

ITEM 19

FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

As of December 31, 2023, we had one affiliate-owned Bar-B-Clean Business (“Affiliate Location”) and 28 franchised Bar-B-Clean Businesses (“Franchised Locations”) operated by fifteen franchisees. We treat each signed franchise agreement as a separate Bar-B-Clean Business; however, some franchisees report financial data for multiple franchise agreements together as noted below. The financial information provided in the following tables represents the historical performance of the data of the Affiliate Location and a subset of Franchised Locations. We include data from: (i) six full-time Franchised Locations where the Bar-B-Clean Business is the franchisee’s primary job and the franchisee operates on a full time basis (“Full Time Franchised Locations”); (ii) two part-time Franchised Locations where the franchisee operates the Bar-B-Clean Franchised Location in addition to a full-time job and the franchisee operates on a part-time basis (“Part Time Franchised Locations”); and (iii) one Affiliate Location that operated during the entire 2023 fiscal year on a full-time basis (“Reporting Group”) and reports on results attained during calendar year 2023 (“Reporting Period”). Each Franchised Location and the Affiliate Location in the Reporting Group reported Gross Revenue for all twelve months of the Reporting Period. The Full Time Franchised Location in Ventura, California (“Ventura Franchised Location”) owns two Franchised Locations but only operated one of them in 2023. The Texas Franchised Locations (defined below) reported the data of three Franchised Locations together.

We do not include the data of the following new franchisees that did not operate for all twelve months of the Reporting Period: (i) seven Franchised Locations operated by three new franchisees who opened in 2023 and (ii) three Franchised Locations that were transferred to two new franchisees during the Reporting Period. We also exclude the following ten Franchised Locations that were operated by four franchisees who opened Franchised Locations prior to the Reporting Period but did not report revenue for the Franchised Location during the Reporting Period: (i) one Franchised Location who did not operate the business during the Reporting Period (and paid the Minimum Royalty to reserve its territory for future use upon the franchisee’s retirement of their full-time position); (ii) one Franchised Location operated by the Ventura Franchised Location in the Reporting Group as this franchisee did not report any Gross Revenue or operate within the territory of this second Franchised Location during the Reporting Period; and (iii) eight inactive Franchised Locations owned by two franchisees whose franchise agreements will expire in 2024. Some Franchised Locations in the Reporting Group differ from the franchised Bar-B-Clean Businesses offered under this disclosure document due to size of their territories, which range from approximately 100,000 to 175,000 households, except for the three Franchised Location (collectively, the “Texas Franchised Locations”), whose franchisee operated in a territory with 269,099 households until April 2023 and added two additional Franchised Locations with a total of 234,331 households in April 2023. The Texas Franchised Locations operates within a territory that includes rural areas and services the territory with a staff that is comparable to a franchisee operating within a single territory in a densely populated area. The current standard territory includes 75,000 households with an opportunity to add up to 25,000 additional household (for a total of 100,000 households). We also permit franchisees to operate in multiple territories under a Multi-Unit Addendum.



The Affiliate Location shares many of the same characteristics as our Franchised Locations, including degree of competition and services and goods offered, except the Affiliate Location does not pay the Royalty and Technology Fee. The Affiliate Location contributes to the Brand Fund on the same basis as franchisees. The financial information for the Affiliate Location was prepared from internal accounting records and reports. Data for the Franchised Locations is based on financial information reported to us by the franchisees. The information included in these financial performance representations has not been audited but we have no reason to doubt its accuracy.

We provide a summary of the average Gross Revenue in Table 1 for the Franchised Locations in the Reporting Group. We include summaries of the Full Time Franchised Locations excluding the three Texas Franchised Locations due to their size and aggregated reporting and a system-wide overview of full time Bar-B-Clean Businesses that includes both the Texas Franchised Locations and the Affiliate Location. We include an overview of the Part-Time Franchised Locations' average Gross Revenue in Table 2. We also provide an overview of Gross Revenue data for each Full Time Franchised Location in Table 2 and for each Part-Time Franchised Location in Table 3. In Table 4, we provide an overview of the Gross Revenue, Adjusted Earnings, and Adjusted Margins of the Affiliate Location. In Table 5, we provide the Average and Median Total Jobs and Revenue Per Ticket of the Affiliate Location. In Table 6, we provide the Average and Median Total Jobs and Revenue Per Ticket for Franchised Locations in the Reporting Group.

Table 1
Average and Median 2023 Gross Revenue

Data Type	High	Average	Low	Median	# Meeting or Exceeding Average	% Meeting or Exceeding Average
Full Time Franchised Locations (excluding Texas Franchised Locations)						
2023 Gross Revenue⁽¹⁾	\$373,374	\$294,915	\$253,886	\$257,485	1 of 3	33%
Full Time Franchised Locations and Affiliate Location⁽²⁾						
2023 Gross Revenue	\$814,330	\$415,708	\$253,886	\$373,374	1 of 5	20%
All Part-Time Franchised Locations						
2023 Gross Revenue	\$39,167	\$32,267	\$25,367	\$32,267	1 of 2	50%

Table 2
2023 Gross Revenue
For Full Time Franchised Locations in the Reporting Group

Full Time Franchised Locations				
Data Type	Ventura	Temecula	SW Florida	Texas ⁽³⁾
2023 Gross Revenue	\$257,485	\$253,886	\$373,374	\$814,330



Table 3
2023 Gross Revenue
For Part-Time Franchised Locations in the Reporting Group

Data Type	N. Fort Worth	South Carolina
2023 Gross Revenue	\$39,167	\$25,367

Notes to Table 1 to 3:

1. “Gross Revenue” means the total revenue derived from the sale of goods or services less sales tax, discounts, allowances, and returns.
2. Our Affiliate Location is comparable to a Full Time Franchised Location although the owner and operator also serves as our Director, President, and Chief Financial Officer. As noted in Table 5, Part-Time Franchised Locations reported between 67 and 70 Jobs (as defined below) per year, while Full Time Franchised Locations reported between 379 and 680 Jobs. The Affiliate Location reported 822 Jobs.
3. The financial performance representations in Tables 1 to 3 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.

