

## **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) Net Income – means Total Income less Select Expenses.
- (b) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (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) Cost of Goods Sold – means expenses incurred from food products and other products used in the operations of the Outlet.
- (f) Franchise Outlet – refers to a Flour Power Studio operated under a Franchise Agreement that is not a Company Owned Outlet.
- (g) Gross Sales – means the total revenue derived by each Flour Power Studio less sales tax, discounts, allowances and returns.
- (h) Labor Cost – means the 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. Labor Cost does not include compensation paid to the franchise owners that own and operate the Outlet.
- (i) 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.
- (j) 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 2021, as to the 2021 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 2022 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2022 Calendar Year.

(k) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the first day of the Calendar Year and for the entire Calendar Year. For example, if a Franchise Outlet first opened for business in February 2021, as to the 2021 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 2022 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2022 Calendar Year. Franchise Outlets that operate as a food truck are not included as Operational Franchise Outlets.

(l) Order – Refers to each distinct sales transaction resulting in the reporting of Gross Sales.

(m) Outlet – refers to a Flour Power Studio that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

(n) Quartile – refers to the relative performance of the Operational Outlets as compared to one another with the “1<sup>st</sup> Quartile” referring to the top 25% performing Operational Outlets and the 4<sup>th</sup> Quartile referring to the bottom 25% performing Operational Outlets.

(o) Representative Model – means an Outlet that contains two kitchens and is representative of locations that would be approved by us.

(p) Select Expenses – means the Cost of Goods Sold, rent, Labor Cost, and all other operating expenses.

(q) Total Income – means total revenue as reported by each Franchisee, including Gross Sales, taxes, discounts, allowances, returns, gift cards and merchandise sales.

### **BASES AND ASSUMPTIONS**

The financial information was not prepared on a basis consistent with generally accepted accounting principles during the respective calendar year periods. Data for our Company Owned Outlets is based on information reported to us by our affiliates. Data for the Franchise Outlets are based on financial information reported to us by our franchisees. 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.

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## ANALYSIS OF RESULTS OF FRANCHISE OUTLETS

During the 2022 and 2023 Calendar Years, we did not have any Company Owned Outlets. During the 2023 Calendar Year, we had a total of 16 Franchise Outlets, 15 Franchise Outlets that qualify as Operational Franchise Outlets and 11 Franchise Outlets that qualify as Representative Models. Three Operational Franchise Outlets do not qualify as Representative Models. During the 2023 Calendar Year, we had one New Franchise Outlet. We do not include data in these tables for the three Outlets that are not Representative Models nor the New Franchise Outlet. We also had two Operational Franchise Outlets that did not provide their Profit and Loss Statements and one Operational Franchise Outlet that was transferred to a new Franchisee in 2023, therefore we do not have the Profit and Loss Statement for that Outlet as well.

Table 1

Operational Franchise Outlets 2023 Calendar Year							
Outlet	Total Income	Cost of Goods Sold	Labor Cost	Rent	All Other Expenses	Net Income	Net Income %
Studio 1	\$398,307	\$12,049	\$142,175	\$71,544	\$69,977	\$102,562	26%
Studio 2	\$382,697	\$41,844	\$136,629	\$48,000	\$70,607	\$85,618	22%
Studio 3	\$300,423	\$13,772	\$49,886	\$60,629	\$92,599	\$83,536	28%
Studio 4	\$232,735	\$32,656	\$25,881	\$49,349	\$24,043	\$54,107	23%
Studio 5	\$243,246	\$27,993	\$68,162	\$51,337	\$41,718	\$54,036	22%
Studio 6	\$330,128	\$27,167	\$97,992	\$85,398	\$67,053	\$52,518	16%
Studio 7	\$345,412	\$19,688	\$128,409	\$64,017	\$89,944	\$43,724	13%
Studio 8	\$303,331	\$61,634	\$93,765	\$37,017	\$89,590	\$21,325	7%

Table 2

Average Net Income by Quartiles Operational Franchise Outlets 2023 Calendar Year					
Quartile	Average	Number & Percentage of Outlets Above Average	Median	Low	High
1 <sup>st</sup> Quartile	\$94,090	1/8 (13%)	\$94,090	\$85,618	\$102,562
2 <sup>nd</sup> Quartile	\$68,822	3/8 (38%)	\$68,822	\$54,107	\$83,536
3 <sup>rd</sup> Quartile	\$53,277	5/8 (63%)	\$53,277	\$52,518	\$54,036
4 <sup>th</sup> Quartile	\$32,525	7/8 (88%)	\$32,525	\$21,325	\$43,724
Total <sup>2</sup>	\$62,178	3/8 (38%)	\$54,071	\$21,325	\$102,562

Table 3

Average Net Income Percentage by Quartiles Operational Franchise Outlets 2023 Calendar Year					
Quartile	Average	Number & Percentage of Outlets Above Average	Median	Low	High
1 <sup>st</sup> Quartile	24.1%	2/8 (25%)	24.1%	22.4%	25.7%
2 <sup>nd</sup> Quartile	25.5%	2/8 (25%)	25.5%	23.2%	27.8%
3 <sup>rd</sup> Quartile	19.1%	5/8 (63%)	19.1%	15.9%	22.2%
4 <sup>th</sup> Quartile	9.8%	7/8 (88%)	9.8%	7.0%	12.7%
Total <sup>2</sup>	19.6%	5/8 (63%)	22.3%	7.0%	27.8%

