the right to require a franchisee to pay us as a Technology Fee (under Section 5.C of the Franchise Agreement). These figures do not represent the actual amounts that the Measured Stores spent on technology and related expenses. No Technology Fee was charged during Fiscal Year 2024.

xii. Post-Royalties, Brand Fund, and Technology Fee EBITDAR—earnings before interest, taxes, depreciation, amortization, and rent—is calculated by subtracting Royalties expense, Brand Fund expense, and the Technology Fee from “Store-Level EBITDAR” (as defined in note viii above). Rent expense is omitted from Exhibit 2 because of the wide variation in rental payment amounts of which we are aware across the Measured Stores, which is due primarily to the different

rental structures under which such Measured Stores have been leased. The Measured Stores include (1) real property that is leased on a “ground lease” basis with the tenant (the Store operator) being obligated for all (or the substantial portion of) the development costs relating to the Store, (2) real property that is leased on a “build-to-suit” basis with the landlord being obligated for all (or the substantial portion of) the development costs relating to the Store, (3) real property that is purchased by an affiliate of the tenant (the Store operator) and then leased to the tenant in a non-arms-length manner, and (4) real property that is purchased directly by the Store operator. Regardless of the structure for leasing or acquiring the property upon which the Store will operate, which the franchisee controls based on its business objectives and structure and the market in which it operates, we generally advise that rent expense should be no more than 5% of the Store’s Gross Sales.

## **COMPANY STORES**

The Company Stores average approximately 510 square feet. As of the end of Fiscal Year 2024, the Company Stores had been open for an average of 52 months. The longest-operating Store of the Company Stores had been open for 95 months, and the shortest-operating Store of the Company Stores had been open for 12 months, as of the end of Fiscal Year 2024. Their products are the same as those to be offered and sold by the franchised 7 BREW Stores offered by this disclosure document. The Company Stores also significantly reflect the standard 7 BREW Store prototype offered in this disclosure document.

<u>COMPANY STORES</u>	
<u>Exhibit 3</u>	<u>Fiscal Year 2024</u>
<u>Company Stores</u>	
Average Store Gross Sales <sup>i</sup>	\$2,505,769
Median Store Gross Sales	\$2,412,664
High Store Gross Sales	\$3,864,427
Low Store Gross Sales	\$1,387,850
<u>Exhibit 4</u>	
<u>Fiscal Year 2024</u>	
<u>Company Stores</u>	
Gross Sales <sup>i</sup>	100.0%
(-) Total Discounts	1.93%
Net Sales <sup>ii</sup>	98.07%

Cost of Goods Sold <sup>iii</sup>	26.40%
Gross Profit <sup>iv</sup>	71.67%
Total Labor Expense <sup>v</sup>	21.05%
Total Operating Expense <sup>vi</sup>	7.14%
Total Loyalty & Store Marketing Expense <sup>vii</sup>	11.67%
Store-Level EBITDAR <sup>viii</sup>	31.81%
Royalties <sup>ix</sup>	7.0%
Brand Fund <sup>x</sup>	2.0%
Technology Fee <sup>xi</sup>	0.25%
Post-Royalties, Brand Fund, and Technology Fee EBITDAR <sup>xii</sup>	22.56%

i. “Gross Sales” means the aggregate revenue received from selling, or providing services with respect to, beverages, food, other menu items, and merchandise, whether for cash or on credit, less (a) applicable sales taxes collected and remitted to the appropriate tax authority, (b) valid coupon credits and employee discounts deducted from revenue initially recorded as Gross Sales in an amount equal to 2% of such Gross Sales, and (c) revenue derived from selling or issuing gift cards and loyalty cards (although revenue derived from selling products and services to customers using those cards for payment is included in Gross Sales), but without deducting any other costs or expenses whatsoever. Of the 18 Company Stores, 8 Stores (44%) exceeded the sample’s average Gross Sales of \$2,505,769.

ii. Of the 18 Company Stores, 10 Stores (56%) exceeded the sample’s average Net Sales margin of 98.07%. Net Sales are Gross Sales less discounts other than valid coupon credits and employee discounts. Median Net Sales margin for the 18 Company Stores during Fiscal Year 2024 was 98.23%. The highest Net Sales margin for any Company Store was 98.82%. The lowest Net Sales margin for any Company Store was 94.78%.

