

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.

Company-owned Buddy's Home Furnishings retail businesses ("Retail Business") for which information is included in this Item 19 are similar to your Retail Business in the products and services offered, although all Retail Businesses are not identical in size or appearance. Franchised Retail Business size typically ranges between 3,500 to 12,000 square feet are located predominantly in strip centers or free-standing buildings, in both suburban and urban/metro markets. The information in this Item 19 should be used only as a reference in conducting your own analysis. We strongly suggest that you consult your own financial advisor or personal accountant and conduct an independent investigation of the costs and expenses you will incur in operating a Buddy's Home Furnishings Retail Business.

Written substantiation for the financial performance representations in this Item 19 will be made available to you upon reasonable request.

**Analysis of Average Gross Sales for
Franchisee-Owned Retail Businesses
which opened prior to January 1, 2016
and have operated for at least 5 full
years including the entire 2020 Calendar
Year**

This financial performance representation (“FPR”) contains two Tables. The Tables set forth certain historical information on Gross Sales for franchisee-owned Retail Businesses which began operating prior to January 1, 2016 and have operated for at least 5 full years including the entire 2020 Calendar Year. As of the end of the 2020 Calendar Year, there were 128 franchisee-owned Retail Businesses which met the criteria for inclusion in this FPR. As of the end of the 2020 Calendar Year, there were 119 franchisee-owned Retail Businesses which were excluded from this analysis because they failed to satisfy the criteria necessary to be included in this FPR.

Description of Table 1-A

Table 1-A reflects for the 2020 Calendar Year, the historical average annual Gross Sales for the top, second, third, bottom and average quartile for the 128 franchisee-owned Retail Businesses which opened prior to January 1, 2016 and have operated for at least 5 full years including the entire 2020 Calendar Year. The Retail Businesses represented in this FPR are Retail Businesses characterized by a mixture of different sizes, located in both urban/metro markets and suburban markets and operate in both strip centers and free-standing locations.

Table 1-A
Statement of Average Gross Sales
Buddy's Franchise-Owned Retail Businesses
Open at Least 5 years Calendar Year 2020

	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile		All	
Sales	Average	%	Average	%	Average	%	Average	%	Average	%
Rental Revenue (Note 1)	\$ 1,209,747	92%	\$ 832,674	91%	\$ 633,029	92%	\$ 439,548	92%	\$ 778,749	92%
Other Revenue (Note 2)	\$ 104,639	8%	\$ 81,718	9%	\$ 55,193	8%	\$ 36,655	8%	\$ 69,551	8%
Gross Sales (Note 3)	\$ 1,314,386	100%	\$ 914,392	100%	\$ 688,222	100%	\$ 476,203	100%	\$ 848,301	100%
Number of Retail Businesses in Sample	32		32		32		32		128	

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Description of Table 1-B

Table 1-B is the derivation statement for the Gross Sales analysis and reflects the 2020 Calendar Year historical highest, lowest, average, median and number of Retail Businesses higher than the group average, on an average annualized basis for the 32 Retail Businesses in each of the four quartiles of Retail Businesses. This information is calculated for each category within the FPR and does not represent a single Retail Business across all categories. The table includes the highest and lowest values for all Retail Businesses included in this FPR. Thus, the lowest and highest numbers may represent annualized results for different Retail Businesses. The Table reflects the arithmetic mean (average) annual Gross Sales, and the highest, lowest, median and number and percent of Retail Businesses higher than the average, of Retail Businesses included in the FPR.

TABLE 1-B
Derivation Statement of Average Gross Sales
For Buddy's Home Furnishings Franchise Retail Businesses
Open at Least 5 years Calendar Year 2020

Total Gross Sales	Top Quartile	2nd Quartile	3rd Quartile	4th Quartile	All
Min	\$ 1,066,045	\$ 807,704	\$ 595,312	\$ 285,851	\$ 285,851
Max	\$ 1,846,789	\$ 1,065,301	\$ 805,912	\$ 591,222	\$ 1,846,789
Average	\$ 1,314,386	\$ 914,392	\$ 688,222	\$ 476,203	\$ 848,301
Median	\$ 1,272,621	\$ 914,684	\$ 679,822	\$ 483,770	\$ 806,808
Stores > average	12	16	15	18	56
Percent > average	38%	50%	47%	56%	44%