Table 4
2023 Adjusted Earnings and Adjusted Margin for the Affiliate Location

Data Type	N. Orange Affiliate	Margin
2023 Total Gross Revenue	\$397,467	100%
Cost of Goods Sold	\$55,130	13.87%
Gross Profit	\$342,337	86.13%
Operating Expenses		
Liability Insurance	\$4,800	1.21%
Marketing & Advertising	\$28,729	7.23%
Meals & Entertainment	\$1,874	0.47%
Office Expenses/Supplies	\$6,744	1.70%
Technicians/Ops Payroll	\$124,731	31.38%
Professional Fees	\$1,450	0.36%
Telephone & Computer Services	\$1,782	0.45%
Total Operating Expenses	\$170,110	42.80%
Franchise Fees (Imputed)		
Royalty (6%)	\$23,848	6%
Brand Fund (2%)	\$7,949	2%
Technology Fee	\$500	0.13%
Adjusted Earnings	\$139,930	35.2%

Notes to Table 4:

1. “Gross Revenue” has the meaning given in the Notes to Tables 1 – 3.



2. “Cost of Goods Sold” includes the cost of Parts & New Grills. No other costs and expenses are included.

3. “Gross Profit” means Gross Revenue less Costs of Goods Sold.

4. “Operating Expenses” includes liability insurance, marketing and advertising, meals and entertainment, office expenses/supplies, technicians/ops payroll, professional fees, and telephone and computer services.

5. “Franchise Fees” – Imputed Fees. We have imputed certain fees assessed by us and made adjustments based on the fees paid and expenditures required under our current Franchise Agreement for the Affiliate Location. Franchised Bar-B-Clean Businesses are required to pay a Royalty of the greater of 6% of Gross Revenue or a \$500 monthly minimum and are subject to a Brand Fund Contribution of 2% of Gross Revenue. The illustrative adjustments of adding the Royalty and the \$500 Technology Fee are based on the fees that would have been charged if the Reporting Affiliate Locations were operating under the terms of our franchise agreement. In making the Franchise Related Adjustments, we assumed that any additional expenses would not have a direct or indirect material effect on revenue or other expenses.

6. “Adjusted Earnings” refers to Gross Profit less Operating Expenses and Franchise Fees. It does not include the deduction of taxes, interest, depreciation, or amortization.

7. “Margin” is calculated by dividing Gross Revenue by Adjusted Earnings.

Table 5 and 6

In Table 5 below, we provide an overview of the average number of Jobs reported and the average Gross Revenue per Job reported by the Full Time Franchised Locations and Part Time Franchised Locations. Due to the size of the Texas Franchised Locations first territory and its aggregate reporting with two new Franchise Locations, we include a breakdown of the Full Time Franchised Locations’ data without the Texas Franchised Locations, as well as a breakdown of the performance of all full time businesses which includes all Full Time Franchise Locations (including the Texas Franchised Locations) and the Affiliate Location. We include the data of the Affiliate Location in Table 6.

Table 5
Average and Median Total Jobs and Revenue Per Job
For the Affiliate Location in the Reporting Group
2023

Data Type	High	Average	Low	Median	# Meeting or Exceeding Average	% Meeting or Exceeding Average
Full Time Franchised Locations (excluding Texas Franchised Locations)						
Revenue Per Job	\$652	\$487	\$379	\$430	1 of 3	33%
Total Jobs	680	614	573	590	1 of 3	33%
All Full Time Franchised Locations and Affiliate Location ⁽²⁾						
Revenue Per Job	\$652	\$466	\$379	\$430	2 of 5	40%
Total Jobs	2011	935	573	680	1 of 5	20%
All Part-Time Franchised Locations						
Revenue Per Job	\$560	\$470	\$379	\$470	1 of 2	50%
Total Jobs	70	69	67	69	1 of 2	50%



Table 6
Total Jobs and Revenue Per Ticket
For the Affiliate Location in the Reporting Group
2023

Data Type	N. Orange Affiliate
Total Jobs	822
Revenue Per Jobs	\$462

Notes to Tables 5 and 6:

1. “Job” refers to each unique transaction completed by the Franchised Location or Affiliate Location.
2. “Total Jobs” refers to the total number of Jobs completed during the 2023 Reporting Period.
3. “Revenue per Job” is calculated by dividing the 2023 Gross Revenue for each business in the Reporting Group by the Total Jobs.

Written substantiation of the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Some Bar-B-Clean Businesses have sold this amount. Your individual financial results may differ. There is no assurance that you will sell as much.

Other than the preceding financial performance representation, Bar-B-Clean Franchising Inc. does not make any financial performance representations. 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 Bryan Weinstein, Bar-B-Clean Franchising Inc., 5390 Los Monertos, Yorba Linda, California 92887, 888-551-8690, or bryan@bar-b-clean.com, 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 - 2023

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2021	24	23	-1
	2022	23	23	0
	2023	23	28	+5