



Dear prospective franchisee,

I hope you and your family are doing well. I thought I would highlight how Chill-N's been able to navigate the last several months. I hope this note gives you some insight into how we've been not just surviving during this time but finding a way to thrive.

Covid-19 - Miami started to close down its economy in March due to Covid-19. Given our designation as a food establishment, we benefited from being considered 'an essential business' and were able to remain open. Upon news of a the "Safer at Home" ordinance, Chill-N immediately pivoted and focused on tackling the problem head on by implementing the follow initiatives:

- Adding two more Delivery partners in order to increase our exposure during Safer at Home orders.
- Developing a Chill-N online ordering platform through our website to allow for pickup at each store
- Adding a new family size called "Quarantine Quarts" for customers staying at home.
- Bringing all our registers to the front door since in-store dining was forbidden in Miami.
- Introducing a marketing campaign called "Quarantine Survival Kit" that allowed you to receive a free roll of Toilet Paper with the purchase of two Quarantine Quarts.
- Guaranteeing every employee their job regardless of whether they decided to come into work or not.

Sales - Implementing the changes above to our technology, marketing, product development and other facets of our business, we were able to turn a 45% drop in Sales when this crisis started to a **positive 14% in sales last week** (over the same period last year). Because of Chill-N's strong variable costs in our P&L, we were fortunate to not have experienced any negative cash flow during this entire pandemic and have been cash flow positive for most of this pandemic.

New Opening - In light of everything mentioned above, we are happy to announce another new opening coming in July. Our new location will open in Coconut Grove converting an old Poke Bowl establishment to a Chill-N Nitrogen Ice Cream. This opening allows us to increase our footprint in South Florida as the largest Nitrogen Ice Cream business in South Florida and will incorporate some new design elements with our new branding moving forward.

Franchising - If you are lucky enough to find yourself in a position to be considering investment opportunities that will weather whatever economic storms may come our way, I welcome you to reconsider your interest in Chill-N. Following are a list of benefits to pursuing a franchise with us at the moment:

- We have reduced our 'out of state' 3-store minimum requirement to allow for investors to start with one store in a market. This will last through the end of 2020.
- For those of you interested in securing multiple locations, we have extended our discount on franchise fees for your second and third stores for the remainder of 2020.
- We are seeing landlords becoming very generous with lease rates and also given the closing of businesses there are some previously unavailable centers/markets that are opening up.
- Loan rates have hit historic lows so if you want to seek financing, right now would be a good time to strongly consider one of our financing partners.

Timing - Time to open a new Chill-N can be anywhere from 4-10 months depending on the real estate, permitting and construction. We offer all the support to assist franchisees with finding the right real estate that meets our demographic and size requirements and also provide the construction management support to make sure we open on time and on budget.

We have learned over time that during difficult times, ice cream has proven itself to be insulated from economic swings. Families can experience a great outing with the kids that is easy and affordable and makes them happy during challenging times. We are excited about our future and are looking forward to leveraging our success during this trying time to expand our brand across the country. I will leave you with the famous words of Warren Buffett: "Be greedy when others are fearful and be fearful when others are greedy."

We look forward to re-engaging with you and seeing how we can help you become the best ice-cream shop in your neighborhood. Otherwise, we look forward to having you as a customer again soon. Please click on the link to schedule a quick 15-minute call with me. [Schedule a call](#)

David A. Leonardo
Chill-N CEO