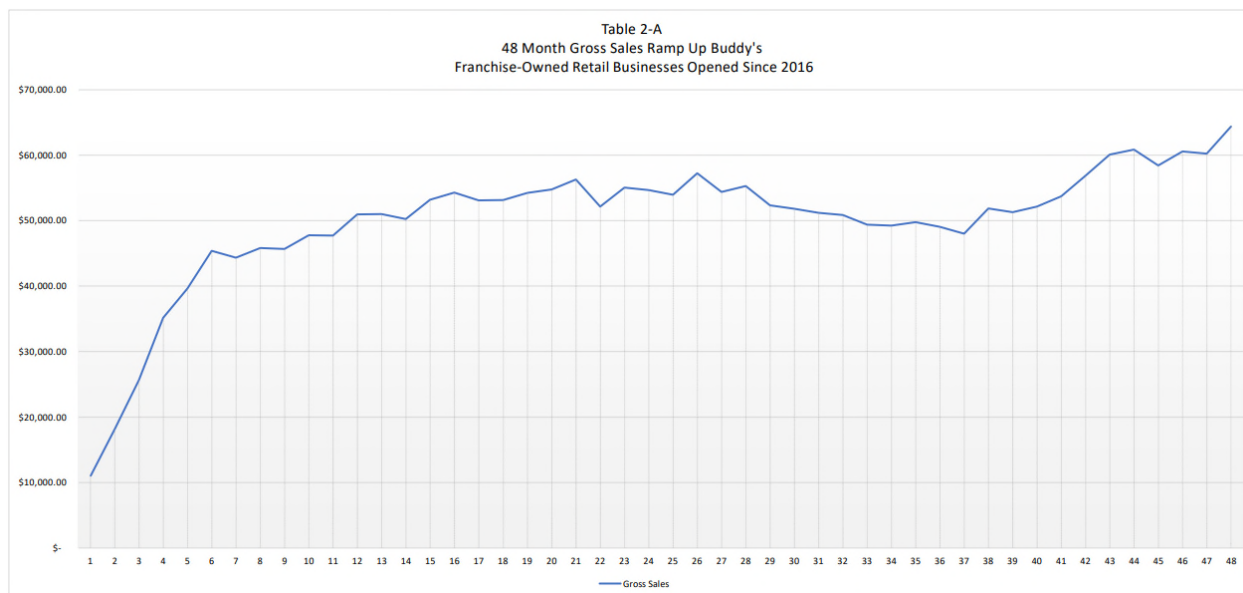
Number of Retail Businesses in Sample	32	32	32	32	128
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Analysis of 48 Month Gross Sales Ramp-Up for Franchisee-owned Retail Businesses Opened after January 1, 2016

Table 2-A sets forth certain historical information of the Gross Sales ramp-up for the first 48 months of operation for franchisee-owned Retail Businesses which commenced operations after January 1, 2016. For purposes of this graph, Month 1 is the first full calendar month of operation for the Retail Business. Since January 1, 2016, only 10 franchisee-owned Retail Businesses commenced operation and all 10 Retail Businesses are represented in this FPR.

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Table 2-B below the graph provides the numbers that are represented in the graph: the average Gross Sales for each of the 48 months (see column titled “Average”) and the number of Retail Businesses which operated during the entire month and whose Gross Sales were factored in when determining the average Gross Sales for that month (see column titled “Retail Business Count”). The Table provides for each month the lowest, highest, and median and average Gross Sales for each month and the number of Retail Businesses during the particular month which exceeded the average Gross Sales and the number of Retail Businesses which failed to reach the average monthly Gross Sales.



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Table 2-B Derivation Statement for 48 Month Gross Sales Ramp-up of Buddy's Franchise-Owned Retail Businesses Opened Since January 1, 2016							
Month	Average	Min	Max	Median	Number > Average	Percent > Average	StoreCount
1	\$ 11,043.85	\$ 1,619.11	\$ 29,567.06	\$ 9,627.13	4	40%	10
2	\$ 18,139.34	\$ 12,265.80	\$ 25,964.91	\$ 17,511.65	4	44%	9
3	\$ 25,660.62	\$ 16,461.47	\$ 42,288.89	\$ 26,651.39	5	56%	9
4	\$ 35,140.26	\$ 20,854.04	\$ 62,450.68	\$ 28,500.08	4	44%	9
5	\$ 39,632.84	\$ 27,682.66	\$ 58,006.76	\$ 38,273.61	3	33%	9
6	\$ 45,372.98	\$ 25,973.17	\$ 71,262.91	\$ 42,987.24	3	33%	9
7	\$ 44,346.50	\$ 26,778.72	\$ 80,869.46	\$ 35,097.39	3	38%	8
8	\$ 45,785.64	\$ 31,817.26	\$ 79,371.01	\$ 38,239.60	2	25%	8
9	\$ 45,653.04	\$ 27,973.49	\$ 81,185.40	\$ 39,761.95	2	25%	8
10	\$ 47,752.67	\$ 25,619.30	\$ 89,793.97	\$ 36,547.81	2	25%	8
11	\$ 47,691.08	\$ 29,285.03	\$ 84,498.52	\$ 40,892.33	2	25%	8
12	\$ 50,936.45	\$ 24,493.89	\$ 90,084.09	\$ 44,128.87	2	25%	8
13	\$ 51,012.68	\$ 27,568.40	\$ 98,562.45	\$ 41,280.03	2	25%	8
14	\$ 50,209.95	\$ 24,171.89	\$ 83,759.66	\$ 45,154.49	2	25%	8
15	\$ 53,156.74	\$ 24,756.61	\$ 104,747.87	\$ 43,835.87	2	25%	8
16	\$ 54,255.32	\$ 29,031.42	\$ 112,667.91	\$ 41,467.56	3	38%	8
17	\$ 53,079.54	\$ 33,820.58	\$ 85,717.13	\$ 47,178.12	2	25%	8
18	\$ 53,145.94	\$ 32,648.36	\$ 93,078.86	\$ 47,352.86	2	25%	8
19	\$ 54,220.03	\$ 33,504.87	\$ 100,732.33	\$ 44,632.17	3	38%	8
20	\$ 54,742.84	\$ 35,218.00	\$ 85,475.70	\$ 45,296.60	3	38%	8
21	\$ 56,265.79	\$ 34,050.38	\$ 108,575.21	\$ 43,576.24	3	38%	8
22	\$ 52,146.21	\$ 34,215.19	\$ 84,313.92	\$ 44,234.36	3	38%	8
23	\$ 55,030.46	\$ 35,240.33	\$ 89,254.88	\$ 46,016.13	3	38%	8
24	\$ 54,671.01	\$ 30,199.24	\$ 100,255.11	\$ 44,459.44	3	38%	8
25	\$ 53,954.53	\$ 29,566.79	\$ 94,313.21	\$ 48,082.79	3	38%	8
26	\$ 57,219.73	\$ 34,310.64	\$ 90,220.63	\$ 49,005.35	3	38%	8
27	\$ 54,362.92	\$ 30,633.29	\$ 111,007.56	\$ 40,012.74	3	43%	7
28	\$ 55,251.47	\$ 35,462.18	\$ 118,262.41	\$ 39,913.81	2	29%	7
29	\$ 52,321.95	\$ 35,682.30	\$ 94,218.92	\$ 48,996.56	2	29%	7
30	\$ 51,786.58	\$ 33,800.34	\$ 105,543.54	\$ 43,265.07	2	29%	7
31	\$ 51,165.11	\$ 30,312.04	\$ 91,708.51	\$ 42,119.46	2	29%	7
32	\$ 50,825.99	\$ 31,336.29	\$ 93,838.83	\$ 43,446.55	2	29%	7
33	\$ 49,395.64	\$ 27,664.88	\$ 97,711.52	\$ 40,192.55	2	29%	7
34	\$ 49,248.44	\$ 26,039.43	\$ 77,392.22	\$ 41,349.05	2	29%	7
35	\$ 49,734.24	\$ 29,691.18	\$ 87,889.87	\$ 37,862.02	3	43%	7
36	\$ 49,034.68	\$ 20,547.81	\$ 100,007.89	\$ 42,264.19	2	29%	7
37	\$ 47,991.84	\$ 25,293.97	\$ 77,679.39	\$ 43,286.45	2	29%	7
38	\$ 51,844.89	\$ 24,780.81	\$ 95,524.51	\$ 46,617.01	3	43%	7
39	\$ 51,269.93	\$ 20,179.04	\$ 100,208.40	\$ 49,380.53	3	43%	7
40	\$ 52,131.20	\$ 27,662.55	\$ 81,321.51	\$ 44,686.33	3	43%	7
41	\$ 53,712.41	\$ 26,482.39	\$ 88,496.33	\$ 52,433.92	3	43%	7
42	\$ 56,848.55	\$ 28,908.06	\$ 97,339.44	\$ 52,199.26	2	33%	6
43	\$ 60,078.36	\$ 29,294.70	\$ 101,921.37	\$ 59,416.61	3	50%	6
44	\$ 60,837.52	\$ 27,647.29	\$ 107,531.61	\$ 56,365.23	3	50%	6
45	\$ 58,397.80	\$ 31,283.68	\$ 87,185.42	\$ 57,073.57	3	50%	6
46	\$ 60,545.27	\$ 31,617.15	\$ 95,734.74	\$ 60,621.52	3	50%	6
47	\$ 60,237.77	\$ 25,474.29	\$ 101,490.52	\$ 58,935.51	3	50%	6
48	\$ 64,361.04	\$ 25,089.61	\$ 87,274.86	\$ 74,501.59	3	60%	5

