

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) 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.

DEFINITIONS

- (a) Adjusted Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements and not otherwise paid and disclosed by the Company Owned Outlet in the Table: Royalty Fees, Brand Development Fund Fees, Website Marketing Fees, and Technology Fees. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.
- (b) Adjusted Profit – means Gross Margin less Disclosed Operating Expenses and Adjusted Franchise Related Expenses. Adjusted Profit is not equal to net profit or income and, except as to Direct Cost of Goods Sold and Disclosed Operating Expenses, does not include the deduction of all other expenses incurred by a VaVia Business including, but not limited to, other operating expenses, Franchise Related Expenses, interest, taxes, depreciation, and amortization.
- (c) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.
- (d) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate, or any person identified in Item 2.
- (e) Direct Cost of Goods Sold – means the direct landfill disposal costs incurred by an Outlet in directly providing the Approved Services and Products. Direct Cost of Goods Sold does not include Direct Labor Costs, managerial labor and expenses, administrative labor and expenses, service vehicle expenses, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and franchise related expenses including Royalty Fees, Technology Fees, Local Marketing Fees, or Brand Development Fund Fees.
- (f) Direct Labor Cost – means the direct non-owner labor expenses incurred in the operations of the Outlet and for employees that directly perform or provide services resulting in Gross Sales, and includes wages, payroll taxes, and paid employee benefits, if any. Direct Labor Cost does not include compensation related to administrative labor or management labor. For Franchised Outlets Direct Labor Cost does not include labor expenses or compensation paid to the franchise owners that perform services on behalf of their VaVia Business.
- (g) Disclosed Operating Expenses – means the following select expenses: Direct Labor Cost, T/C maintenance, repairs, fuel, marketing and advertising, office expenses, dues and subscriptions, insurance, legal and professional services, and miscellaneous.
- (h) Established Franchised Outlet - means, as to a particular Calendar Year, an Outlet that was open and in operation for at least two full Calendar Years, including the Calendar Year for which financial data is reported.
- (i) Franchise Outlet – refers to a VaVia Business operated under a Franchise Agreement that is not a Company

Owned Outlet.

(j) Gross Margin – means Gross Sales less Direct Cost of Goods Sold. Gross Margin is not net profit or income and, except as to Direct Cost of Goods Sold, does not include the deduction of all other expenses incurred by a VaVia Business.

(k) Gross Sales – means the total revenue derived by each VaVia Business less sales tax, discounts, allowances, and returns.

(l) Median – means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.

(m) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2020, as to the 2020 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2021 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2021 Calendar Year.

(n) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2020, as to the 2020 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2021 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2021 Calendar Year.

(o) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2020, as to the 2020 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2021 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2021 Calendar Year.

(p) Outlet – refers to a VaVia Business that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. We do not have any Franchise Outlets. Data for our Company Owned Outlet is based on information reported to us by our affiliate. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

COMPANY OWNED OUTLETS

We have one Company Owned Outlet operating from Nashville, Tennessee. Our Company Owned Outlet has been in operation since 2018. The territory in which our Company Owned Outlet operates includes approximately 960,000 people, with an Operating Territory comprising of approximately three Territories. Below we report select financial performance data for our Company Owned Outlet for the 2019, 2020, 2021, 2022, and 2023.

Table 1

Company Owned Outlet - Gross Sales by Year	
Calendar Year	Gross Sales
2019	\$958,522
2020	\$2,156,773
2021	\$3,126,624
2022	\$4,047,648
2023	\$5,000,589

Table 2

Company Owned Outlet - Select Data				
	2022		2023	
Gross Sales	\$4,047,648	100%¹	\$5,000,589	100%¹
Direct Cost of Goods Sold	\$1,002,119	25%	\$1,349,965	27%
Gross Margin	\$3,045,529	75%	\$3,650,624	73%
Disclosed Operating Expenses:				
Direct Labor Cost	\$644,914	16%	\$618,746	12%
T/C Maintenance Repairs	\$198,332	5%	\$158,952	3%
Fuel	\$167,726	4%	\$138,738	3%
Marketing and Advertising	\$82,740	2%	\$102,585	2%
Office Expenses	\$16,463	1%	\$17,363	1%
Dues and Subscriptions	\$98,470	2%	\$119,534	2%
Insurance	\$69,006	2%	\$52,144	1%
Legal and Professional Services	\$74,389	2%	\$50,995	1%
Miscellaneous	\$65,075	2%	\$85,059	2%
Adjusted Franchise Related Fees ²	\$364,288	9%	\$450,053	9%
Adjusted Profit	\$1,264,126	31%	\$1,856,455	37%

¹ Percentage of Gross Sales

² Marketing related fees disclosed in Disclosed Operating Expenses and only adjustment relates to 8% Royalty Fee and 1% Brand Development Fund.

