

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) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(b) 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.

(c) Food Cost – means the direct costs incurred by the Shop for all food and beverage ingredient items that are used in preparing a menu item. “Food Cost” includes the cost of paper goods used to serve the menu items but does not include Labor Cost or other expenses.

(d) Franchise Outlet – refers to a Bang Cookies Shop operated under a Franchise Agreement that is not a Company Owned Outlet.

(e) Gross Profit – means Gross Sales less Food Cost and Labor Cost. Gross Profit is not net profit or income and, except as to Food Cost and Labor Cost, does not include the deduction of all other expenses incurred by a Bang Cookies Shop including, but not limited to, payroll taxes, employee benefits, operating expenses (including, but not limited to, rent, utilities, marketing, training, insurance, professional fees, maintenance, administrative and operational expenses), interest, taxes, depreciation, and amortization.

(f) Gross Sales – means the total revenue derived by each Bang Cookies Shop less sales tax, discounts, allowances and returns.

(g) In Shop Labor Cost – means the gross wages, benefits and associated payroll taxes paid to on-site Restaurant location employees in connection with the preparation and service of menu items, but excluding the wages paid to Bakery Location or commissary kitchen employees, if any, that prepare menu items that are pre-prepared and delivered to the Restaurant. For Company Owned Shops serviced by our corporate commissary, In Shop Labor Cost does not include labor costs associated with commissary kitchen employees that prepare menu items that are pre-prepared and delivered to our Company Owned Shops and that are further prepared and served on-site at the Company Owned Shop Location. For Franchise Shops that operate as a Satellite Location, In Shop Labor Cost does not include labor costs associated with Bakery Location kitchen employees that prepare menu items that are pre-prepared and delivered to the Satellite Location and that are further prepared and serviced on-site at the Satellite Franchise Shop Location.

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(g) Labor Cost – means the gross wages paid to employees in connection with the preparation and service of menu items. “Labor Cost” includes gross wages paid to general managers and assistant managers.

(h) Outlet – refers to a Bang Cookies Shop 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.

COMPANY OWNED OUTLET

During the 2023 Calendar Years we had four total Company Owned Outlets, three were open and operating for the full calendar year. Of those three, the Newark Airport location is a small-scale kiosk that is not indicative of a franchise offering and is therefore excluded. Our two remaining Company Owned Outlets are detailed below:

Table 1

Jersey City (Downtown) 2023		
275 square foot outlet		
	Total	% ¹
Income		
Revenue Retail	\$612,754.77	
Aggregators	\$87,588.79	
Gross Revenue	\$700,343.56	
Prime Costs		
COGS	\$154,075.59	22.00%
Payroll	\$148,168.49	21.16%
Total Prime Costs	\$302,244.08	43.16%
Franchisee Expenses		
Royalty Fee ²	\$42,020.61	6%
Brand Fund ³	\$14,006.87	2%
Net Before Rent & Operational Expenses	\$342,072.00	48.84%
Notes to Table:		
Footnote ¹ - “%” represents the percentage of Gross Revenue.		
Footnote ² - Royalty Fee is equal to 6% of Gross Revenue.		
Footnote ³ – Brand Fund is equal to 2% of Gross Revenue.		

Table 2

Menlo Park 2023		
800 square foot outlet		
	Total	% ¹
Income		
Revenue Retail	\$446,524.08	
Aggregators	\$10,932.98	
Gross Revenue	\$457,457.06	
Prime Costs		
COGS	\$100,640.55	22.00%
Payroll	\$120,644.93	26.38%
Total Prime Costs	\$221,305.48	48.38%
Franchisee Expenses		
Royalty Fee ²	\$27,447.42	6.00%
Brand Fund ³	\$9,149.14	2.00%
Net Before Rent & Operational Expenses	\$199,555.02	43.62%
Notes to Table:		
Footnote ¹ - “%” represents the percentage of Gross Revenue.		
Footnote ² - Royalty Fee is equal to 6% of Gross Revenue.		
Footnote ³ – Brand Fund is equal to 2% of Gross Revenue.		

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 George Kuan, Bang Cookies Franchise LLC at 550 Industrial Road, Unit D, Carlstadt, New Jersey 07072 and 888-834-8885, the Federal Trade Commission, and the appropriate state regulatory agencies.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1