**Analysis of Average Gross Sales and Expenses
for Company-Owned Retail Businesses in operation
for at least 5 years including the entire 2020 Calendar Year**

This FPR contains two Tables. The Tables set forth certain historical information on Gross Sales and Expenses for company-owned Retail Businesses in operation for at least 5 years including the entire 2020 Calendar Year. As of the end of the 2020 Calendar Year, there were 30 company-owned Retail Businesses which met the criteria to be included in this FPR. The 30 Retail Businesses reflected in this FPR were organically developed and operated by the Company. None of these Retail Businesses were acquired by the Company or any of its affiliates after first operating as a franchised Retail Business. The Tables reflect the arithmetic mean (average) annual Gross Sales and Expenses, and the highest, lowest, median and number and percent of Retail Businesses higher than the average, of Retail Businesses included in the Tables.

Although the company-owned Retail Businesses do not pay a Royalty Fee, Marketing Fee or Technology Fee to us, the Tables reflect the payment of the Royalty, Marketing Fees (included in the marketing expenses), and Technology Fees (included within IT expense) that must be paid by franchisees and are deducted from the Gross Sales to obtain your Gross Profit.

Description of Table 3-A

Table 3-A reflects the historical average annualized Rental Revenue, Other Revenue, Total Cost of Goods, Gross Profit, Total Expenses, Earnings Contribution, non-cash expenses, Operating Cash Flow and Free Cash Flow for the top, second, third, bottom and average quartile for 30 company-owned Retail Businesses represented in this FPR. We report all our financials on an accrual basis. To determine which Retail Businesses fell in each quartile, we ranked these 30 Retail Businesses based on their annual Gross Sales and separated into quartiles containing from top to bottom, respectively, 8,7,7,8 and 8 Retail Businesses. This information is calculated from a mix of mature Retail Businesses, but only Retail Businesses opened for at least 5 years including during the entire 2020 Calendar Year were included.

