

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) a 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.

The information included in the Table 1 below is based on reports submitted to us by 48 (for 2024 and 2023) fully-reporting franchised BAGELS Stores located in the United States that were operated for the entire 2023 and 2024 Fiscal Years. For 2023 and 2024, the Franchised Stores include 48 BAGELS Production Stores and 0 BAGELS Satellite Store (collectively the "Franchised Stores"). The Table does not include any company-owned or affiliate-owned stores. Any franchised BAGELS Stores that either opened or closed during the 2023 or 2024 Fiscal Years, or failed to submit all 52 weeks of reporting during the 2023 or 2024 Fiscal Years, have been excluded from the information contained in these Tables. During the 2023 Fiscal Year, 1 BAGELS Store was converted to a licensed unit. During the 2024 Fiscal Year, 1 BAGELS Store was opened and one was closed. The information was collected by us, but has not been independently audited or verified.

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**Gross Revenues¹ of BAGELS Franchised Stores
By Quartile for 2023 and 2024 Fiscal Years**

	2023	2024	2023	2024	2023	2024	2023	2024
Quartile²	1st		2nd		3rd		4th	
# Franchises Represented	12	12	12	12	12	12	12	12
Gross Revenues Range³	\$751,743- \$1,088,909	\$755,704- \$1,249,963	\$583,965- \$732,172	\$589,737- \$751,392	\$430,796- \$582,665	\$474,744- \$556,406	\$199,509- \$426,149	\$172,671- \$466,176
Average Gross Revenues Within Quartile⁴	\$852,497	\$896,791	\$662,091	\$681,438	\$487,121	\$513,823	\$347,458	\$368,240
Number & Percentage of Franchised Stores in Each Quartile Exceeding the Average Gross Revenues for that Quartile⁵	5 or 42%	5 or 42%	7 or 58%	7 or 58%	5 or 42%	7 or 58%	8 or 67%	6 or 50%
Median Gross Revenues in Each Quartile⁶	\$847,444	\$854,997	\$685,740	\$692,760	\$477,775	\$515,027	\$369,238	\$387,587

Notes:

1. “Gross Revenues” is defined in the Franchise Agreement as the entire amount of all gross sales and business receipts, including direct or indirect barter transactions, catering accounts, proceeds of business interruption insurance policies, wholesale accounts (both on and off premises) arising out of the operation of the Store, or through or by means of the business conducted in connection therewith, whether for cash or credit, but excluding: (1) sales, use, or service taxes collected from customers and paid to the appropriate taxing authority; and (2) all bona fide customer refunds and approved rebates, discounts and allowances.
2. Quartile. “Quartile” refers to the relative performance of the Franchised Stores. Therefore, the “1st Quartile” refers to the top 25% performing Franchised Stores, based on Gross Revenues, the “2nd Quartile” refers to the next highest 25% performing Franchised Stores, and so on.
3. Gross Revenues Range for 2023. The 2023 figures in the Table are based on the 2023 Fiscal Year Gross Revenues of the 48 fully-reporting Franchised Stores located in the United States that were operated for the entire 2023 Fiscal Year. The Table lists the high and low end of the Gross Revenues Range for each Quartile. There are a total of 48 Franchised Stores, with 12 Franchised Stores in the First, Second, Third and Fourth Quartiles. The Gross Revenues Range shows the highest and lowest Gross Revenues within each Quartile. For example, the high end of the 1st Quartile of Franchised Stores (\$1,088,909) is the Franchised Store having the highest Gross Revenues in 2023. The low end of the 1st Quartile of Franchised Stores (\$751,743) is the Franchised Store having the 12th highest Gross Revenues in 2023. The high end of the 2nd Quartile of Franchised Stores (\$732,172) is the Franchised Store having the 13th highest Gross Revenues in 2023. The low end of the 2nd Quartile of Franchised Stores (\$583,965) is the Franchised Store having the 24th highest Gross Revenues in 2023. And so on for each Quartile.
4. Gross Revenues Range for 2024. The 2024 figures in the Table are based on the 2024 Fiscal Year Gross Revenues of the 48 fully-reporting Franchised Stores located in the United States that were operated for the entire 2024 Fiscal Year. The Table lists the high and low end of the Gross Revenues Range for each Quartile. There are a total of 48 Franchised Stores, with 12 Franchised Stores in the First, Second, Third and Fourth Quartiles. The Gross Revenues Range shows the highest and lowest Gross Revenues within each Quartile. For example, the high end of the 1st Quartile of Franchised Stores (\$1,249,963) is the Franchised Store having the highest Gross Revenues in 2024. The low end of the 1st Quartile of Franchised Stores (\$755,704) is the Franchised Store having the 12th highest Gross Revenues in 2024. The high end of the 2nd Quartile of Franchised Stores (\$751,392) is the Franchised Store having the 13th highest Gross Revenues in 2024. The low end of the 2nd Quartile of Franchised Stores (\$589,737) is the Franchised Store having the 24th highest Gross Revenues in 2024. And so on for each Quartile.
5. Average Gross Revenues Within Quartile. The Table discloses the average Gross Revenues