iii. Of the 18 Company Stores, 10 Stores (56%) exceeded the sample’s average Cost of Goods Sold margin of 26.40%. Median Cost of Goods Sold margin for the 18 Company Stores during Fiscal Year 2024 was 26.53%. Cost of Goods Sold means the carrying value of all inputs to goods sold, including coffee, dairy and alternative milks, sauces, syrups, teas, mixes, canned beverages, cups and straws, and supplies for sales.

iv. Of the 18 Company Stores, 10 Stores (56%) exceeded the sample's average Gross Profit margin of 71.67%. Median Gross Profit margin for the 18 Company Stores during Fiscal Year 2024 was 71.83%. Gross Profit means Net Sales less Costs of Goods Sold.

v. "Total Labor Expense" is defined as actual Store-level payroll, including the Store's general manager and benefits, payroll taxes, and bonus expense. It does not include any area manager salary or incentives. Of the 18 Company Stores, 9 Stores (50%) exceeded the sample's average Total Labor Expense margin of 21.05% during Fiscal Year 2024. Median Total Labor Expense margin during Fiscal Year 2024 was 20.98%.

vi. "Total Operating Expense" includes expenses such as equipment, supplies, cash-handling, credit-card processing, repairs, maintenance, third-party commissions and delivery fees, other outside services, insurance, and utilities. Royalties and marketing expenses are excluded. Of the 18 Company Stores, 9 Stores (50%) exceeded the sample's average Total Operating Expense of 7.14% during Fiscal Year 2024. The median Total Operating Expense during Fiscal Year 2024 was 7.16%.

vii. "Total Loyalty & Store Marketing Expense" includes expenses related to (a) our "buy 10 drinks get the 11<sup>th</sup> free" loyalty program, which is highly utilized by our repeating customer base, (b) our Community Outreach program, which gives discounts to service men and women from the community, and (c) Store-level marketing expenses. It does not include any Brand Fund contributions. Of the 18 Company Stores, 9 Stores (50%) exceeded the sample's average Total Loyalty and Store Marketing Expense of 11.67% during Fiscal Year 2024. Median Total Loyalty & Store Marketing Expense during Fiscal Year 2024 was 11.69%.

viii. Of the 18 Company Stores, 10 Stores (56%) exceeded the sample's average Store-Level EBITDAR margin of 31.81% during Fiscal Year 2024. Median Store-Level EBITDAR margin during Fiscal Year 2024 was 32.09%. "Store-Level EBITDAR" is calculated by subtracting Total Labor Expense, Total Operating Expense, and Total Loyalty & Store Marketing Expense (as defined in notes v, vi, and vii above, respectively) from Gross Profit. Store-Level EBITDAR does not take into account any labor costs or other expenses excluded from the definitions of Total Labor Expense and Total Operating Expense in notes v and vi above and is before interest, taxes, depreciation, amortization, and rent expense. The average and median Store-Level EBITDAR margins are the numbers resulting arithmetically from calculating the average and median performance, respectively, in all of the sales, profit, and expense line-items appearing in the Exhibit 4 statement.

ix. Royalties identify the percentage of Gross Sales that a franchisee must pay us (Royalty rates are set forth in Section 5.B of the Franchise Agreement). The Company Stores do pay royalties in the same manner as the Franchised Stores.

x. Brand Fund identifies the percentage of Gross Sales that we have the right to require a franchisee to pay us as a Brand Fund contribution (under Section 13.A of the Franchise Agreement). These figures do not represent the actual amounts that the Company Stores spent on advertising, marketing, and related expenses. Brand Fund expenses were actually at 1% of a Store's Gross Sales during Fiscal Year 2024.

xi. Technology Fee identifies the percentage of Gross Sales that we have the right to require a franchisee to pay us as a Technology Fee (under Section 5.C of the Franchise Agreement). These figures do not represent the actual amounts that the Measured Stores spent on technology and related expenses. No Technology Fee was charged during Fiscal Year 2024.