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Table 3-A
Statement of Average Gross Sales and Expenses
For Buddy's Company-Owned Retail Businesses Open More Than 5 years
Calendar Year 2020

	Top Quartile		2nd Quartile		3rd Quartile		4th Quartile		All	
	Average	%	Average	%	Average	%	Average	%	Average	%
Sales										
Rental Revenue (Note 1)	\$ 1,049,907	77%	\$ 851,550	76%	\$ 774,277	76%	\$ 513,828	76%	\$ 796,356	76%
Other Revenue (Note 2)	\$ 320,932	23%	\$ 265,868	24%	\$ 246,625	24%	\$ 162,648	24%	\$ 248,536	24%
Gross Sales (Note 3)	\$ 1,370,839	100%	\$ 1,117,418	100%	\$ 1,020,902	100%	\$ 676,477	100%	\$ 1,044,892	100%
Total Cost of Goods (Note 4)	\$ 415,917	30.3%	\$ 349,519	31%	\$ 332,461	33%	\$ 222,211	33%	\$ 329,296	32%
Gross Profit (Note 5)	\$ 954,922	69.7%	\$ 767,899	69%	\$ 688,441	67%	\$ 454,266	67%	\$ 715,596	68%
Expenses										
Personnel (Note 6)	\$ 283,067	21%	\$ 247,131	22%	\$ 216,175	21%	\$ 157,838	23%	\$ 225,679	22%
Occupancy (Note 7)	\$ 101,646	7%	\$ 121,903	11%	\$ 107,699	11%	\$ 81,090	12%	\$ 102,304	10%
Marketing (Note 8)	\$ 14,022	1%	\$ 14,719	1%	\$ 14,394	1%	\$ 12,189	2%	\$ 13,783	1%
Delivery/Vehicle (Note 9)	\$ 24,942	2%	\$ 20,031	2%	\$ 19,561	2%	\$ 16,385	2%	\$ 20,259	2%
G&A (Note 10)	\$ 48,294	4%	\$ 42,403	4%	\$ 41,728	4%	\$ 31,242	5%	\$ 40,840	4%
IT Fee (Note 11)	\$ 11,249	1%	\$ 10,882	1%	\$ 10,455	1%	\$ 9,003	1%	\$ 10,379	1%
Royalty (Note 12)	\$ 82,250	6%	\$ 67,045	6%	\$ 61,254	6%	\$ 40,589	6%	\$ 62,694	6%
Total Expenses (Note 13)	\$ 565,470	41%	\$ 524,114	47%	\$ 471,266	46%	\$ 348,336	51%	\$ 475,937	46%
Earnings Contribution (Note 14)	\$ 389,452	28%	\$ 243,784	22%	\$ 217,175	21%	\$ 105,930	16%	\$ 239,659	23%
Cash Flow Summary										
Non-cash expenses										
Earnings Contribution (Note 14)	\$ 389,452	28%	\$ 243,784	22%	\$ 217,175	21%	\$ 105,930	16%	\$ 239,659	23%
Depreciation (Note 15)	\$ 283,267	21%	\$ 239,066	21%	\$ 228,052	22%	\$ 148,494	22%	\$ 224,130	21%
Other (Note 16)	\$ 79,642	6%	\$ 67,183	6%	\$ 58,676	6%	\$ 37,718	6%	\$ 60,663	6%
RBV Skips and Stolen (Note 17)	\$ 23,713	2%	\$ 22,719	2%	\$ 23,157	2%	\$ 21,265	3%	\$ 22,699	2%
Operating Cash Flow (Note 18)	\$ 776,074	57%	\$ 572,752	51%	\$ 527,061	52%	\$ 313,406	46%	\$ 547,151	52%
Inventory purchases (Note 19)	\$ (389,519)	-28%	\$ (287,349)	-26%	\$ (277,969)	-27%	\$ (183,459)	-27%	\$ (284,702)	-27%
Cap Ex (Note 20)	\$ (241)	0%	\$ (5,717)	-1%	\$ -	0%	\$ -	0%	\$ (1,398)	0%
Free Cash Flow (Note 21)	\$ 386,314	28%	\$ 279,686	25%	\$ 249,093	24%	\$ 129,947	19%	\$ 261,051	25%
Number of Retail Businesses in Sample	8		7		7		8		30	

Description of Table 3-B

Table 3-B are the derivation tables and reflect the historical highest, lowest, average, median and number and percent of Retail Businesses higher than the group average, on an average annualized basis for the Retail Businesses in each quartile.

This information is calculated for each category and does not represent a single store across all categories. They are the highest and lowest values for all Retail Businesses included in that category. Thus, the lowest and highest numbers may represent annualized results for different Retail Businesses.

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TABLE 3-B
Derivation Statement of Average Gross Sales and Expenses
Buddy's Company-Owned Retail Businesses Open More Than 5 years
Calendar Year 2020

	Top Quartile	2nd Quartile	3rd Quartile	4th Quartile	All
Number of Stores in Sample	8	7	7	8	30

Rental Revenue

Min	\$ 964,803	\$ 811,105	\$ 740,897	\$ 57,769	\$ 57,769
Max	\$ 1,408,370	\$ 928,561	\$ 815,318	\$ 696,350	\$ 1,408,370
Average	\$ 1,049,907	\$ 851,550	\$ 774,277	\$ 513,828	\$ 796,356
Median	\$ 995,273	\$ 849,367	\$ 765,801	\$ 569,178	\$ 813,212
Stores > average	2	2	3	5	17
Percent > average	25%	29%	43%	63%	57%

Other Revenue

Min	\$ 287,006	\$ 243,942	\$ 215,278	\$ 13,736	\$ 13,736
Max	\$ 398,047	\$ 285,407	\$ 296,132	\$ 221,059	\$ 398,047
Average	\$ 320,932	\$ 265,868	\$ 246,625	\$ 162,648	\$ 248,536
Median	\$ 307,231	\$ 262,322	\$ 241,243	\$ 187,215	\$ 257,330
Stores > average	2	3	2	6	16
Percent > average	25%	43%	29%	75%	53%

