

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised 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.

Reporting Period: In this Item, we present certain historical performance data for corporate-owned locations for the period December 15, 2024 to December 13, 2025 (corresponding to our affiliate’s fiscal calendar) (the “Reporting Period”).

Included Locations: As of the end of the Reporting Period, Service Experts operated a network of 76 corporate-owned locations in the United States, offering a range of services to residential and commercial customers. Of these locations, 48 (the “Disclosed Outlets”) primarily provide residential HVAC installation and services (i.e., these services constitute at least 79.5% of their revenue), and we consider these 48 locations to be substantially similar to the business model of the franchises offered. This Item 19 focuses solely on the financial performance of these 48 Disclosed Outlets during the Reporting Period. All of the Disclosed Outlets were in operation for the entire Reporting Period. The Disclosed Outlets are diverse in terms of size, geography, leadership tenure, demographics, and market conditions. The remaining company-owned locations have been excluded because they offer, in significant proportions, additional services not included in the franchise offering, making their financial performance not directly comparable.

As of December 31, 2025, we had two Franchised Centers in operation. The Franchised Centers are excluded from the tables below because they had not yet been operating as franchises for a full year as of December 31, 2025.

The explanatory notes following the tables are an important part of the information presented.

Tables 1-3 – Financial Performance of Disclosed Outlets

The following tables present the Gross Revenue performance during the Reporting Period of the Disclosed Outlets that offer services comparable to the franchise offering. The data is presented in quartile format, showing the average, median, high, and low sales performance for the Reporting Period, as well as the number of Disclosed Outlets in each quartile and the number that exceeded the average. The Disclosed Outlets operate in territories equivalent to multiple standard franchise territories (a “standard” territory, as described in Item 12, is one that encompasses up to 60,000 single-family households). The tables below include average household coverage for each quartile.

Table 1 - Average and Median Gross Revenue of Disclosed Outlets for the Reporting Period

| Quartile Rank | Average Gross Revenue | High | Low | Median Gross Revenue | Number in Group | Number that exceeds Average | Estimated Average Household Coverage |
|---------------|-----------------------|---------------------|--------------------|----------------------|-----------------|-----------------------------|--------------------------------------|
| 1st Quartile | \$14,283,971 | \$25,585,759 | \$8,285,605 | 11,817,990 | 12 | 5 (42%) | 488,281 |
| 2nd Quartile | \$6,333,421 | \$8,278,266 | \$4,946,970 | 6,456,283 | 12 | 6 (50%) | 362,362 |
| 3rd Quartile | \$4,351,749 | \$4,845,327 | \$3,535,760 | 4,527,784 | 12 | 7 (58%) | 229,333 |
| 4th Quartile | \$2,557,530 | \$3,513,530 | \$1,426,807 | 2,583,613 | 12 | 7 (58%) | 213,583 |
| Total | \$6,881,668 | \$25,585,759 | \$1,426,807 | 6,346,417 | 48 | 16 (33%) | 323,390 |

Gross Revenue - means all revenue from the sale of products and services and all other income of every kind related to the Disclosed Outlet, whether for cash, credit, trade, barter, or other value and regardless of collection in the case of credit, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes revenue from insurance and government programs and revenue from services performed using any portion of the System, the Licensed Marks (such as service vehicles, invoices, and uniforms bearing the Licensed Marks), the Confidential Information, any employees of the Disclosed Outlet, or the telephone number of the Disclosed Outlet. Gross Revenue is not reduced on account of any payments made to subcontractors or any fees or commissions paid to third parties who referred customers.

Quartile Rank - represents the distribution of Gross Revenue among the Disclosed Outlets in the group. The quartiles are divided into equal parts with 1st Quartile (highest 25% Gross Revenue), 2nd Quartile (second highest 25% of Gross Revenue), 3rd Quartile (third highest 25% of Gross Revenue), and 4th Quartile (the lowest 25% of Gross Revenue).

Average Gross Revenue - represents the total sales generated by the Disclosed Outlets in the group, divided by the number of Disclosed Outlets in the group.

High/Low - represent the highest and lowest Gross Revenue figures achieved by any Disclosed Outlet in the group, providing a range of sales performance.

Median Gross Revenue - represents the middle value of the Gross Revenue figures when arranged in order from lowest to highest. This figure provides a better representation of the typical sales performance, less affected by extreme values.

