

LISTING OPPORTUNITY

Earl of Sandwich Franchised Store and Territory Option

Sandwich Chain with International Presence and Excellent Support



SPECIFICATIONS		
 <b>Price: Store</b> \$199,999	 <b>Revenue:</b> \$909,519 (2019)	 <b>Cash Flow:</b> \$63,628 (2019)
 <b>Store Location:</b> Santa Clara County	 <b>Protected Territory:</b> Santa Clara County	 <b>Gross Profit:</b> 73.09%
 <b>Territory:</b> Additional 3 store territory \$75,000	 <b>Reason for Sale:</b> Moving out of area	 <b>Franchise:</b> 2019 TripAdvisor Travelers' Choice Award

BUSINESS SUMMARY	
Year Established:	Franchise established 2004. Store established 2018.
Services:	Fast-casual restaurant franchise specializing in the art of modern, epicurean sandwiches
Equipment:	Assets in existing store include 7x13 walk-in cooler/freezer combo, ice-cuber, slicer, 3-compartment sink, racks & wall shelving, worktables & equipment stands, 2x single-deck counter-top conveyor oven, self-service cold case, 4-foot salad prep counter, small wares.
Product breakdown:	Sandwiches 85%, Salads 8%, Wraps 5% and Soups 2%
Franchisor Support:	4 weeks initial training, hands on operator preferred, help with staff empowerment, operating resources, location assistance, layout, pre-opening and ongoing support.
Lease:	1610 sf, \$42/sf/yr. + cam, 6 years remaining, plus two (5) year options. Location has 50 feet of glass street front real estate with an average of 19,243 cars passing by daily.
Personnel:	2 full time and 2 part time

This brand is easy to operate and is built for high volume within a small and efficient production line. With corporate planning and assistance, stores can easily be built out in quick succession.

Everything is made to order with fresh ingredients, either by using the app or by ordering on-site in person.

Ideal candidates will have financial awareness, a willingness to learn, be a people person and motivated to grow the business to its greatest potential.

There are a variety of store layouts and formats to meet the needs of the space leased. Non-traditional formats can include airports, travel centers, office buildings, malls, kiosks, food courts and college campuses. Traditional formats include in-line, drive-thru and end cap.

As a potential buyer, you can expect everything you need to know and solid support when opening a new store including site selection, design, recommendation of contractors, start-up support and comprehensive staff and management training.

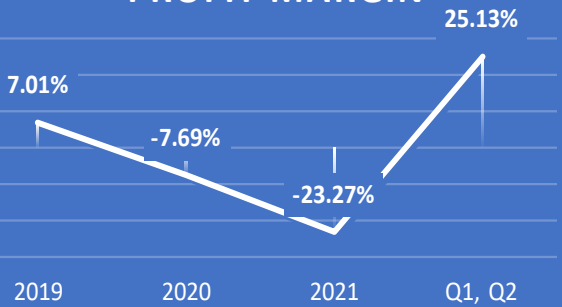
With the franchisor's proven support and training, the staff is equipped to deliver a top-notch product and a superior guest experience.

Menu development is ongoing and proactive, remaining on the cutting edge of competition and customer demand.

## VALUE PROPOSITION

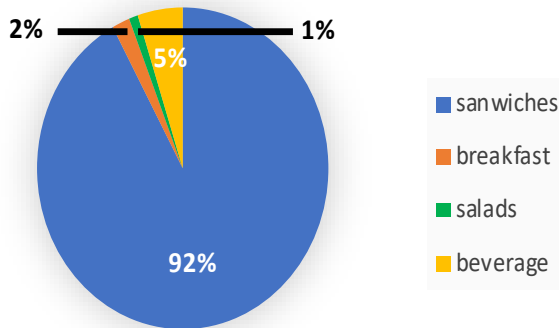
- One of two stores in Northern California
- Exceptional customer reviews of 4.5 stars
- 50' of prime windowed store front, 19,243 cars pass daily
- Catering and delivery options available
- Developed app for ease of ordering
- Traditional, drive-thru, airports and other models available
- Strong branded marketing with flexibility
- Small, efficient production line
- Easily replicatable and expandable
- Protected territories to prevent oversaturation
- Franchisor is highly experienced

