










LISTING OPPORTUNITY

Pure Barre Franchise

Well known Barre Franchise with strong reoccurring memberships



SPECIFICATIONS

 Price: \$275,000	 Revenue: \$290,538 (4-Year Avg) Best year 2019 \$403,214	 Cash Flow: \$91,664(4-Year Avg) Best year 2021\$124,973
 Location: South Bay/Peninsula	 Service Area: South Bay/Peninsula	 Gross Profit: 81% Net Income: 33.5%
 Employees: 9 teachers 2 sales rep	 Reason for Sale: Back to Education	 Goodwill: 10 Years

BUSINESS SUMMARY

- Year Established: Current seller since 2015, originally opened 2012 Franchise founded 2001
- Services: In person or Livestream barre classes with 4 focused modalities to choose from. 150 members on auto pay
- Equipment: Greeting desk, computer, sound and PA system, free weights, resistance bands, guest lockers, fully built out space, corporate refresh was done in 2019
- Product breakdown: 89% classes, 5% other income 6% Retail
- Clients: Young professionals from Tech and University in 30 to 45 age group
- Lease: NNN \$4172 per month for 1350 sf, Landlord flexible to negotiate new lease
- Franchisor: PB Franchising LLC, \$15,000 transfer fee receives 10 years, current FA ends 12/2028
- Buyer Requirements: \$500,000 Net Worth and \$100,000 Liquid Capitol (3-months seasoned)
FDD and brand application must be completed first prior to purchase agreement
- Training: 3 days of mandatory training currently done remotely
- Fees: \$150/ month technology fee, Business Management fee \$199/month, Music Licensing fee \$129/month, Royalty 7% of Gross Sales, Brand Development fee 2% of Gross Sales
- Ideal Candidate: You do not have to be an existing trainer to become a franchise owner, but it helps.

The presented opportunity is for the acquisition a franchised barre fitness facility in the South Bay area of San Francisco's Silicon Valley. Although the fitness industry was hit very hard during the pandemic lockdown in 2020, this COVID resilient business immediately recovered in 2021 from the dip it had experienced. The current owner transitioned to teaching classes online and evolved the business to now accommodate clients both at the facility and at home. Business has returned to on-site classes and continues to provide options to accommodate a broader range of client schedules, living situations and economic or natural disaster requirements through their online option.

The franchisor offers support & Training.

Cost/benefits of acquiring established franchise

- Initial Cost: \$275,000
- Cost for Equipment: Included
- Cost of Inventory: Included
- Staff: In Place & Trained
- Clientele: Established and loyal
- Marketing Costs: 2% ongoing Website & referrals.
- Goodwill: 10 yrs brand recognition & reputation

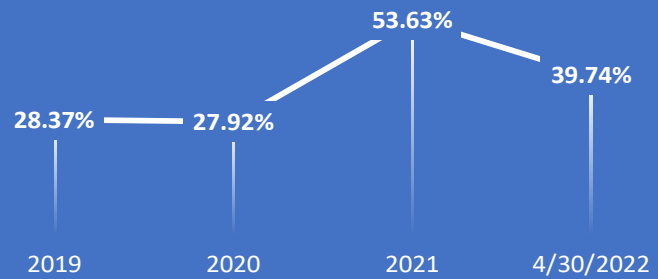
Cost/benefits of starting a new franchise territory

- Initial Franchise Fee: \$60,000
- Cost for Equipment: \$214,287 to \$457,337
- Cost for Inventory: \$2,000 - \$3,000 est.
- Staff: Recruiting & training required
- Clientele: None
- Marketing Costs: \$15,000
- Goodwill: None

VALUE PROPOSITION

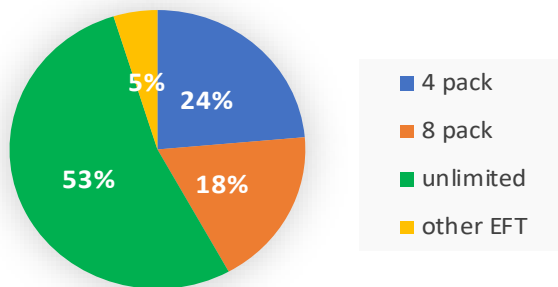
- Strong franchise with 640 licensed locations
- Clear and concise FDD and Agreements
- Great location near large tech and VC's
- Priced based on SDE
- Plenty of street and lot parking
- 4 to 6 classes offered per day, 7 days offered
- Seller teaches 2-3 classes per week
- seller is active 2--25 hours a week in business
- Estimated 150 paying members
- 2019 membership was 260