Number in Group - represents the number of Disclosed Outlets included in the group.

Number that Exceed Average - represents the number of Disclosed Outlets that achieved higher than the average Gross Revenue figure for the group.

Estimated Average Household Coverage – represents the average estimated number of single-family households that can be reached within each group. This was compiled by analyzing an average Disclosed Outlet's Gross Revenue by zip code, and identifying the top zip codes that contributed approximately 80% of the Disclosed Outlet's volume. This data was then combined with census data on single-family households to calculate an average household coverage for each Disclosed Outlet.

[remainder of page intentionally left blank]

Table 2 – Average Gross Revenue and Selected Expenses

Table 2 presents average Gross Revenue and selected expenses for the 48 Disclosed Outlets for the Reporting Period, broken down between Disclosed Outlets that have maintained continuous leadership over the 24 months ending December 13, 2025 and Disclosed Outlets that have experienced a gap in leadership. “Continuous leadership” refers to the presence of a consistent General Manager (“GM”) who is responsible for executing the operational plan and managing the day-to-day activities of the Disclosed Outlet. Of the 48 Disclosed Outlets, 15 had continuous leadership and 33 did not.

Table 2 includes imputed amounts for Royalty fees, Brand Fund contributions, and Technology Fees (see Item 6), and accounting fees (see Item 8) that the 48 Disclosed Outlets would have incurred if they had operated as franchises during the Reporting Period under the terms of the current Franchise Agreement. The Table does not include all expenses of the Disclosed Outlets, as further explained in the notes following the table.

| Continuous Leadership | | | Non-Continuous Leadership | | |
|-----------------------------|--------------------|--------------|-----------------------------|--------------------|--------------|
| All Quartile | Average | % of Revenue | All Quartile | Average | % of Revenue |
| Gross Revenue | \$7,896,409 | 100% | Gross Revenue | \$6,420,421 | 100% |
| Cost of Sales | | | Cost of Sales | | |
| COS - Labor | \$2,240,428 | 28% | COS - Labor | \$1,977,506 | 31% |
| COS - Equipment & Parts | \$1,759,940 | 22% | COS - Equipment & Parts | \$1,634,060 | 25% |
| COS - Other | \$595,565 | 8% | COS - Other | \$518,714 | 8% |
| Gross Profit | \$3,300,476 | 42% | Gross Profit | \$2,290,141 | 36% |
| SGA - Compensation | \$695,420 | 9% | SGA - Compensation | \$638,756 | 10% |
| SGA - Marketing | \$499,608 | 6% | SGA - Marketing | \$389,512 | 6% |
| SGA - Vehicles / Facilities | \$129,113 | 2% | SGA - Vehicles / Facilities | \$113,389 | 2% |
| SGA - General Office | \$226,470 | 3% | SGA - General Office | \$200,883 | 3% |
| Total SG&A | \$1,550,611 | 20% | Total SG&A | \$1,342,541 | 21% |
| EBITDA | \$1,749,865 | 22% | EBITDA | \$947,600 | 15% |
| Royalty (6%) | \$473,785 | | Royalty (6%) | \$385,225 | |
| Brand Fund (1%) | \$78,964 | | Brand Fund (1%) | \$64,204 | |
| Tech Fee | \$7,080 | | Tech Fee | \$7,080 | |
| Accounting Fee | \$6,180 | | Accounting Fee | \$6,180 | |
| Proforma EBITDA | \$1,183,856 | 15% | Proforma EBITDA | \$484,911 | 8% |

Gross Revenue – represents the average Gross Revenue generated by the group from their business activities (sales of goods or services).

Cost of Sales (COS) – represents the average direct cost attributable to the goods or services sold.

- **Labor** – compensation for employees directly involved in the services or installation of HVAC (wages, commissions, benefits, etc.).
- **Parts and Equipment** includes cost of materials, components and equipment. It does not include any vendor rebates, as these rebates are retained at the corporate level. The franchisor may, at its discretion, implement programs that provide benefits to franchisees.
- **Other** – includes costs that are associated with the sale of goods and services that are not captured above. This can include auto fuel and maintenance, transaction processing charges, auto insurance, and worker compensation costs. In addition, not all insurance

costs are incurred by the Disclosed Outlet; additional costs, such as contributions to claims reserves or funding for claims expenses, are funded and managed at the corporate level.