Gross Sales

Min	\$ 1,260,299	\$ 1,068,524	\$ 981,961	\$ 71,505	\$ 71,505
Max	\$ 1,806,417	\$ 1,172,502	\$ 1,061,605	\$ 917,409	\$ 1,806,417
Average	\$ 1,370,839	\$ 1,117,418	\$ 1,020,902	\$ 676,477	\$ 1,044,892
Median	\$ 1,316,581	\$ 1,119,850	\$ 1,022,054	\$ 758,174	\$ 1,065,065
Stores > average	1	4	4	5	16
Percent > average	13%	57%	57%	71%	53%

Total Cost of Goods

Min	\$ 372,338	\$ 310,879	\$ 314,666	\$ 24,150	\$ 24,150
Max	\$ 570,638	\$ 390,858	\$ 352,733	\$ 292,942	\$ 570,638
Average	\$ 415,917	\$ 349,519	\$ 332,461	\$ 222,211	\$ 329,296
Median	\$ 393,108	\$ 353,578	\$ 330,143	\$ 255,350	\$ 341,707
Stores > average	3	5	3	6	17
Percent > average	38%	63%	38%	75%	57%

Gross Profit

Min	\$ 876,320	\$ 710,256	\$ 667,295	\$ 47,355	\$ 47,355
Max	\$ 1,235,779	\$ 825,600	\$ 716,366	\$ 624,467	\$ 1,235,779
Average	\$ 954,922	\$ 767,899	\$ 688,441	\$ 454,266	\$ 715,596
Median	\$ 916,489	\$ 746,750	\$ 684,296	\$ 487,477	\$ 713,311
Stores > average	2	3	2	4	15
Percent > average	25%	38%	25%	50%	50%

Personnel Expense

Min	\$ 255,713	\$ 215,102	\$ 185,620	\$ 17,394	\$ 17,394
Max	\$ 352,971	\$ 301,765	\$ 230,699	\$ 215,893	\$ 352,971
Average	\$ 283,067	\$ 247,131	\$ 216,175	\$ 157,838	\$ 225,679
Median	\$ 274,212	\$ 246,238	\$ 217,844	\$ 171,700	\$ 228,768
Stores > average	3	3	5	7	16
Percent > average	38%	38%	63%	88%	53%

Occupancy Expense

Min	\$ 70,770	\$ 93,257	\$ 75,330	\$ 5,890	\$ 5,890
Max	\$ 123,271	\$ 165,241	\$ 158,311	\$ 128,537	\$ 165,241
Average	\$ 101,646	\$ 121,903	\$ 107,699	\$ 81,090	\$ 102,304
Median	\$ 99,068	\$ 119,608	\$ 106,033	\$ 86,044	\$ 99,369
Stores > average	4	3	3	4	14
Percent > average	50%	38%	38%	50%	47%

Marketing Expense

Min	\$ 13,060	\$ 13,380	\$ 13,206	\$ 1,741	\$ 1,741
Max	\$ 15,291	\$ 16,580	\$ 15,799	\$ 15,028	\$ 16,580
Average	\$ 14,022	\$ 14,719	\$ 14,394	\$ 12,189	\$ 13,783
Median	\$ 14,051	\$ 14,538	\$ 14,003	\$ 13,583	\$ 14,024
Stores > average	5	3	3	7	17
Percent > average	63%	38%	38%	88%	57%

Delivery/Vehicle

Min	\$ 16,174	\$ 16,056	\$ 12,844	\$ 3,488	\$ 3,488
Max	\$ 36,623	\$ 27,583	\$ 26,061	\$ 28,773	\$ 36,623
Average	\$ 24,942	\$ 20,031	\$ 19,561	\$ 16,385	\$ 20,259
Median	\$ 23,233	\$ 19,361	\$ 22,341	\$ 16,240	\$ 19,458
Stores > average	3	2	4	4	13
Percent > average	38%	25%	50%	50%	43%

G&A

Min	\$ 41,047	\$ 33,025	\$ 37,748	\$ 4,617	\$ 4,617
Max	\$ 56,634	\$ 48,334	\$ 46,667	\$ 42,072	\$ 56,634
Average	\$ 48,294	\$ 42,403	\$ 41,728	\$ 31,242	\$ 40,840
Median	\$ 48,079	\$ 42,581	\$ 41,467	\$ 35,252	\$ 41,769
Stores > average	4	4	3	5	17
Percent > average	50%	50%	38%	63%	57%

IT Fee

Min	\$ 10,416	\$ 10,328	\$ 9,630	\$ 1,011	\$ 1,011
Max	\$ 12,708	\$ 11,924	\$ 10,997	\$ 10,532	\$ 12,708
Average	\$ 11,249	\$ 10,882	\$ 10,455	\$ 9,003	\$ 10,379
Median	\$ 11,018	\$ 10,892	\$ 10,586	\$ 10,115	\$ 10,556
Stores > average	3	4	4	7	20
Percent > average	38%	50%	50%	88%	67%

Royalty

Min	\$ 75,618	\$ 64,111	\$ 58,918	\$ 4,290	\$ 4,290
Max	\$ 108,385	\$ 70,350	\$ 63,696	\$ 55,045	\$ 108,385
Average	\$ 82,250	\$ 67,045	\$ 61,254	\$ 40,589	\$ 62,694
Median	\$ 78,995	\$ 67,191	\$ 61,323	\$ 45,490	\$ 63,904
Stores > average	1	4	4	5	16
Percent > average	13%	50%	50%	63%	53%