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of the Franchised Stores within each Quartile for 2023 and 2024. The average was calculated by adding the Gross Revenues of all Franchised Stores within each Quartile and then dividing that total by the number of Franchised Stores within each Quartile. For example, the Gross Revenues in 2023 of the 1st Quartile (the top 12 Franchised Stores) have an average Gross Revenues of \$852,497. The Gross Revenues in 2024 of the 1st Quartile (the top 12 Franchised Stores) have an average Gross Revenues of \$896,791. The same mathematical calculation was used for each of the other Quartiles in the Table.

6. Number & Percentage of Franchised Stores in Each Quartile Exceeding Average Gross Revenues for that Quartile. For each Quartile, the Table shows the actual number of Franchised Stores within that Quartile that exceeded the Average Gross Revenues for that Quartile. For example, for 2023, of the 12 Franchised Stores in the 1st Quartile, 5 Franchised Stores, or 42%, of the Franchised Stores exceeded the Average Gross Revenues of \$852,497. For 2024, of the 12 Franchised Stores in the 1st Quartile, 5 Franchised Stores, or 42%, of the Franchised Stores exceeded the Average Gross Revenues of \$896,791.
7. Median Gross Revenues in Each Quartile. The tables show the median Gross Revenues in each Quartile. The “median” is the middle number within each Quartile. If there are an even number of Franchised Stores within a Quartile (which is the case for the First, Second and Third and Fourth Quartile of the Franchised Stores in 2024, with 12 in that Quartile), the median is the average of the Gross Revenues of the Franchised Stores having the 6th and 7th highest Gross Revenues in that Quartile.

Material Bases and Assumptions

The Franchised Stores represented in the Table above are substantially similar to the concept being offered to you.

The Franchised Stores are primarily located in strip shopping centers, with a small percentage in free-standing locations.

The Gross Revenues are NOT net of costs of goods sold, other operating expenses or other costs or expenses that must be deducted from the gross revenues figures to obtain your net income or profit. We have not provided information regarding costs and expenses because we do not regularly collect that data from franchisees from which we could present reliable figures, and we do not operate any company-owned stores.

You will incur at least the following expenses, and possibly more: inventory, labor, occupancy costs, pre-opening expenses, depreciation and amortization, taxes, insurance, operating expenses, royalty fees to us, advertising fees to us, other fees to us in the Franchise Agreement, professional fees, bank charges, telephone, repairs. All of your expenses will affect the operating profit, net income and/or cash flow of your BAGELS Store and should be carefully considered and evaluated.

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Prospective franchisees or sellers of franchises should be advised that no Certified Public Accountant has audited these figures or expressed his/her opinion with regard to their content of form. The amounts have not been audited or reviewed for reasonableness by independent auditors.

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you'll sell as much.

You should conduct an independent investigation of the costs and expenses you will incur in operating your BAGELS Store. We encourage you to consult with your own accounting, business, and legal advisors to assist you to prepare your budgets and projections, and to assess the likely or potential financial performance of your BAGELS Store. We also encourage you to contact existing BAGELS Store operators to discuss their experiences with the system and their Store business. Existing franchisees are your best source of information.

Written substantiation of the data we used in preparing this statement will be made available upon reasonable request.

Other than the preceding financial performance representation, BAB Systems, 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 Michael Murtaugh, 500 Lake Cook Road, Suite 475, Deerfield, Illinois 60015, phone: 800/251-6101, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20. OUTLETS AND FRANCHISEE INFORMATION

**Systemwide Outlet Summary
For years 2022 to 2024**

All figures in Tables 1 - 4 are as of November 30, which is the Franchisor's fiscal year end

Table No. 1

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	52	50	-2
	2023	50	49	-1
	2024	49	49	0
Company- Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	52	50	-2
	2023	50	49	-1
	2024	49	49	0

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