PROFIT MARGIN

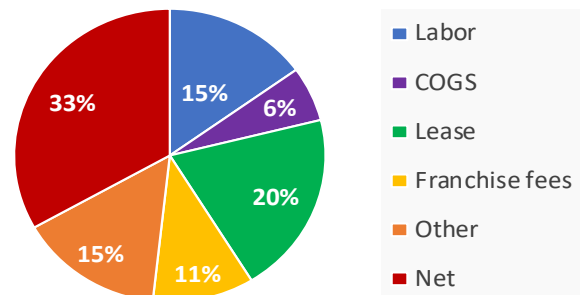


REVENUE BREAKDOWN

Revenue by Class Type



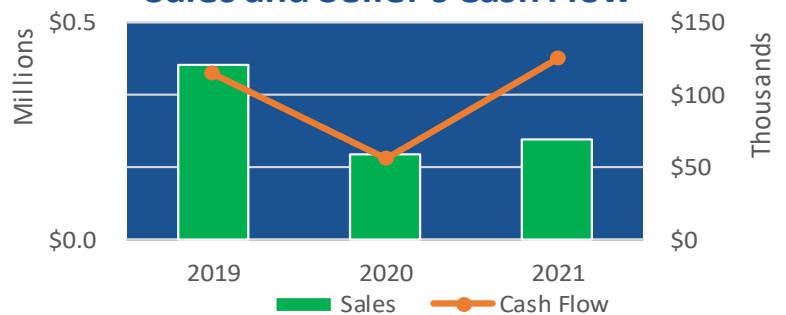
Cost Breakdown and Net



FINANCIAL HIGHLIGHTS

- Listing Price: \$275,000 + Inventory
- 2021 Cashflow (SDE): \$124,826
- 2022 estimates gross sales to reach \$350,000
- Profitable during pandemic SDE \$55,717
- Seller worked more classes in 2021
- Recommended Working Capital: \$25,000
- Inventory Estimated Monthly Average: \$2K
- PPP loans forgiven
- Evening and weekend classes most popular
- Trainers labor average 8%, sales labor 7%

Sales and Seller's Cash Flow



CASHFLOW ANALYSIS

Financial Statement Source	Tax Return	Tax Return	Tax Return	YTD/P&L
Accounting Year is Jan1 - Dec 31	2019	2020	2021	4/30/2022
Sales	\$403,214	\$199,541	\$232,754	\$113,705
Returns and alloances	\$0	\$0	\$0	(\$25)
Less Cost of Sales	\$110,193	\$42,854	\$46,212	\$22,348
Less Operating Expenses	\$216,064	\$129,858	\$121,175	\$53,277
Equals Net Income Before Taxes	\$76,957	\$26,829	\$65,367	\$38,105
Plus Depreciation	\$0	\$0	\$0	\$0
Plus Amortization	\$13,747	\$13,747	\$13,747	\$4,258
Plus Interest on Loans to Business	\$16,408	\$8,314	\$6,999	\$2,016
Plus Officer/Owner's Salary	\$0	\$0	\$31,200	\$0
Plus Payroll Taxes on Officer/Owner's Salary	\$0	\$0	\$0	\$0
Equals Preliminary Seller's Discretionary Earnings	\$107,112	\$48,890	\$117,313	\$44,379
Addbacks:				
Salary to Working Family Member	\$0	\$0	\$0	\$0
Auto Expenses for Owner's Benefit	\$1,513	\$0	\$1,513	\$802
Insurance Premium - Working Family Member	\$4,160	\$827	\$0	\$0
Owners' Pension Plan	\$0	\$6,000	\$6,000	\$0
Non-Business Phone, Internet & Cell Phone Expenses	\$1,618	\$0	\$0	\$0
Sum of Addbacks:	\$7,291	\$6,827	\$7,513	\$802
Total Seller's Discretionary Earnings (SDE)	\$114,403	\$55,717	\$124,826	\$45,181
Profit Margin	28.37%	27.92%	53.63%	39.74%

Notes: Addbacks for 4/30/2021 are prorated based on expenses from 2021.

ASKING PRICE

The asking price is determined using a cash flow and asset methodology. Cash flow is the sum of net income from the business plus any non-cash expenses, non-recurring items and any seller's personal expenses. The asset methodology takes into account what it could cost to open a similar business in equipment and square feet. A multi-factor multiplier is applied to the cash flow based on the condition of the business and the asset value is added to that result.

For this business, a three-year average cash flow is applied. The multiplier applied in this case is 3x, is the standard multiplier for franchises and based on recent sales of the same type of business with similar gross sales and SDE

The SDE value takes into account time to build up the goodwill and customer base. If you were to build out a similar space with like equipment it could cost upwards of \$475,000 or more per the franchisor.

CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE

With this information, the computation is as follows:

$$\underline{\$98,315} \times 3 = \underline{\$294,945}$$

The fair market value found above positions the listing price as:

\$275,000

FUNDING EXAMPLE

Purchase Price: \$275,000

20% Buyer Down Payment	\$55,000	Buyer's equity
80% Bank Loan	\$220,000	10-Year term at a rate of 6.25% = Monthly loan payment of \$2470

- Cash Flow average: \$98,315
- Annual Payment to Bank: \$29,640
- Net Profit (After Expenses and loan payment): \$68,675

Numbers above
result in an **55.9%**
return on cash in the
first year.

A lender is usually required to have a
1.25 coverage ratio for a business
loan extended.

At a proposed purchase price of
\$275,000 with the terms listed
above, the coverage ratio is **3.32**

* Please note that the decision of whether to extend a loan on any sale belongs to the bank, and this document does not guarantee specific terms or verify that financing is available.