

FranCompareTM

PIZZA-THEMED FRANCHISORS - 2019 FDD SURVEY & IN-DEPTH ANALYSIS

MOUNTAIN MIKE'S PIZZA

Legal Name: Mountain Mike's Pizza, LLC

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Mr. Jim Metevier, President and Chief Operating Officer

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Summary

Franchised Units	204
Company-Owned Units	<u>0</u>
Total Operatng Units	204
Average Total Investment Per Unit	\$400,770
Average Franchise Fee	\$30,000
Royalty	5.0%
Term of Initial Contract (Years)	15
In Business Since	1978
IFA Member	Yes

Weighting for Primary FDD Variables (300 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Key Unit Investment Variables					
Year-End Total Franchised Units	20	204			
Year-End Total Company-Owned Units	20	0			
Year-End Total Operating Units	Calculated	204	48		50
% of Franchised Units	Calculated	100.0%			
% of Company-Owned Units	Calculated	0.0%	0		10
U.S. Footprint (# of U.S. States)	20	4	8		35
Total Low Investment	Page 1	\$208,020			
Total High Investment	Page 1	\$593,520			
Average Total Investment Per Unit	Calculated	\$400,770			
Low Unit Size Estimate (Square Feet)	7	2,500			
High Unit Size Estimate (Square Feet)	7	4,000			
Average Unit Size (Square Feet)	Calculated	3,250			
Average Total Investment Per Square Feet	Calculated	\$123			
Average Franchise Fee (Single Unit)	5	\$30,000	30		40
Average Annual Royalty Fee (On-Going After Trial Period)	6	5.0%	85		90
Term of Initial Contract (Years)	17	15	30		35
Term of First Contract Renewal (Years)	17	10	11		20
Average Transfer Fee (Single Unit)	6	\$30,000	1		10
Year Incorporated	1	1978	10		10
Franchising Since	1	2000			
Issuance Date of FDD (Issue Date)	Page 1	4/12/2019			

Weighting for Primary FDD Variables (250 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Unit Growth - Item 20 Performance Analytics					
Base-Year Beginning Franchised Units	20	164			
New Franchised Units Over Following 3 Years	Calculated	49			
Total Franchised Units at the End of Year 3	20	204			
% of New Units Over Base Year Units	Calculated	29.9%	13		40
3-Year Compound Annual Unit Growth	Calculated	7.5%	25		70
3-Year Average Continuity Rate	Calculated	107.5%	115		140

Weighting for Primary FDD Variables (350 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Unit Performance - Item 19 Unit Financial Analytics					
Company-Wide Average Gross Sales or Revenue	19	\$834,161			
Period Operated	19	1 Year			
Calculation Based on # of Units Evaluated	19	187 of 204			
Calculation Based on Franchised Units or Company-Owned Units	19	Franchised			
% Adjustment *	19 (See Footnote 1)	100%			
Adjusted Average Gross Sales or Revenue	Calculated	\$834,161			
Adjusted Unit Gross Sales Return / Average Total Investment	Calculated	208.1%	155		175
Cumulative 10-Year Gross Sales (Compound at 5% Growth Per Year)	Calculated	\$11,016,587			
10-Year Sales / Average Total Investment	Calculated	27.5	65		75
10-Year Total Royalty Payments	Calculated	\$550,829			
10-Year Royalties / Average Total Investment	Calculated	137.4%	30		50
Detailed Income Statement (EBITDA Is Optimal)		0.0%	0		50

Weighting for Primary FDD Variables (100 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Real Financial Strength - Key Balance Sheet Ratios (\$000)					
Ending Date for Financials (Closing Date on Balance Sheet)	Balance Sheet	12/31/2018			
Current Assets	Balance Sheet	\$3,359			
Intangibles & Goodwill *	Balance Sheet (See Footnote 2)	\$39,049			
Other Assets	Balance Sheet	\$394			
Total Assets	Balance Sheet	\$42,802			
Current Liabilities	Balance Sheet	\$1,725			
Long-Term Liabilities	Balance Sheet	\$418			
Total Liabilities	Balance Sheet	\$2,143			
Total Shareholders' Equity	Balance Sheet	\$40,659			
Total Liabilities & Shareholders' Equity	Balance Sheet	\$42,802			
Current Ratio (or Working Capital Ratio)	Calculated	194.7%	24		25
Intangibles & Goodwill As % of Total Assets	Calculated	91.2%	0		20
Total Liabilities as % of Total Assets Ratio	Calculated	5.0%	35		35
Long-Term Liabilities as % of Shareholders' Equity Ratio	Calculated	1.0%	20		20

Weighting for Primary FDD Variables (200 Points)	Item #	Actual FDD Data	FC Score	Your Score	Max. Score
Additional Analysis on Real Unit Growth - Item 20 Performance Analytics					
3-Year Total Closures		9			
Cumulative Closures as % of Start of the Year Units	Calculated	5.5%	38		45
Cumulative Closures As % of Total New Units Over 3 Years	Calculated	18.4%	24		45
3-Year Total Transfers		37			
Cumulative Transfers As % of Start of the Year Units	Calculated	22.6%	11		25
Cumulative Transfers As % of Total New Units Over 3 Years	Calculated	75.5%	0		25
3-Year Total Turnovers		46			
Cumulative Turnovers As % of Start of the Year Units	Calculated	28.0%	11		30
Cumulative Turnovers As % of Total New Units Over 3 Years	Calculated	93.9%	0		30

Total Score (With Item 19)	789		1,200
Total Score (Without Item 19)	539		850

Footnotes:

- Please refer to the [General Footnotes](#) with regard to Determining Adjusted Average Gross Sales or Revenue. To compensate for the widely differing periods considered in presenting Average Unit Gross Sales, we have assumed that revenues for companies in business for 12 Months are the standard. Depending upon the **Period Operated** noted above, the following multipliers were applied against the Company-Wide Average Gross Sales or Revenue published by the franchisor in Item 19.

Period of Operating Experience	Multiplier Used
12 Months of Operating Experience	100%
24 Months of Operating Experience	95%
36 Months of Operating Experience	90%
48 Months of Operating Experience	85%
60 Months of Operating Experience	80%

- Goodwill & Intangibles include Trademarks.