Gross Profit – calculated as Gross Revenue minus total Cost of Sales.

Selling, General & Administrative (SG&A) – these are the operating expenses not directly related to cost of sales.

- **Compensation** – includes salaries, wages and benefits for employees not in cost of sales (e.g. management, admin staff), but does not include wages for General Managers (GM). GM wages are excluded because (1) the preferred franchise model is an owner-operator model, with no GM; and (2) if the Franchisee elects to have a GM, it is at the discretion of the Franchisee on how to determine compensation for this role.
- **Marketing** – represent expenses incurred for advertising, promotions, and marketing activities to attract and retain customers.
- **Vehicle/Facilities** – covers expenses related to the physical location (i.e. utilities, property taxes, repairs, maintenance) and costs associated with fuel, maintenance, and licenses for sales personnel. This does not include lease payments for vehicles or the physical center location. A Franchisee's individual choice regarding leasing versus ownership, and the specific terms negotiated, will affect results.
- **General Office** – other general administrative costs for the overall operations of the business (e.g. supplies, general liability insurance, bad debt). It also includes IT Costs which includes costs associated with software licenses, hardware costs and support.

EBITDA - Stands for Earnings Before Interest, Taxes, Depreciation, and Amortization. It is calculated as Gross Profit minus Total SG&A expenses (excluding any depreciation, amortization and lease charges).

[remainder of page intentionally left blank]

Table 3 - HVAC New Installation Transaction Type Mix and Performance

Table 3 presents data on the average sales ticket (revenue per transaction) for HVAC replacement sales at the Disclosed Outlets, segmented by the customer’s payment method. This data is based on HVAC replacement transactions completed during the Reporting Period at the 48 Disclosed Outlets. Table 3 reflects three primary transaction types for the sale of HVAC equipment: Leasing, Financing, and Direct Payment. As noted in Item 1 and Item 16, our affiliate provides a leasing solution for customers under the “Advantage” name. Some customers prefer a leasing option because it enables them to avoid a large upfront payment and because it includes maintenance and repair coverage over the life of the contract.

| Transaction Mix | Transaction Mix | Average Sale | High | Low | Median | Avg. Uplift vs Leasing |
|---------------------|-----------------|-----------------|-----------------|----------------|-----------------|------------------------|
| Leasing (Advantage) | 41% | \$15,190 | \$41,880 | \$1,360 | \$14,500 | |
| Financing | 13% | \$14,057 | \$59,895 | \$2,000 | \$12,599 | +8% |
| Direct Payment | 46% | \$13,406 | \$95,890 | \$1,313 | \$11,340 | +13% |
| Total | 100% | \$14,224 | \$95,890 | \$1,313 | \$12,999 | |

* * *

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.

The financial information we utilized in preparing the preceding financial performance representations is from the operating records of our affiliate.

Written substantiation for these financial performance representations will be made available to you upon reasonable request.

Other than the foregoing financial performance representations, we do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or 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 our management by contacting Nick Ridgway at nick.ridgway@serviceexperts.com, the Federal Trade Commission, and the appropriate state regulatory agencies.

**Table 1:
System-wide Outlet Summary for 2023 to 2025 (Note 1)**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---------------|------|----------------------------------|--------------------------------|------------|
| Franchised | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| | 2025 | 0 | 2 | +2 |
| Company-Owned | 2023 | 83 | 83 | 0 |
| | 2024 | 83 | 91 | +8 |
| | 2025 | 91 | 82 | -9 |
| Total Outlets | 2023 | 83 | 83 | 0 |
| | 2024 | 83 | 91 | +8 |
| | 2025 | 91 | 84 | -7 |

Notes for Tables 1-5 in this Item 20:

- (1) All data listed is as of the fiscal year end (December 31 for Franchised Outlets; our affiliate uses a different fiscal calendar for Company-Owned Centers). We began offering franchises in April 2025. Six of our affiliate’s corporate businesses have more than one outlet, so there were 76 corporate businesses but 82 total Company-Owned outlets at year end.

**Table 2:
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
for 2023 to 2025 (Note 1)**

| State | Year | Number of Transfers |
|------------|------|---------------------|
| All States | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |
| Total | 2023 | 0 |
| | 2024 | 0 |
| | 2025 | 0 |