



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** - and other facets of our business, we were able to pivot in our operations and leverage the advantages our product has to deliver extremely well. Our business went from 10% delivery before the pandemic to a high of 90% delivery at its peak and we are still running at 35% delivery today. By simply adding extra liquid nitrogen, the product is frozen solid that allows it to travel up to 10-15 minutes to someone's home and tasting as if it were handed to you over the counter. **Due to this and other changes to our business, we experienced a 10% jump in sales in October and a 14% jump in sales in November and our year to date sales are positive over last year.** Our overall impact to this pandemic was a two month period of March and April where we saw negative sales over the year prior. The rest of the time we have been seeing positive results.

**New Opening** - In light of everything mentioned above, we are happy to announce that we have just opened a new location in November in the neighborhood of Coconut Grove. Our new location is a conversion of a previous 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."

If you would like to listen to a podcast by QSR Magazine on how we were able to pivot and tackle the pandemic, please click [here](#). I go in detail about the uniqueness of our product and how we have been able to do well in light of the challenges presented to us.

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