

Steven Sgroi, MBA, CFE, is a business coach at Franthlete. Mr. Sgroi will appear in our marketing materials and at certain public relations events to promote the Snooze® Mattress Co. name and products sold by Snooze® Mattress Co. businesses. Pursuant to a partnership agreement with us, Mr. Sgroi's entity, Franthlete, Mr. Sgroi will also assist with sales of the franchise. Steven Sgroi does not have any ownership interest in us or our affiliates, DDL, SSL, or Wake Up Pueblo.

## **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 financial performance representation is based upon the historic monthly gross revenues/sales and cost of goods sold for the “Affiliate-Owned Outlet” operated by our affiliate in Pueblo West, Colorado for the period from January 2024 through December 31, 2024, and the Gross Revenue for the “Measuring Period(s),” which cover the periods from January 1, 2024 through December 31, 2024 (FY 2024).

Except as discussed in the notes below, the Affiliate-Owned Outlet operates in a substantially similar manner to how your Franchised Business will operate. The explanatory notes included with the following charts are an integral part of this financial performance representation and should be read in their entirety for a full understanding of the information contained in the following chart.

### **Notes Regarding the Tables Below:**

1. “Gross Revenue” means the total revenues, receipts, and dollar volume from the sale of all products, services and merchandise sold and booked in connection with the Franchised Business, whether under any of the Marks or otherwise. Gross Revenue is calculated on an accrual basis regardless of whether you have collected payment. Gross Revenue excludes sales taxes added to the sales price and collected from the customer. Third-party fees and payments and uncollected funds are not excluded from Gross Revenue.
2. The actual performance of any outlet will depend on a number of factors specific to the location, including:
  - Any applicable law or regulatory compliance expenses
  - Rent, interest, and other financing costs for land, buildings, equipment, and inventory
  - Initial franchise fee and organization costs
  - Economic conditions of various geographic areas
  - Competition from a variety of other businesses
  - Different acquisition, development, construction, and property costs
  - Cost of equipment

- Occupancy expenses such as rent, utilities and property taxes
- Labor costs, payroll taxes and laws concerning employees and employee benefits
- Different traffic counts, accessibility, visibility, and parking
- Different results from advertising
- Outlets have been in business for different periods of time in their respective markets
- Cost of product and supply costs
- Franchise payments including royalties; and
- Workers' compensation and insurance coverage

3. The mattress sales industry is highly competitive and affected by, among other things, changes in geographic area, changes in preferences, local, regional, and national economic conditions, population trends, and traffic patterns. The performance of your Business will be affected by the region in which you operate, your competitors, and the success you have in marketing and managing your operations.

4. The Affiliate-Owned Outlet operates in Pueblo West, Colorado, where the Snooze Mattress Co. brand has likely obtained more of a reputation and positive goodwill among the relevant target market (as compared to another region of the United States where there are no other Snooze locations in operation).

5. This Item 19 does not reflect certain pre-opening costs and expenses over the Measuring Period that you are likely to incur in connection with development of a new Business. See Item 7 for details about pre-opening costs for your Business.

6. You should consult other sources for financial information including your financial, business, and legal advisors in connection with the information provided to obtain additional information necessary for you to develop estimates of the sales, costs, expenses, earnings, and profits.

7. Written substantiation to support the information appearing in this financial performance representation is available to you upon reasonable request.

**Notes Regarding the Affiliate-Owned Outlet and Item 19 Generally:**

The figures in the table below use the historical information that our affiliate-owned outlet provided to us. You should be advised that no certified public accountant has audited these figures or expressed his or her opinion concerning their contents or form, nor have we sought to independently verify their accuracy. Upon your reasonable request, we will provide written substantiation for this financial performance representation.

These and other expenses you incur will affect the net income and cash flow of the outlet.

**Some franchise 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 financial performance representations. 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 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 Matt Smith, 102 Oneida Street, Pueblo, CO 81003 (719) 467-6001, or the Federal Trade Commission, and the appropriate state regulatory agencies.

The gross sales, revenue and expense data presented in our Item 19 is based on information reported to us by our affiliate, Daydream, LLC. We have not independently verified this data. Your individual results may differ. There is no assurance that you will earn as much.

**Gross Revenues for our Affiliate (Daydream, LLC) for 2024:**

2024			
	Finalized Sales	Cost of Goods Sold	Margin
January	\$37,513.35	\$22,069.77	41.17%
February	\$89,881.43	\$54,527.28	39.33%
March	\$98,312.18	\$58,746.84	40.24%
April	\$53,381.00	\$30,222.14	43.38%
May	\$136,069.98	\$69,021.93	49.27%
June	\$109,434.72	\$59,290.92	45.82%
July	\$100,643.12	\$61,849.31	38.55%
August	\$148,503.59	\$80,501.50	45.79%
September	\$224,331.85	\$128,048.34	42.92%
October	\$121,449.69	\$61,104.86	49.69%
November	\$31,582.44	\$15,223.32	51.80%
December	\$200,831.37	\$97,495.45	51.45%
<b>Total</b>	<b>\$ 1,351,934.72</b>	<b>\$ 738,101.66</b>	<b>45.40%</b>

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table One**  
**Systemwide Outlet Summary**  
**For Fiscal Years 2022 thru 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	1	8	+7
	2023	7	24	+17
	2024	24	45	+21