

<b>PROVISION</b>	<b>SECTION IN FRANCHISE AGREEMENT</b>	<b>SUMMARY</b>
		owner or otherwise) any retail business that is the same as, or substantially similar to, a DECORATE WITH LIGHTS business; or offers to sell or sells specialty or holiday lighting services or other services, equipment, products or items which are the same as, or substantially similar to, any of the services, equipment, product or other items offered by a DECORATE WITH LIGHTS business, and that is, or intended to be, operated within: (i) the APR (as defined in the Franchise Agreement); (ii) 20 miles of the Approved Location; or (iii) 20 miles of the location of other any other DECORATE WITH LIGHTS business in operation or under construction.
s. Modification of the Agreement	24	The Franchise Agreement may only be modified by written agreement signed by both parties.
t. Integration/merger clause	24	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	26.2	Except as otherwise provided and subject to applicable state law, all disputes and claims relating to the Franchise Agreement must first be submitted to mediation.
v. Choice of forum	26.3	Subject to applicable state law, any action must be brought in Utah County, Utah.
w. Choice of law	26.1	Subject to applicable state law, the Franchise Agreement will be interpreted and construed under the laws of Utah.

### **ITEM 18**

#### **PUBLIC FIGURES**

There are no public figures involved in the sale of this franchise.

### **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.

This Item contains a historic financial performance representation of our franchised outlets in operation on December 31, 2024, our fiscal year end.

**Company-Controlled Location Performance\***

\*Note: the Company-Controlled location is the unit operated by Keith Brown, our Director of Operations, in the Raleigh, North Carolina market. Mr. Brown has operated this location since 2021, in a manner substantially similar to that upon which you will be trained. The location is established, and the historical performance set forth below does not reflect the typical startup period, but is an accurate historical representation of its most recent performance. It is company-controlled due to Mr. Brown being an employee of the Company with its operational standards and their conformity to System standards being a requirement imposed by the Company.

<b>TABLE 1 -- MONTHLY REVENUE AND JOB METRICS</b>							
<b>(JULY -- DECEMBER 2024)</b>							
<b>Metric</b>	<b>July</b>	<b>August</b>	<b>Sep tem ber</b>	<b>October</b>	<b>November</b>	<b>December</b>	<b>Totals</b>
Revenue	\$ 6,025	\$ 17,171	\$ 10,923	\$ 26,837	\$ 58,638	\$ 10,530	\$ 130,379
Job Count	6	16	9	21	34	6	92

<b>TABLE 2 – ADDITIONAL PERFORMANCE METRICS (RALEIGH)</b>	
<b>(CALENDAR YEAR 2024)</b>	
<b><u>Metric Tracked</u></b>	<b><u>Question/Answer</u></b>
<b>1. Cost Per Lead</b>	<p><b>What were the results of the DWL Local Operations' marketing program?</b></p> <p>Local Operations spent \$8,371 on an omnichannel marketing program which generated 265 leads, 89 quotes and 22 customers.</p>
<b>2. Lead to Quote Conversion Rate</b>	<p><b>What was the lead to quote conversion rate for DWL Local Operations in 2024?</b></p> <p>89 of the 265 leads received a quote in 2024 for a 34% lead to quote conversion rate.</p>

<p><b>3. Quote to Job Scheduled Conversion Rate</b></p>	<p><b>What was the quote to job scheduled conversion rate for DWL Local Operations in 2024?</b></p> <p>22 of the 89 quotes provided to prospective customers were accepted in 2024 for a 25% quote to job scheduled conversion rate.</p>
<p><b>4. Lead to Job Scheduled Conversion Rate</b></p>	<p><b>What was the lead to job scheduled conversion rate for DWL Local Operations in 2024?</b></p> <p>22 of the 265 leads received were converted to jobs scheduled in 2024 for a 8.5% lead to job scheduled conversion rate.</p>
<p><b>5. Average Ticket Price</b></p>	<p><b>What was the average ticket price for DWL Local Operation in 2024?</b></p> <p>Average ticket price for all jobs (new and returning): \$1,366.  Average ticket price for new jobs only: \$2,244</p> <p>The high ticket price was \$6,280 and the low ticket price is \$510.</p>
<p><b>6. Labor Rate</b></p>	<p><b>How much did DWL Local Operations pay its technicians?</b></p> <p>Technicians are paid on an hourly basis. The average hourly rate in 2024 was \$25/hour. The low was \$20/hour and the high was \$30/hour.</p>

**Franchised Outlet Performance**

We have 13 franchised outlets. Of these, 2024 was the first year of operations for 4. These are reported as first year entities. The other 9 are reported as existing entities. Below, the tables reflect the 2024 historical performance of these entities, with no franchised outlets excluded.

