

## **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) 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 financial performance information in this Item 19 is organized into five categories: (A) Average Gross Sales, (B) Average Profit, (C) Annual Gross Sales; (D) Expense and Operating Profit Percentages as a Share of Gross Sales; and (E) Revenue Mix by Service Category. All data is based on reporting received from franchisees using a standardized chart of accounts provided by us. Each category reflects aggregated data from the same Sales Group of 33 franchised CENTRAL BARK facilities described below.

The information presented in this Item 19 is based on data from 33 franchised CENTRAL BARK facilities that were open and operating throughout our 2024 fiscal year (January 1, 2024 – December 31, 2024) (the “Sales Group”). Four additional locations were excluded because they either did not report a full 12 months of data or did not submit their financials in the standardized format required by us, including the required breakdown by category.

The data presented has not been audited or independently verified. It is based on self-reported information from a geographically diverse group of franchisees and is presented as an average of their responses. To the best of our knowledge, the information is representative of the results attained by franchisees.

As used in this Item 19, “Gross Sales” has the same meaning as defined in the Franchise Agreement. It includes all revenue from services and merchandise sold through the CENTRAL BARK facility or any other channel, such as kiosks, carts, vending machines, catalogs, cable television, Online Presence (as defined in Item 11), or mail orders. Gross Sales are calculated before deductions, but may exclude returns, repairs, replacements, customer allowances (e.g., trade or quantity discounts), and applicable excise, sales, or use taxes—provided these were initially included in Gross Sales for the same or prior periods. Gift certificate and gift card payments are included in Gross Sales according to our current guidelines. At our discretion, these may be counted either (i) when redeemed at the Franchised Business for their full value, or (ii) at the time of sale for their face value, not upon redemption.

#### **A. Average Gross Sales – CENTRAL BARK Facilities**

This Section A includes information regarding Gross Sales of the CENTRAL BARK facilities in the Sales Group during our 2024 fiscal year. The results shown in this Section A reflect the historical Gross Sales of each of the CENTRAL BARK facilities included in the Sales Group.

Gross Sales of Sales Group During 2024 Fiscal Year

		<b>Gross Sales</b>
<b>Average</b>		\$825,930
<b>CENTRAL BARK facilities</b> ("facilities") exceeding Average	14 (38%)	
<b>High</b>		\$1,828,699
<b>Median</b>		\$770,229
<b>Low</b>		\$216,972

Range of Average Gross Sales of Sales Group During 2024 Fiscal Year, by Tercile

	<b>Top Tercile</b>		<b>Middle Tercile</b>		<b>Low Tercile</b>	
	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>	<b>High</b>	<b>Low</b>
<b>Gross Sales</b>	\$1,828,699	\$1,007,428	\$945,187	\$653,158	\$652,777	\$216,972

1. The top tercile for the 2024 Sales Group includes 11 CENTRAL BARK facilities. The median Gross Sales for the top tercile of the 2024 Sales Group was \$1,118,813. Six of Eleven (or 55%) CENTRAL BARK facilities met or exceeded the median Gross Sales.
2. The middle tercile for the 2024 Sales Group includes 11 CENTRAL BARK facilities. The median Gross Sales for the middle tercile of the 2024 Sales Group was \$770,229. Six of eleven (or 55%) CENTRAL BARK facilities met or exceeded the median Gross Sales.
3. The low tercile for the 2024 Sales Group includes 11 CENTRAL BARK facilities. The median Gross Sales for the low tercile of the 2024 Sales Group was \$468,877. Six of eleven (or 55 %) CENTRAL BARK facilities met or exceeded the median Gross Sales.

B. Average Profit – CENTRAL BARK Facilities

This Section B includes information regarding average Profit of the Sales Group during the 2024 fiscal year. For purposes of this Section B, “Profit” means the Adjusted EBITDA of each CENTRAL BARK facility. Adjusted EBITDA is calculated as follows: the earnings before interest, income taxes, depreciation, amortization, and Owner’s Draw or Dividends of each CENTRAL BARK facility as a percentage of Gross Sales, as reported to us by our franchisees.