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Table 4

Gross Sales by Quartiles <sup>1</sup>					
Operational Franchise Outlets 2023 Calendar Year					
Quartile	Average	Number & Percentage of Outlets Above Average	Median	Low	High
1 <sup>st</sup> Quartile	\$346,504	1/11 (9%)	\$335,258	\$327,995	\$376,260
2 <sup>nd</sup> Quartile	\$306,263	5/11 (45%)	\$308,002	\$295,454	\$315,333
3 <sup>rd</sup> Quartile	\$273,382	7/11 (64%)	\$271,891	\$257,953	\$290,302
4 <sup>th</sup> Quartile	\$222,258	10/11 (91%)	\$222,258	\$220,534	\$223,982
Total <sup>2</sup>	\$292,997	6/11 (55%)	\$295,454	\$220,534	\$376,260

<sup>1</sup> **Data Overview:** For 2023, the data compiled in this Table 1 is based on a total of 11 Operational Franchise Outlets. We do not include in this table the performance of Franchise Outlets that opened and commenced operations during 2023 or Franchise Outlets that do not qualify as Representative Models.

<sup>2</sup> **Total:** As to average and median, represents cumulative average and median, respectively, of Outlets within data set.

Table 5

Total Annual Events by Day per Franchise Outlet							
Operational Franchise Outlets 2023 Calendar Year							
Operational Franchise Outlet	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Studio 1	89	26	35	110	103	91	181
Studio 2	181	72	196	86	145	122	234
Studio 3	15	46	48	51	152	93	196
Studio 4	81	20	83	31	22	44	162
Studio 5	3	47	58	47	156	69	186
Studio 6	17	50	52	55	153	87	232
Studio 7	3	47	134	46	42	66	174
Studio 8	113	45	88	95	93	82	200
Studio 9	52	24	31	79	174	79	195
Studio 10	1	35	33	121	39	66	252

Table 6

Average Events by Day per Franchise Outlet							
Operational Franchise Outlets 2023 Calendar Year							
Operational Franchise Outlet	Sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
Studio 1	1.7	0.5	0.7	2.1	2.0	1.8	3.5
Studio 2	3.5	1.4	3.8	1.7	2.8	2.3	4.5
Studio 3	0.3	0.9	0.9	1.0	2.9	1.8	3.8
Studio 4	1.6	0.4	1.6	0.6	0.4	0.8	3.1
Studio 5	0.1	0.9	1.1	0.9	3.0	1.3	3.6
Studio 6	0.3	1.0	1.0	1.1	2.9	1.7	4.5
Studio 7	0.1	0.9	2.6	0.9	0.8	1.3	3.3
Studio 8	2.2	0.9	1.7	1.8	1.8	1.6	3.8
Studio 9	1.0	0.5	0.6	1.5	3.3	1.5	3.8
Studio 10	0.0	0.7	0.6	2.3	0.8	1.3	4.8
<b>Total</b>	<b>1.1</b>	<b>0.8</b>	<b>1.5</b>	<b>1.4</b>	<b>2.1</b>	<b>1.5</b>	<b>3.9</b>

Table 7

Average Utilization Metrics per Franchise Outlet Operational Franchise Outlets 2023 Calendar Year								
Operational Franchise Outlet	Number of Events per Day	Total Class/Event Hours	Number of Transactions	Average Number of Events Per Week	Average Number of Class/Events Hours Per Week	Average Price Per Transaction	Average Price Per Class/Event Hour	2023 Gross Sales
Studio 1	643	1,280	1,766	12	251	\$188	\$260	\$327,995
Studio 2	1,036	2,968	1,840	20	49	\$208	\$149	\$376,260
Studio 3	604	1,579	1,130	12	30	\$266	\$190	\$290,302
Studio 4	452	1,082	1,242	9	21	\$188	\$216	\$220,534
Studio 5	566	2,128	1,162	11	41	\$263	\$144	\$295,454
Studio 6	646	2,968	1,424	12	57	\$236	\$113	\$335,258
Studio 7	512	1,790	1,368	10	34	\$235	\$180	\$315,333
Studio 8	716	1,731	1,783	14	33	\$180	\$185	\$308,002
Studio 9	642	1,422	1,364	12	27	\$166	\$159	\$223,982
Studio 10	547	1,338	1,400	11	26	\$205	\$214	\$271,890

Table 8

Average Customer Metrics per Franchise Outlet Operational Franchise Outlets 2023 Calendar Year				
Operational Franchise Outlet	Number of Unique Children	Distinct Customers	Average Price Per Customer	Average Price per Child
Studio 1	943	1,136	\$293	\$353
Studio 2	939	934	\$343	\$408
Studio 3	610	727	\$413	\$493
Studio 4	511	735	\$318	\$457
Studio 5	685	722	\$424	\$446
Studio 6	770	934	\$359	\$436
Studio 7	646	841	\$383	\$498
Studio 8	1,161	1,093	\$294	\$276
Studio 9	968	837	\$270	\$233
Studio 10	582	840	\$341	\$492

**Notes to Tables 1- 8**

Tables 1-3 disclose financial performance data for eight out of the 11 because we do not disclose financial performance data for the two Outlets that did not provide Profit and Loss Statements as well as the Outlet that transferred to a new Franchisee in 2023. Tables 5-8 are based on all 10 Operational Franchise Outlets.

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

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. 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 Robert Maynard, Flour Power Business Development Inc. at 445 South Main Street, 3rd Floor, Davidson, North Carolina 28036 and (919) 435-8261, the Federal Trade Commission, and the appropriate state regulatory agencies.

**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	13	15	+2
	2022	15	16	+1
	2023	16	16	0
Company Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	13	15	+2
	2022	15	16	+1
	2023	16	16	0

**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
North Carolina	2021	0
	2022	1
	2023	2
Total	2021	0
	2022	1
	2023	2

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