Total Expenses

Min	\$ 505,788	\$ 464,297	\$ 400,653	\$ 38,431	\$ 38,431
Max	\$ 698,458	\$ 593,738	\$ 512,989	\$ 422,554	\$ 698,458
Average	\$ 565,470	\$ 524,114	\$ 471,266	\$ 348,336	\$ 475,937
Median	\$ 556,440	\$ 518,307	\$ 476,407	\$ 387,805	\$ 480,961
Stores > average	4	3	5	7	19
Percent > average	50%	38%	63%	88%	63%

Earnings Contribution

Min	\$ 305,831	\$ 153,013	\$ 194,443	\$ 8,924	\$ 8,924
Max	\$ 537,320	\$ 291,129	\$ 266,642	\$ 211,740	\$ 537,320
Average	\$ 389,452	\$ 243,784	\$ 217,175	\$ 105,930	\$ 239,659
Median	\$ 364,363	\$ 246,989	\$ 207,109	\$ 88,660	\$ 238,081
Stores > average	3	5	2	4	15
Percent > average	38%	63%	25%	50%	50%

Depreciation

Min	\$ 257,052	\$ 224,188	\$ 202,996	\$ 16,134	\$ 16,134
Max	\$ 374,412	\$ 251,897	\$ 240,624	\$ 196,453	\$ 374,412
Average	\$ 283,267	\$ 239,066	\$ 228,052	\$ 148,494	\$ 224,130
Median	\$ 269,424	\$ 241,230	\$ 231,528	\$ 167,291	\$ 235,021
Stores > average	2	4	5	6	20
Percent > average	25%	50%	63%	75%	67%

Other Non-Cash Expenses

Min	\$ 58,562	\$ 44,717	\$ 38,616	\$ 4,136	\$ 4,136
Max	\$ 121,586	\$ 88,524	\$ 84,019	\$ 68,133	\$ 121,586
Average	\$ 79,642	\$ 67,183	\$ 58,676	\$ 37,718	\$ 60,663
Median	\$ 70,959	\$ 64,093	\$ 54,933	\$ 38,991	\$ 59,925
Stores > average	3	3	3	4	13
Percent > average	38%	43%	43%	50%	43%

RBV Skips and Stolen

Min	\$ 15,367	\$ 5,459	\$ 9,795	\$ 2,043	\$ 2,043
Max	\$ 35,665	\$ 41,996	\$ 41,801	\$ 34,447	\$ 41,996
Average	\$ 23,713	\$ 22,719	\$ 23,157	\$ 21,265	\$ 22,699
Median	\$ 23,436	\$ 22,096	\$ 22,272	\$ 21,879	\$ 22,184
Stores > average	4	3	3	5	12
Percent > average	50%	38%	38%	63%	40%

Operating Cash Flow

Min	\$ 687,679	\$ 500,138	\$ 492,805	\$ 31,237	\$ 31,237
Max	\$ 1,068,982	\$ 628,011	\$ 559,637	\$ 481,415	\$ 1,068,982
Average	\$ 776,074	\$ 572,752	\$ 527,061	\$ 313,406	\$ 547,151
Median	\$ 724,676	\$ 580,364	\$ 522,384	\$ 342,008	\$ 546,950
Stores > average	3	5	3	5	15
Percent > average	38%	63%	38%	63%	50%

Inventory purchases

Min	\$ 267,850	\$ 187,705	\$ 202,831	\$ 14,964	\$ 14,964
Max	\$ 522,593	\$ 485,168	\$ 447,405	\$ 272,151	\$ 522,593
Average	\$ 389,519	\$ 287,349	\$ 277,969	\$ 183,459	\$ 284,702
Median	\$ 371,452	\$ 279,407	\$ 258,550	\$ 217,089	\$ 263,439
Stores > average	3	3	2	5	12
Percent > average	38%	38%	25%	63%	40%

Cap Ex

Min	\$ -	\$ -	\$ -	\$ -	\$ -
Max	\$ 1,927	\$ 18,500	\$ -	\$ -	\$ 18,500
Average	\$ 241	\$ 5,717	\$ -	\$ -	\$ 1,398
Median	\$ -	\$ -	\$ -	\$ -	\$ -
Stores > average	1	3	-	-	4
Percent > average	13%	38%	0%	0%	13%

Free Cash Flow

Min	\$ 249,833	\$ 40,577	\$ 45,400	\$ 16,273	\$ 16,273
Max	\$ 546,390	\$ 390,918	\$ 356,806	\$ 238,707	\$ 546,390
Average	\$ 386,314	\$ 279,686	\$ 249,093	\$ 129,947	\$ 261,051
Median	\$ 357,126	\$ 312,354	\$ 276,307	\$ 135,142	\$ 266,899
Stores > average	3	5	4	4	15
Percent > average	38%	63%	50%	50%	50%

Notes to the Financial Performance Representations

The following notes provide (i) definitions applicable to the information provided in this Item 19 which are not otherwise defined in the Tables and Graph presented above and (ii) additional information relevant to this Item 19. You should review these notes in conjunction with the other parts of this Item 19.

We calculated the figures in the Tables above using information that franchisees provided. No certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form.

We have found no direct correlation between the annual Gross Sales achieved at a Retail Business and the Retail Business' size, location or demographics in the area surrounding the Retail Business, although cost of operating may vary depending upon whether you operate a Retail Business in a strip-type center or freestanding building and market conditions in your Territory.

Note 1: Rental Revenue

DEFINED: "Rental Revenue" means is the sum of recurring revenue from renewal payments based on rates and terms set forth in rental agreements between the franchisee and its customer. Franchisees determine the lease rates and terms for products and services leased and sold from their Retail Businesses, although some states have laws governing merchandise lease rates and fees.