Profit of Sales Group During 2024 Fiscal Year

		<b>EBITDA</b>
<b>Average</b>		\$124,384
<b>CENTRAL BARK facilities</b> ("facilities") exceeding Average	15 (45%)	
<b>High</b>		\$428,724
<b>Median</b>		\$122,046
<b>Low</b>		(\$125,476)

Average Profit of Sales Group During 2024 Fiscal Year, by Tercile<sup>1</sup>

	<b>Top Tercile</b>	<b>Middle Tercile</b>	<b>Low Tercile</b>
<b>Sales Group</b>	21.5% <sup>2</sup>	18.2% <sup>3</sup>	3.9% <sup>4</sup>

1. The Top Tercile, Middle Tercile, and Low Tercile in this chart are comprised of the same CENTRAL BARK facilities that make up the Top Tercile, Middle Tercile, and Low Tercile groups in the Average Gross Sales of the Sales Group during the 2024 fiscal year, by Tercile chart in Section A of this Item 19.
2. The top tercile for the 2024 Sales Group includes 11 CENTRAL BARK facilities. The median Profit for the top tercile of the 2023 Sales Group was \$205,180. 5 of 11 (or 45%) CENTRAL BARK facilities met or exceeded the average Profit.
3. The middle tercile for the 2024 Sales Group includes 11 CENTRAL BARK facilities. The median Profit for the middle tercile of the 2024 Sales Group was \$122,046. 5 of 11 (or 45%) CENTRAL BARK facilities met or exceeded the average Profit.
4. The low tercile for the 2024 Sales Group includes 11 CENTRAL BARK facilities. The median Profit for the low tercile of the 2024 Sales Group was \$51,827. 6 of 11 (or 55%) CENTRAL BARK facilities met or exceeded the average Profit.

**C. Annual Gross Sales – CENTRAL BARK Facilities**

Below are the annual Gross Sales for the years 2024, 2023, 2022 and 2021 for the CENTRAL BARK Facilities in the Sales Group.

<b>Revenue by location by year</b>						Total Growth
Store	Opening Date	2024	2023	2022	2021	2021 vs 2024
1	April 2014	\$1,828,699	\$1,480,971	\$1,376,540	\$1,082,428	68.9%
2	August 2005	\$1,404,239	\$1,210,786	\$1,177,034	\$1,050,676	33.7%
3	December 2006	\$1,327,502	\$1,284,551	\$1,004,143	\$884,034	50.2%
4	August 2007	\$1,234,344	\$1,169,833	\$1,108,690	\$949,055	30.1%
5	September 2007	\$1,207,885	\$1,187,303	\$1,005,646	\$602,856	100.4%
6	September 2006	\$1,131,865	\$1,094,861	\$1,012,900	\$984,584	15.0%
7	February 2009	\$1,105,760	\$1,001,286	\$788,401	\$783,401	41.1%
8	October 2008	\$1,047,850	\$1,051,924	\$996,002	\$635,524	64.9%
9	June 2019	\$1,020,106	\$892,426	\$950,367	\$798,469	27.8%
10	November 2020	\$1,008,213	\$994,041	\$823,232	\$467,872	115.5%
11	August 2008	\$1,007,428	\$1,087,538	\$1,016,484	\$799,472	26.0%
12	June 2007	\$945,187	\$885,722	\$858,347	\$680,128	39.0%
13	January 1997	\$913,168	\$922,427	\$890,178	\$824,611	10.7%

## Revenue by location by year

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D. Expense and Operating Profit Percentages as a Share of Gross Sales

This Section D presents the average percentages of various expense categories and operating profit, each expressed as a percentage of Gross Sales, as reported by the Sales Group for the 2024 fiscal year. Additional detail, including the median, high, and low values for each category, is provided in the explanatory notes that follow the table.

P&L Category	Average
Cost of Labor	47.2%
<u>Cost of Goods Sold</u>	<u>1.7%</u>
Gross Profit	51.1%
Operating Expenses	15.2%
Rent	10.6%
Royalties and Brand Marketing Fund	7.7%
<u>Marketing Expenses</u>	<u>2.5%</u>
<b>Operating Profit</b>	<b>15.1%</b>

**Notes:**

1. “Cost of Labor” includes wages, commissions, bonuses, benefits (if any), payroll taxes, and workers’ compensation for employees and/or contractors involved in service delivery. It excludes compensation paid to the principal of the Franchised Business. Among the CENTRAL BARK Facilities in the Sales Group, the median Cost of Labor was 42.5%, with a high of 59.5% and a low of 32.1%.
2. “Cost of Goods Sold” refers to the direct costs of products, supplies, materials, and shipping associated with delivering services. For the Sales Group, the median was 1.4%, the high was 4.8%, and the low was 0.1%.
3. “Gross Profit” means Gross Sales minus the sum of Cost of Goods Sold and Cost of Labor. For the Sales Group, the median was 56.1%, the high was 99.9%, and the low was 94.2%.
4. “Operating Expenses” means costs such as automobile expenses, bank and credit card fees, maintenance and repairs, office supplies, utilities, telephone, insurance, computer costs, professional fees, taxes, and travel & entertainment. The Sales Group reported a median of 19.8%, a high of 42.0%, and a low of 14.4%.
5. “Rent” represents the cost of operating out of the physical location, excluding utilities. Among the Sales Group, the median Rent was 10.7%, with a high of 38.6% and a low of 4.8%.
6. “Royalties” and “Brand Marketing Fund” are as defined in Item 6 of this Disclosure Document. For the Sales Group, the median was 7.1%, the high was 8.5%, and the low was 5.8%.
7. “Marketing Expenses” means all costs related to direct customer marketing, such as printed materials, home shows, direct mail, online media, radio, TV, local networking, and sponsorships. The Sales Group reported a median of 1.8%, a high of 9.2%, and a low of 0.09%.