### PROFIT MARGIN

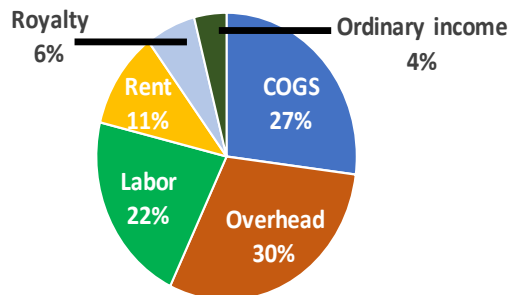


## REVENUE BREAKDOWN

### Revenue by Category



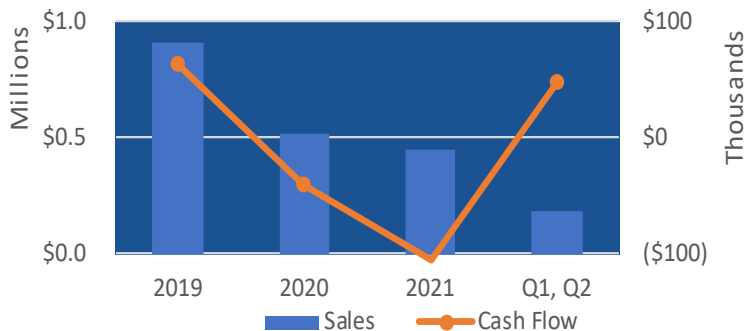
### Cost Break Down



## FINANCIAL HIGHLIGHTS

- Listing Price: \$199,999 + Inventory
- Plus \$75,000 for protected territory for 3 more stores (at cost)
- Business is built for take out
- 20 Seats indoors
- Franchise operating terms 10 + 10 year op
- Recommended Working Capital: \$25,000
- Inventory Estimated Monthly Average: \$6K
- No PPP or EIDL loans taken
- Downtown has a delayed recovery
- Other prime foot traffic areas with -in the territories are experiencing better than 2019 sales

### Sales and Seller's Cash Flow



## CASHFLOW ANALYSIS

Financial Statement Source	Tax Return	Tax Return	Tax Return	P&L
Accounting Year January1 - December 31	2019	2020	2021	Q1, Q2
<b>Sales</b>	\$909,519	\$521,401	\$453,423	\$185,707
Returns and alloances	\$0	\$0	\$0	\$0
<b>Less Cost of Sales</b>	\$244,844	\$153,137	\$184,276	\$43,365
<b>Less Operating Expenses</b>	\$627,702	\$432,944	\$399,572	\$117,242
<b>Equals Net Income Before Taxes</b>	\$36,973	(\$64,680)	(\$130,425)	\$25,100
<b>Plus Depreciation</b>	\$15,988	\$13,928	\$12,457	\$6,228
<b>Plus Amortization</b>	\$10,667	\$10,667	\$10,667	\$5,333
<b>Plus Interest on Loans to Business</b>	\$94	\$0	\$1,786	\$0
<b>Plus Officer/Owner's Salary</b>	\$0	\$0	\$0	\$10,000
<b>Plus Payroll Taxes on Officer/Owner's Salary</b>	\$0	\$0	\$0	\$0
<b>Equals Preliminary Seller's Discretionary Earnings</b>	\$63,722	(\$40,085)	(\$105,515)	\$46,661
<b>Addbacks:</b>				
Salary to Working Family Member	\$0	\$0	\$0	\$0
Auto Expenses for Owner's Benefit	\$0	\$0	\$0	\$0
Insurance Premium - Working Family Member	\$0	\$0	\$0	\$0
Owners' Pension Plan	\$0	\$0	\$0	\$0
Non-Business Phone, Internet & Cell Phone Expenses	\$0	\$0	\$0	\$0
<b>Sum of Addbacks:</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Seller's Discretionary Earnings (SDE)</b>	<b>\$63,722</b>	<b>(\$40,085)</b>	<b>(\$105,515)</b>	<b>\$46,661</b>
<b>Profit Margin</b>	<b>7.01%</b>	<b>-7.69%</b>	<b>-23.27%</b>	<b>25.13%</b>

## 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 making the business price more favorable to the buyer. The multiplier applied in this case is 3x, is the standard multiplier for bakeries plus a steeply discounted asset value.

The SDE value considers 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 \$750,000 or more.

**CASHFLOW X PRESCRIBED MULTIPLE = FAIR MARKET VALUE**

With this information, the computation is as follows:

**\$63,628 x (3.14x) = \$200,000 for existing business**

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

**\$200,000 store only, with Territory \$275,000**