Note 2: Other Revenue

DEFINED: "Other Revenue" is derived by adding the following peripheral recurring revenue and non-recurring revenue a franchisee may earn. "**Peripheral recurring revenue**" includes waiver fees, club fees, renewal fees, other fees payable by franchisees under their franchise agreements and tax filing revenue. "**Non-recurring revenue**" includes early buyout option fees payable by customers and revenue derived from the sale of products normally leased by customers on a rent-to-own basis. Franchisees can determine the retail sales price and other fees for products sold from the Retail Business, and the price for early buyouts of lease agreements. Some states have laws governing early buyout amounts.

Note 3: Gross Sales

DEFINED: "**Gross Sales**" means all revenue that is received or otherwise derived from operating the Retail Business, whether from cash, check, credit or debit card, gift card or gift certificate, or other credit transactions, and regardless of collection or when the products or services are actually provided in exchange for the revenue. If a Franchisee receives any proceeds from any business interruption insurance applicable to loss of revenue at your Retail Business, there will be added to Gross Sales an amount equal to the imputed gross revenue that the insurer used to calculate those proceeds. Gross Sales does not include (a) any bona fide returns and credits that are actually provided to customers or (b) any sales or other taxes that are collected from customers and pay directly to the appropriate taxing authority. Payment provider fees (i.e., bank or credit card company fees and gift card vendor fees) may not be deducted from the Gross Sales calculation. Gross Sales are calculated as Rental Revenue plus Other Revenue.

Note 4: Total Cost of Goods (Total COG)

DEFINED: Total COG is the sum of Cost of Recurring Revenue, Cost of Non-recurring revenue and Rental Write-down:

- Cost of Recurring Revenue
 - WRITE-OFFS
 - RBV-CHARGEOFFS
 - CLUB CHARGE OFF
 - RBV-SKIPS, STOLENS
 - PRODUCT REPAIRS
 - APPLIANCE REPAIR
 - FURNITURE REPAIR
 - ELECTRONIC REPAIR
 - SERVICE DEPT ALLOCATION
 - JEWELRY REPAIR
 - OTHER DIRECT COSTS
 - COST OF CLUB FEES
 - OTHER COSTS
- CELL PHONE SERVICES
- CASH OVER/SHORT
- ALLOWANCES AND REBATES
- SMALL PARTS/FREIGHT
- ACCESSORIES EXPENSE
- DUES
- Cost of Non-recurring Revenue
 - RBV - EBO & POS
 - RBV - SOLD UNITS
 - COST OF EMPLOYEE SALES
 - BAD DEBTS
- Rental Write-down
 - Depreciation

Note 5: Gross Profit

DEFINED: Gross Profit is calculated as Gross Sales less the Total Cost of Goods.

Note 6: Personnel Expense

DEFINED: Personnel is the sum of all Retail Business personnel costs, including:

- COMPENSATION
 - SALARY-RENTAL
 - PAYROLL-OVERTIME
 - BONUS EXPENSE
- FRINGE & OTHER
 - PAYROLL TAXES
 - GRP/DIS INSURANCE
 - WORKERS COMP INSURANCE
- EMPLOYEE HIRING COST
- RELOCATION COSTS
- PAYROLL PROCESSING FEES
- 401K EXPENSE
- CASUAL LABOR
- PERSONNEL DEVELOPMENT

These expenses will vary depending on whether franchisee hires a manager and his/her compensation program, prevailing wages in the Franchise area, and the types and amounts of non-salary benefits, if any, provided to employees.

Note 7: Occupancy Expense

DEFINED: Occupancy Expense is the sum of all leased or owned building expenses, including:

- RENT EXPENSE
- RENT - CAM CHARGES
- RENT - STORAGE
- TENANT PROPERTY TAXES
- SECURITY
- STORE REPAIR COSTS
- REPAIRS/MAINTENANCE
- PROPERTY INSURANCE
- DEPR-LEASEHO
- DEPR-EQUIP/FURN/FIXT
- DEPR-SIGNS

The Retail Businesses used in this Item vary in size from approximately 3,600 to 13,337 square feet. Buddy's lease rate per square foot varies from \$5.40 to \$19.55, and Buddy's common area maintenance charge (C.A.M.) varies from .07 cents to \$6.39 per square foot. The cost per square foot in a strip-type shopping center and freestanding building varies considerably, depending on the location and the market conditions affecting commercial property.

Note 8: Marketing Expense

DEFINED: You must pay to us a marketing fund contribution in the amount of \$175 per week (the "Marketing Fee") in accordance with the provisions of the Franchise Agreement. Throughout the Term, we have the right to increase the Marketing Fee from time to time, provided that the Marketing Fee shall not exceed 2% of your annual Gross Sales.

Marketing Expense is the sum of all marketing spend. These expenses may include:

- FLYERS PRODUCTION
- Marketing Fee
 - Franchisees pay a marketing fee by location. Marketing fees are used to promote the Buddy's brand around all locations.
- STORE SALES/PROMOTIONS
- CONTESTS, AWARDS and PROMOS
- IN STORE POSTAGE

Note 9: Delivery/Vehicle Expense

DEFINED: Delivery /Vehicle Expense is the sum of all expenses incurred in delivering and picking up lease inventory, including:

- VEHICLE-FUEL
- VEHICLE-REPAIRS
- LEASE VEHICLE COSTS
- DEPR-VEHICLES
- CUSTOMER DAMAGE/LOSS
- VEHICLE INSURANCE
- VEHICLE LICENSES & TAXES
- INTEREST-VEHICLE FINANCING

Franchisees may participate in Buddy's fleet leasing or fleet purchasing programs. Cost varies based on method chosen along with the quantity and size of vehicles ordered. Insurance rates for delivery vehicles will vary depending on the state and type of area (metropolitan or rural) in which the Franchise is located,

and the amount and types of insurance coverage you maintain. See Item 7 of the FDD for an estimate of delivery / vehicle expense.