<b>TABLE 3 – 2024 REVENUE AND JOB METRICS, RESIDENTIAL</b>					
<b>(CALENDAR YEAR 2024)</b>					

	<u>Metric</u>	<u>Average</u>	<u>Median</u>	<u>Maximum</u>	<u>Minimum</u>
<b>Existing Entity Performance*</b>	<b>Revenue</b>	\$ 56,614	\$ 31,934	\$ 136,326	\$ 7,548
	<b>Job Count</b>	42	24	98	6
	<b>Average Ticket Price</b>	\$ 1,355	\$ 1,258	\$ 2,423	\$ 645
*9 out of 9 entities operating for all of 2024 reporting, as an existing entity with more than one year					
<b>First Year Entity Performance**</b>	<b>Revenue</b>	\$ 10,598	\$ 7,546	\$ 22,212	\$ 5,085
	<b>Job Count</b>	9	7.5	16	4
	<b>Average Ticket Price</b>	\$ 1,211	\$ 1,203	\$ 1,582	\$ 876
**4 out of 4 entities operating for all of 2024, as their first full year of operations, reporting					

**TABLE 7 – PERFORMANCE METRICS FOR FRANCHISES**  
**(CALENDAR YEARS 2022-2024)**

**Table 7a. Average/Median Business Performance for Franchises**

<u>Metric</u>	<u>2022</u>		<u>2023</u>		<u>2024</u>	
	<u>Average</u>	<u>Median</u>	<u>Average</u>	<u>Median</u>	<u>Average</u>	<u>Median</u>
<b>Total Customers</b>			31	18	32	24
<b>New Customers</b>			9	8	10	10
<b>Revenue</b>	\$ 56,291	\$ 22,822	\$ 47,110	\$ 24,423	\$ 42,456	\$ 31,934
<b>Ticket Price</b>			\$ 1,498	\$ 1,454	\$ 1,342	\$ 1,258

NOTE: due to CRM and data limitations in 2022, customer counts and average ticket price data are not available.

**Table 7b. High/Low Business Performance for Franchises**

<u>Metric</u>	<u>2022</u>		<u>2023</u>		<u>2024</u>	
	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>	<u>High</u>	<u>Low</u>
<b>Total Customers</b>			80	3	98	4
<b>New Customers</b>			35	3	23	1
<b>Revenue</b>	\$ 151,175	\$ 9,044	\$ 115,177	\$ 6,735	\$ 136,326	\$ 5,085
<b>Ticket Price</b>			\$ 3,888	\$ 481	\$ 2,423	\$ 645

NOTE: due to CRM and data limitations in 2022, customer counts and average ticket price data are not available.

**Existing Franchisee Performance (as opened by our affiliates):**

**2025 Performance of Existing Franchisees:**

The table below reflects the existing franchisee performance for all of 2025, first across the top, middle, and bottom thirds of gross revenue, and second by length of experience. The final presentation reflects averages in terms of recurring customer revenue as a percentage of total revenue, and average job size and new job (not recurring) size.

	<b>Number of franchisees</b>	<b>Average</b>	<b>Median</b>	<b>High</b>	<b>Low</b>	<b>% Zees Beating Median</b>	<b>Average Territories</b>
<b>Top 33%</b>	6	101,747	100,073	161,453	52,711	3	5.7
<b>Middle 33%</b>	6	31,689	30,108	42,928	23,960	3	4.3
<b>Bottom 33%</b>	6	10,502	10,153	17,671	4,352	3	5.2
<b>System Wide</b>	18	47,979	30,108	161,453	4,352	9	5.1
	<b>Number of franchisees</b>	<b>Average</b>	<b>Median</b>	<b>High</b>	<b>Low</b>	<b>% Zees Beating Median</b>	<b>Average Territories</b>
<b>Average 1st Year Franchisee Performance</b>	6	29,748	27,309	64,613	6,719	3	3.2
<b>Average 2nd Year Franchisee Performance</b>	2	26,817	26,817	29,674	23,960	1	3.5
<b>Average 3rd year Franchisee Performance</b>	2	33,975	33,975	52,711	15,239	1	5.5
<b>Average 4th Year+ Franchisee Performance</b>	8	70,444	66,166	161,453	4,352	4	6.8
		<b>Average</b>	<b>Median Average</b>	<b>High Average</b>	<b>Low Average</b>	<b>% Zees Beating Median</b>	<b>Average Territories</b>
<b>Percentage of revenue from returning customers</b>	12	64%	54%	100%	22%	6	6.0
<b>Average Job Size</b>	18	1,655.50	1,610	3,590	435	9	5.1
<b>Average New Job Size</b>	18	2,558.19	2,324	5,760	-	9	5.1

18 of 21 Franchisees were used in this analysis, 3 Franchisees signed but did not start in 2025 season

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Note: 1<sup>st</sup> Year Franchisee Performance reflects franchisees in operation for all of 2025. None who opened mid-year or for a partial year were included (3 who had signed, but not opened for the 2025 season; the remaining 18 are all included in the respective cohorts).

Written substantiation of the data used in preparing these figures will be made available to you upon reasonable request. The information presented above has not been audited.

**Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

Other than the preceding financial performance representation, 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 the franchisor's management by contacting Keith Brown, 761 W. 1200 N., Ste 300, Springville, Utah 84663, (919) 424-3779, the Federal Trade Commission, and the appropriate state regulatory agencies listed in Exhibit A.

**ITEM 20**

**OUTLETS AND FRANCHISEE INFORMATION**

Table No. 1

<b><u>System Wide Outlet Summary</u></b>				
<b><u>For Years 2023 - 202</u></b>				
<b>Outlet Type</b>	<b>Year</b>	<b>Outlets at the Start of the Year</b>	<b>Outlets at the End of the Year</b>	<b>Net Change</b>
Franchised	2023	92	118	+26
	2024	118	121	+3
	2025	121	105	-16
Company Owned	2023	0	0	-
	2024	0	0	-
	2025	0	23	+23
Total Outlets	2023	92	118	+26
	2024	118	121	+3
	2025	121	128	+7