xii. Post-Royalties, Brand Fund, and Technology Fee EBITDAR—earnings before interest, taxes, depreciation, amortization, and rent—is calculated by subtracting Royalties expense, Brand Fund expense, and the Technology Fee from “Store-Level EBITDAR” (as defined in note viii above). Rent expense is omitted from Exhibit 4 because of the wide variation in rental payment amounts of which we are aware across all Measured Stores (see previous footnote xii as well as footnote xii in the “Franchised Stores” discussion below), which is due primarily to the different rental structures under which such Measured Stores have been leased. Compared with the Franchised Stores discussed below, the Company Stores include (1) real property that is leased on a “ground lease” basis with the tenant (the Store operator) being obligated for all (or the substantial portion of) the development costs relating to the Store, and (2) real property that is purchased by an affiliate of the tenant (the Store operator) and then leased to the tenant in a non-arms-length manner. The Company Stores do not have as many different rental structures as the Franchised Stores described below (i.e., the operator of Company Stores has not leased property on a “build-to-suit” basis or purchased real property directly). Regardless of the structure for leasing or acquiring the property upon which the Store will operate, which the franchisee controls based on its business objectives and structure and the market in which it operates, we generally advise that rent expense should be no more than 5% of the Store’s Gross Sales.

## **FRANCHISED STORES**

The Franchised Stores average approximately 510 square feet. As of the end of Fiscal Year 2024, the Franchised Stores had been open for an average of 19 months. The longest-operating Store of the Franchised Stores had been open for 37 months, and the shortest-operating Store of the Franchised Stores had been open for 12 months, as of the end of Fiscal Year 2024. Their products are the same as those to be offered and sold by the franchised 7 BREW Stores offered by this disclosure document. The Franchised Stores also significantly reflect the standard 7 BREW Store prototype offered in this disclosure document.

<u>FRANCHISED STORES</u>	
<u>Exhibit 5</u>	<u>Fiscal Year 2024</u>
	<u>Franchised Stores</u>
Average Store Gross Sales <sup>i</sup>	\$1,989,229
Median Store Gross Sales	\$1,921,485
High Store Gross Sales	\$3,978,338
Low Store Gross Sales	\$888,964

<u>Exhibit 6</u>	<u>Fiscal Year 2024</u>
	<u>Franchised Stores</u>
Gross Sales <sup>i</sup>	100.0%
(-) Total Discounts	2.95%
Net Sales <sup>ii</sup>	97.05%
Cost of Goods Sold <sup>iii</sup>	26.30%
Gross Profit <sup>iv</sup>	70.76%
Total Labor Expense <sup>v</sup>	23.19%
Total Operating Expense <sup>vi</sup>	8.60%
Total Loyalty & Store Marketing Expense <sup>vii</sup>	9.97%
Store-Level EBITDAR <sup>viii</sup>	28.99%
Royalties <sup>ix</sup>	7.0%
Brand Fund <sup>x</sup>	2.0%
Technology Fee <sup>xi</sup>	0.25%
Post-Royalties, Brand Fund, and Technology Fee EBITDAR <sup>xii</sup>	19.74%

i. “Gross Sales” means the aggregate revenue received from selling, or providing services with respect to, beverages, food, other menu items, and merchandise, whether for cash or on credit, less (a) applicable sales taxes collected and remitted to the appropriate tax authority, (b) valid coupon credits and employee discounts deducted from revenue initially recorded as Gross Sales in an amount equal to 2% of such Gross Sales, and (c) revenue derived from selling or issuing gift cards and loyalty cards (although revenue derived from selling products and services to customers using those cards for payment is included in Gross Sales), but without deducting any other costs or expenses whatsoever. Of the 162 Franchised Stores, 78 Stores (48%) exceeded the sample’s average Gross Sales of \$1,989,229.

ii. Of the 162 Franchised Stores, 91 Stores (56%) exceeded the sample’s average Net Sales margin of 97.05%. Net Sales are Gross Sales less discounts other than valid coupon credits and employee discounts. Median Net Sales margin for the 162 Franchised Stores during Fiscal Year