










# LISTING OPPORTUNITY

## Pure Barre Franchise

Well known Barre Franchise with strong reoccurring memberships



### SPECIFICATIONS

 <b>Price:</b> \$250,000	 <b>Revenue:</b> \$290,538 (4-Year Avg) Best year 2019 \$403,214	 <b>Cash Flow:</b> \$91,664(4-Year Avg) Best year 2021 \$124,973
 <b>Location:</b> South Bay/Peninsula	 <b>Service Area:</b> South Bay/Peninsula	 <b>Gross Profit: 81%</b> Net Income: 33.5%
 <b>Employees:</b> 9 teachers 2 sales rep	 <b>Reason for Sale:</b> Back to Education	 <b>Goodwill:</b> 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: \$250,000
- 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

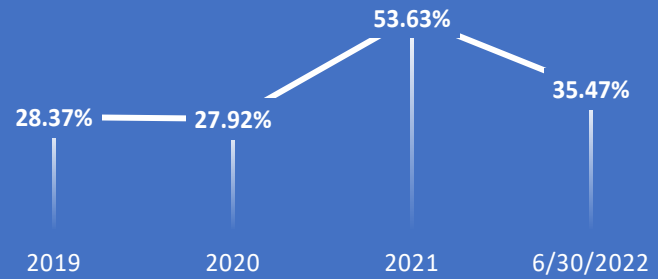
#### Cost/benefits of starting a new franchise territory

- 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

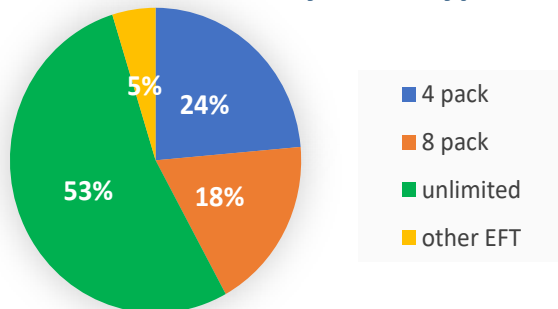
- Strong franchise with 640 licensed locations
- Clear and concise FDD and Agreements
- Great location near large tech and VC's
- Priced based on SDE
- Plenty of street and lot parking
- 4 to 6 classes offered per day, 7 days offered
- Seller teaches 2-3 classes per week
- seller is active 2--25 hours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

## PROFIT MARGIN

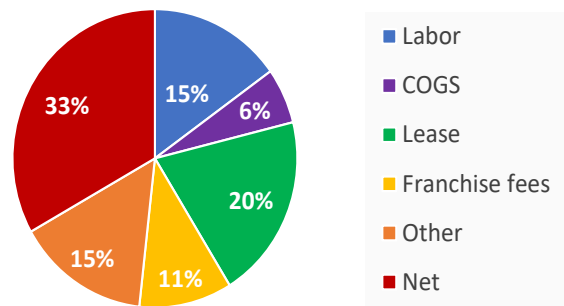


## REVENUE BREAKDOWN

### Revenue by Class Type



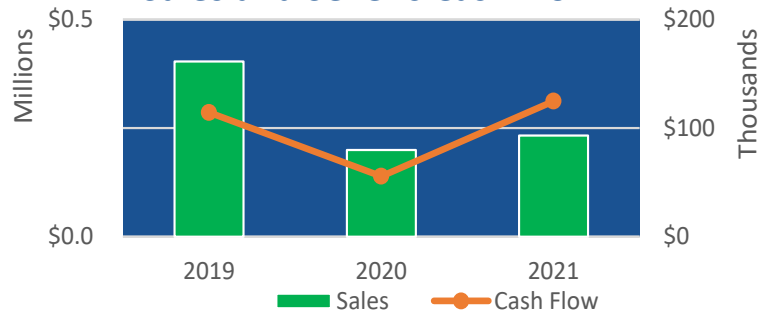
### Cost Breakdown and Net



## FINANCIAL HIGHLIGHTS

- Listing Price: \$250,000 + 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	6/30/2022
<b>Sales</b>	\$403,214	\$199,541	\$232,754	\$171,293
Returns and allowances	\$0	\$0	\$0	\$0
<b>Less Cost of Sales</b>	\$110,193	\$42,854	\$46,212	\$33,126
<b>Less Operating Expenses</b>	\$216,064	\$129,858	\$121,175	\$88,215
<b>Equals Net Income Before Taxes</b>	\$76,957	\$26,829	\$65,367	\$49,952
<b>Plus Depreciation</b>	\$0	\$0	\$0	\$0
<b>Plus Amortization</b>	\$13,747	\$13,747	\$13,747	\$6,873
<b>Plus Interest on Loans to Business</b>	\$16,408	\$8,314	\$6,999	\$2,973
<b>Plus Officer/Owner's Salary</b>	\$0	\$0	\$31,200	\$0
<b>Plus Payroll Taxes on Officer/Owner's Salary</b>	\$0	\$0	\$0	\$0
<b>Equals Preliminary Seller's Discretionary Earnings</b>	\$107,112	\$48,890	\$117,313	\$59,798
<b>Addbacks:</b>				
Salary to Working Family Member	\$0	\$0	\$0	\$0
Auto Expenses for Owner's Benefit	\$1,513	\$0	\$1,513	\$954
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
<b>Sum of Addbacks:</b>	<b>\$7,291</b>	<b>\$6,827</b>	<b>\$7,513</b>	<b>\$954</b>
<b>Total Seller's Discretionary Earnings (SDE)</b>	<b>\$114,403</b>	<b>\$55,717</b>	<b>\$124,826</b>	<b>\$60,752</b>
<b>Profit Margin</b>	<b>28.37%</b>	<b>27.92%</b>	<b>53.63%</b>	<b>35.47%</b>

Notes: Amortization Addbacks for 6/30/2021 are prorated based on 2021 values.

## 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.

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

With this information, the computation is as follows:

$$\underline{\$98,315 \times 2.55 = \$250,704}$$

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

**\$250,000**

## FUNDING EXAMPLE

**Purchase Price: \$250,000**

<b>20% Buyer Down Payment</b>	\$50,000	Buyer's equity
<b>80% Bank Loan</b>	\$200,000	10-Year term at a rate of 6.25% = Monthly loan payment of \$2246

- Cash Flow average: \$98,315
- Annual Payment to Bank: \$26,952
- Net Profit (After Expenses and loan payment): \$71,363

Numbers above  
result in an **70%**  
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  
**\$250,000** with the terms listed  
above, the coverage ratio is **3.65**

\* 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.