8. “Operating Profit” means Gross Profit minus the sum of Operating Expenses, Royalties and Brand Marketing Fund, and Marketing Expenses. This amount does not include interest, amortization, depreciation or taxes. The Sales Group reported a median of 14.8%, a high of 31.8%, and a low of -46.8%.

E. Sales Mix by Revenue Category for 33 Reporting Locations (as a Percentage of Gross Sales)

This Section E presents the average percentage of Gross Sales attributable to each major revenue category, based on data reported by the Sales Group. Additional detail, including the median, high, and low percentages for each category, is provided in the explanatory notes that follow the table.

Category	Average
Day Care	59%
Sleepovers + Stay & Play	20%
Grooming	17%
Retail	2%
Misc. (Enrichment, Training, Cab, Parties)	2%

**Notes:**

1. “Day Care” means full-day and half-day dog care services. For the Sales Group, the median was 61%, the high was 75%, and the low was 40%.
2. “Sleepovers + Stay & Play” means overnight boarding services, often combined with day care activities. For the Sales Group, the median was 61%, the high was 38.7%, and the low was 7.9%.
3. “Grooming” means brushing, nail trimming, and other grooming services. For the Sales Group, the median was 16%, the high was 34.5%, and the low was 5.2%.
4. “Retail” means the sale of pet-related products such as food, toys, and accessories. For the Sales Group, the median was 2%, the high was 4.3%, and the low was 0.28%.
5. “Misc. (Enrichment, Training, Cab, Parties)” means training classes, enrichment activities, pet taxi services, and birthday parties. For the Sales Group, the median was 2%, the high was 5.2%, and the low was 0.8%.

We will provide written substantiation for these financial performance representations to prospective franchisees upon reasonable request.

**Some CENTRAL BARK facilities have earned this amount. Your individual results may differ. There is no assurance that you will earn or sell as much.**

Other than the preceding financial performance representation, we do 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 receive any other financial performance information or projection of your future income, you should report it to our management by contacting Jason Perras at (866) 398-1349, P.O. Box 14217, West Allis, Wisconsin 53214; the Federal Trade Commission; and the appropriate state regulatory agencies.

## **ITEM 20**

### **OUTLETS AND FRANCHISEE INFORMATION** **TABLE NO. 1**

#### **SYSTEMWIDE FACILITY SUMMARY FOR YEARS 2022 to 2024<sup>1</sup>**

<b>Outlet Type</b>	<b>Year</b>	<b>Facilities at the Start of the Year</b>	<b>Facilities at the End of the Year</b>	<b>Net Change</b>
Franchised	2022	33	35	+2
	2023	35	38	+3
	2024	38	41	+3
Company-Owned <sup>2</sup>	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
<b>Total Outlets</b>	<b>2022</b>	<b>33</b>	<b>35</b>	<b>+2</b>
	<b>2023</b>	<b>35</b>	<b>38</b>	<b>+3</b>
	<b>2024</b>	<b>38</b>	<b>41</b>	<b>+3</b>

1/ The above figures are as of December 31<sup>st</sup> of each year.

2/ In November 2022, following NSF Bark's acquisition of a majority ownership in BVI, the entity operating the company-owned location signed a franchise agreement and became a franchised location but is still owned and operated by Chris Gaba, an officer of ours.

#### **TABLE NO. 2**

#### **TRANSFERS OF FACILITIES FROM FRANCHISEES TO NEW OWNERS (OTHER THAN FRANCHISOR OR AN AFFILIATE) FOR YEARS 2022 to 2024<sup>1</sup>**

<b>State</b>	<b>Year</b>	<b>Number of Transfers</b>
Florida	2022	1
	2023	1
	2024	0
Illinois	2022	0
	2023	0
	2024	0
Ohio	2024	0
	2022	1
Texas	2023	0
	2024	0
	2022	1
Wisconsin	2023	0
	2024	0
	2022	0
<b>Total</b>	2023	2
	2024	0
	<b>2022</b>	<b>3</b>