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FRANCHISE OUTLETS

During the 2020 Calendar Year we had no Established Franchise Outlets, one Operational Franchise Outlet, and one New Franchise Outlet. During the 2021 Calendar Year we had two Established Franchise Outlets, two Operational Franchise Outlets, and six New Franchise Outlets. During the 2022 Calendar Year we had a total of two Established Franchise Outlets, six Operational Franchise Outlets, and five New Franchise Outlets. During the 2023 Calendar Year we had a total of seven Established Franchise Outlets, five Operational Franchise Outlets, and four New Franchise Outlets.

Table 3

Established Franchise Outlets - Gross Sales¹						
	2020	2021	2022	2023	Containers at End of 2023	Average Revenue Per Container for the 2023 Calendar Year
Outlet 1	\$1,671,874	\$2,946,632	\$3,464,445	\$3,965,266	494	\$8,027
Outlet 2	NA	\$823,279	\$1,468,192	\$1,843,087	203	\$9,079
Outlet 3	NA	NA	\$668,665	\$1,063,041	158	\$6,728
Outlet 4	NA	NA	\$518,635	\$924,006	128	\$7,219
Outlet 5	NA	NA	\$460,163	\$646,602	85	\$7,607
Outlet 6	NA	NA	\$825,489	\$1,252,356	160	\$7,827
Outlet 7	NA	NA	\$922,849	\$1,497,612	164	\$9,132
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Average	\$1,671,874	\$1,884,956	\$1,189,777	\$1,598,853	199	\$7,946
Median	\$1,671,874	\$1,884,956	\$825,489	\$1,252,356	160	\$7,827
High	\$1,671,874	\$2,946,632	\$3,464,445	\$3,965,266	494	\$9,132
Low	\$1,671,874	\$823,279	\$460,123	\$646,602	85	\$6,728

¹ As to each respective Calendar Year, respectively, this table includes Gross Sales data for Established Franchise Outlets only.

² The Established Franchise Outlets reported in this table range in territory size from two to six Territories. Outlet 1 operates in the equivalent of six Territories, Outlet 2 operates in the equivalent of two Territories, Outlet 3 operates in the equivalent of four Territories, Outlet 4 operates in the equivalent of four Territories, Outlet 5 operates in the equivalent of six Territories, Outlet 6 operates in the equivalent of two Territories. Outlet 7 operates in the equivalent of two Territories.

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Table 4

Operational Franchise Outlets - Gross Sales ¹						
	2020	2021	2022	2023	Containers at End of 2023	Average Revenue Per Container for the 2023 Calendar Year
Outlet 8	NA	NA	NA	\$987,408	114	\$8,662
Outlet 9	NA	NA	NA	\$812,855	127	\$6,400
Outlet 10	NA	NA	NA	\$133,794	28	\$4,778
Outlet 11	NA	NA	NA	\$684,724	63	\$1,087
Outlet 12	NA	NA	NA	\$415,942	69	\$6,028
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Average	NA	NA	NA	\$606,945	80	\$5,391
Median	NA	NA	NA	\$684,724	69	\$6,028
High	NA	NA	NA	\$987,408	127	\$6,400
Low	NA	NA	NA	\$133,794	28	\$1,087

¹ As to each respective Calendar Year, respectively, this table includes Gross Sales data for Established Franchise Outlets only.

² The Operational Franchise Outlets reported in this table range in territory size from three to six Territories. Outlet 8 operates in the equivalent of three Territories, Outlet 10 operates in the equivalent of four Territories, Outlet 11 operates in the equivalent of three Territories, and Outlet 12 operates in the equivalent of three Territories.

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

Other than the preceding financial performance representations, 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 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 Phillip Nappi, VaVia, LLC at 4301 Lillywood Road, Nashville, Tennessee 37205 and 615-394-1857, the Federal Trade Commission, and the appropriate state regulatory agencies.

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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 the End of the Year	Net Change
Franchised	2021	2	7	+6
	2022	7	12	+6
	2023	12	16	+4
Company Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Total Outlets	2021	3	9	+6
	2022	9	14	+5
	2023	12	16	+4

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

State	Year	Number of Transfers
None	2021	0
	2022	0
	2023	1

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