Note 10: G&A Expense

DEFINED: G&A Expense is the sum of all general and administrative costs including:

- | | |
|--------------------|------------------------|
| • COPIER COSTS | • GENERAL LIABILITY |
| • LOSS RECOVERY | INSURANCE |
| • BULK SUPPLIES | • CREDIT CARDS & BANK |
| • TELEPHONE | FEES |
| • TRAVEL EXPENSES | • START UP EXPENSE |
| • TRAVEL MEALS | • LICENSE & TAXES |
| • COMPUTER EXPENSE | • (GAIN)/LOSS ON FIXED |
| | ASSET DISPOSALS |

General liability insurance coverage will vary depending on the state(s) in which the Franchise operates, and the amounts and types of coverage you maintain. See Item 7 of the FDD for an estimate of insurance costs.

Note 11: IT Fee

DEFINED: IT Fees are charges for hardware, software, networking and support charge by location based on a given Retail Businesses' needs.

A typical IT Fee is \$900+/- per store per month as noted in Item 6 of the FDD.

Note 12: Royalty Expenses

DEFINED: The standard royalty fee of 6% was added to the expenses so as to be consistent with the royalty fee percentage paid by franchisees. This will allow the expenses data correlate to the royalty expense charged to franchisees as noted in Item 6 of our disclosure document.

Note 13: Total Expense

DEFINED: Total expense is the sum of the following items:

- | | |
|--------------------|-----------|
| • Personnel | • G&A |
| • Occupancy | • IT Fee |
| • Marketing | • Royalty |
| • Delivery/Vehicle | |

Note 14: Earnings Contribution

DEFINED: Earnings Contribution is Gross Profit minus Total Expenses.

Note 15: Depreciation Expense

DEFINED: Depreciation is the total of all depreciation of lease.

Franchisees may elect to amortize intangibles and depreciate lease inventory and fixed assets on a basis different than what we use.

Note 16: Other Non-Cash Expense

DEFINED: These are the non-cash expenses assessed prior to deriving earnings contribution that are added back to determine operating cash flow. Other non-cash expenses include:

- Other non-cash COGS
 - RBV-CHARGEOFFS
 - RBV-SKIPS,
STOLENS
 - RBV - EBO & POS
 - RBV - SOLD UNITS
- Depreciation, Amortization,
Gain/loss on FA disposals
 - DEPR-LEASEHOLD
 - DEPR-
EQUIP/FURN/FIXT
 - DEPR-SIGNS
 - DEPR-VEHICLES
 - DEPR-
COMPUTERS/SOFTWARE
 - AMORTIZATION
EXPENSE
 - (GAIN)/LOSS ON
FIXED ASSET
DISPOSALS

Note 17: RBV Skips and Stolen

DEFINED: RBV Skips and Stolen is the sum of remaining book value of items on a charged-off agreement. Agreement Charge-offs can occur from many reasons, but typically represent an unrecoverable account.

Franchisees are responsible for managing collections to minimize charge-offs.

Note 18: Operating Cash Flow

DEFINED: Operating Cash Flow is Earnings Contribution plus Depreciation, RBV Skips and Stolen, and Other Non-Cash expenses.

Note 19: Inventory Purchases

DEFINED: Net Inventory Purchases is the sum of all lease inventory purchased. These items are reflected in the month the invoice is paid, not when the merchandise is received.

Franchisees may, but are not obligated to, participate in Buddy's combined purchasing power, and purchase inventory from Buddy's Purchasing Department division for inventory pricing benefits. Buddy's Purchasing System provides franchisees with the opportunity to electronically procure and receive inventory from approved Buddy's inventory vendors. Franchisees receive reconciliation, product concern, and purchasing support reducing your back office expense. Participants in the Buddy's program are billed once monthly based on invoice pricing and receive 30-60 net terms based on Franchisor's billing cycle.

Note 20 – Cap Ex

DEFINED: Capital expenditures are low for the subset of Retail Businesses based on their level of maturity, leased versus owned methodology for both real estate and vehicle procurement, and franchisees ability to negotiate tenant improvement contribution from the landlord when negotiating new leases. Decisions regarding capital expense will be based on the franchisee's method of procuring its fixed assets such as buildings, vehicles, equipment or land to operate the business.

Note 21 – Free Cash Flow

DEFINED: Free Cash Flow is Operating Cash Flow minus Inventory Purchases and Capital Expenditures.

Some outlets have sold or earned these amounts. Your individual results may differ. There is no assurance that you'll sell or earn as much.

Written substantiation for the financial performance representations in this Item 19 will be made available to you upon reasonable request.

This financial performance representation does not reflect the costs of sales, operating expenses or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your Buddy's Retail Business. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

Other than the preceding financial performance representation, we do not make any financial performance representations about a franchisee's future financial performance or the past financial performance of franchised outlets. 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 Bennett, Todd Evans, and Jason Mattes, Buddy's Franchising and Licensing LLC, at 4705 S. Apopka Vineland Road, Suite 206, Orlando, Florida 32819; the Federal Trade Commission; and/or the appropriate state regulatory agencies.