

	Provision	Section in Franchise Agreement	Summary
			(including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Break Coffee Co. business (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing business within 15 miles of your Territory or the territory of any other Break Coffee Co. outlet; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Sections 9.4, 14.6 and 19.1.4	No oral modifications. We may change the operations manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.12	Only the terms of the Franchise Agreement and other related written agreements, such as any attachments to the Franchise Agreement or addenda, are binding (subject to applicable state law). 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	Sections 20.1 and 20.2	At our option, claims that are not resolved internally may be submitted to non-binding mediation and arbitration in the state where our headquarters is located, subject to state law.
v.	Choice of forum	Section 20.3	Litigation takes place in New Jersey (subject to applicable state law).
w.	Choice of law	Section 20.3	New Jersey law applies (subject to applicable state law).

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: PUBLIC FIGURES

We do not currently use any public figures 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 item contains a historic financial performance representation of our franchised Break Coffee outlets as of December 31, 2025, our fiscal year end. As of December 31, 2025, we had a total of 10 franchised outlets. Of these, 8 operated for the full fiscal year, 1 opened in August 2025 and operated for a partial year, and 1 was purchased in December 2025 but had not yet commenced operations as of year end. The 10 franchised outlets were previously Xpresso Delight franchisees and all have re-branded and exclusively use the Break Coffee Co. trademarks. Financial data was requested from all 8 franchisees operating for the full fiscal year but was received from only 7. The data below represents 7 of 8 full-year franchised outlets.

Table 1¹
Income and Expense – All Franchised Businesses
January 1 – December 31, 2025

	Average	% of Gross Revenue	Median	% of Gross Revenue	Minimum of Range	% of Gross Revenue	Maximum of Range	% of Gross Revenue
REVENUE								
Gross Revenue²	\$214,524	100.0	\$ 195,209	100.0	\$ 13,500	100.00	\$ 503,420	100.00
Sales Tax	\$ 14,284	6.66	\$ 11,502	5.89	\$ 1,042	7.72	\$ 35,736	7.10
Royalty	\$ 24,448	11.40	\$ 22,350	11.45	\$ 2,123	15.72	\$ 48,299	9.59
COGS	\$ 38,202	17.81	\$ 34,924	17.89	\$ 2,123	15.73	\$ 83,322	16.35
Gross Margin	\$ 137,591	64.14	\$ 122,741	62.88	\$ 8,212	60.83	\$ 337,063	66.95
EXPENSES³								
Labor	\$ 23,598	11	\$ 27,458	14.07	\$ --	--	\$ 45,371	9.01
Machine Cleaning Supplies	\$ 3,112	1.45	\$ 1,887	0.97	\$ --	--	\$ 12,993	2.58
Marketing	\$ 6,635	3.09	\$ 5,553	2.84	\$ --	--	\$ 16,895	3.36
Transportation	\$ 2,448	1.14	\$ 2,381	1.22	\$ --	--	\$ 5,341	1.06
Admin Expenses	\$ 5,344	2.49	\$ 4,326	2.22	\$ --	--	\$ 9,476	1.88
Office / Storage	\$ 671	0.31	\$ --	0.00	\$ --	--	\$ 5,68	1.07
Machine Repair & Maintenance	\$ 5,792	2.70	\$ 5,030	2.58	\$ --	--	\$ 16,880	3.35
Meals / Entertainment	\$ 86	0.04	\$ 64	0.03	\$ --	--	\$ 268	0.05
Total Expenses	\$ 47,686	22.23	\$ 48,163	24.67	\$ --	--	\$ 108,676	21.59
NET OPERATING INCOME	\$ 85,284	39.76	\$ 75,9070	38.88	\$ 0,00	--	\$ 259,170	51.48

Table 2¹
Income and Expense – By Franchisee
January 1 – December 31, 2025

	Outlet 1	Outlet 2	Outlet 3	Outlet 4	Outlet 5	Outlet 6	Outlet 7
REVENUE							
Gross Revenue²	\$ 503,420	\$ 249,766	\$ 296,320	\$ 140,652	\$ 360,580	\$ 101,623	\$ 13,500
Sales Tax	\$ 35,736	\$ 11,963	\$ 19,046	\$ 11,042	\$ 24,279	\$ 8,165	\$ 1,042
Royalty	\$ 48,299	\$ 27,353	\$ 35,718	\$ 17,346	\$ 42,579	\$ 15,548	\$ 2,123
COGS	\$ 82,322	\$ 55,458	\$ 77,953	\$ 21,775	\$ 48,072	\$ 14,156	\$ 2,123
Gross Margin	\$ 337,063	\$ 154,992	\$ 163,603	\$ 90,489	\$ 245,650	\$ 63,754	\$ 8,212
EXPENSES³							
Labor	\$ 42,890	\$ 31,515	\$ 36,607	\$ 9,000	\$ 45,371	\$ 23,400	\$ --
Machine Cleaning Supplies	\$ 2,164	\$ 1,775	\$ 5,416	\$ 2,000	\$ 12,993	\$ 551	\$ --
Marketing	\$ 16,895	\$ 10,821	\$ 284	\$ 12,000	\$ 13,080	\$ --	\$ --
Transportation	\$ 3,028	\$ 4,331	\$ 1,734	\$ 1,000	\$ 5,341	\$ 1,000	\$ 3,150
Admin Expenses	\$ 6,036	\$ 5,623	\$ 3,586	\$ 1,000	\$ 9,476	\$ 5,066	\$ 390
Office / Storage	\$ --	\$ --	\$ --	\$ --	\$ 5,368	\$ --	\$ --
Machine Repair & Maintenance	\$ 6,812	\$ 8,813	\$ 16,757	\$ 16,757	\$ 17,139	\$ 3,250	\$ --
Meals / Entertainment	\$ 68	\$ 182	\$ 60	\$ 109	\$ 268	\$ --	\$ --
Total Expenses	\$ 77,893	\$ 63,059	\$ 64,444	\$ 30,609	\$ 109,036	\$ 33,267	\$ 3,540
NET OPERATING INCOME	\$ 259,170	\$ 91,933	\$ 99,159	\$ 59,880	\$ 136,614	\$ 30,487	\$ 4,672
Depreciation/Amortization	\$ --	\$ 88,640	\$ 78,642	\$ --	\$ 57,212	\$ --	\$ 2,143
Interest	\$ --	\$ 813	\$ --	\$ --	\$ 4,294	\$ --	\$ --
Machines–Start of Year	47	30	60	23	52	14	4
Machines–End of Year	67	41	71	23	65	15	2

¹ The information contained in this Chart has not been audited.

² Gross revenue is defined as total billings to customers for the sale of products and services.

Written substantiation of the data used in preparing these figures will be made available to you upon reasonable request. The information presented above has not been audited.

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 representation, 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 Joshua Kovacs, 155 2nd Street, Jersey City, New Jersey, 07302 and 540-845-0751, 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 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	9	9	0
	2024	9	8	-1
	2025	8	9	+1
Company – Owned*	2023	1	1	0
	2024	1	2	+1
	2025	2	2	0
Total Outlets	2023	10	10	0
	2024	10	10	0
	2025	10	11	+1

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non- renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
Washington DC	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1