

		<p>from having closed a franchised business, Franchisor's ability to replace the Franchised Business in the same market and other factors. Accordingly, if this Agreement is terminated as a result of any default by Franchisee, Franchisor will be entitled to recover as liquidated damages, and not as a penalty, an amount equal to the greater of: (a) \$150,000; or (b) the aggregate royalty and other ongoing fees due to Franchisor under this Agreement (the "Continuing Fees") during the thirty-six (36) full calendar months during which the Franchised Business was open and operating immediately before the termination date (or, if the Franchised Business has not been open and operating for thirty-six (36) months before the termination date, the average monthly Continuing Fees due to Franchisor for all months during which the Franchised Business was open and operating) multiplied by thirty-six (36) or the number of months remaining in the then-current term of this Agreement, whichever is less. Notwithstanding anything contained herein to the contrary, if a court determines that this liquidated damages provision is unenforceable, then Franchisor may pursue all other available remedies, including claims for lost future royalty fees.</p>
--	--	-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

**ITEM 18**  
**PUBLIC FIGURES**

We do not currently use any public figure to promote our System.

**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.

## **HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION**

### **Background**

As of December 31, 2025, we had a total of 21 franchisees operating across 62 Protected Territories. Of these 21 franchisees, 1 franchisee was operating 6 territories and had been in business for the entire 2025 calendar year. This Item 19 discloses certain historical financial performance information for that 1 franchisee (the “Reporting Business”). The 20 franchisees that were excluded from this Item 19 were excluded because they were not operational for the entire 2025 calendar year.

### **Financial Performance Information for the Franchisee During the Measurement Period**

This Item sets forth historical Gross Sales and operating results for the Reporting Business during the 2025 calendar year (the “Measurement Period”). We obtained these figures from information provided by the Reporting Business to us through our proprietary software (the “Software System”) program for the Measurement Period. Franchisees are not required to use generally accepted accounting principles when reporting these figures.

Table 1 of this Item 19 discloses the Total Sales, Jobs Sold, Average Ticket, Estimates, Gross Profit Percentage, and Close Ratio, as reported to us through our Software System by the Reporting Business.

We will provide you with written substantiation for the financial performance representation upon reasonable request.

## **TABLE 1**

Full Year 2025	
Location	VZ-100
Sign Date	8/12/2024
Total Sales	\$ 953,598
Jobs Sold	185
Average Ticket	\$ 5,159
Estimates	378
Gross Profit	55.2%
Close Ratio	48.9%

**Notes:**

1. **“Total Sales”** is defined all revenue generated by the Reporting Business during the Measurement Period, as reported to us through our Software System by the Reporting Business.
2. **“Jobs Sold”** is defined as the total number of jobs sold during the Measurement Period, as reported to us through our Software System by the Reporting Business.
3. **“Average Ticket”** is defined as the average dollars spent per transaction performed during the Measurement Period, as reported to us through our Software System by the Reporting Business.
4. **“Estimates”** is defined as the total number of estimates provided during the Measurement Period, as reported to us through our Software System by the Reporting Business.
5. **“Gross Profit”** is defined as the Total Sales less the cost of labor, materials, and costs directly related to the job as reported to us by the Reporting Business. The Reporting Business reported sales and cost of goods sold into the proprietary reporting software. According to the data reflected in the software during the Measurement Period, the average gross profit percentage was 55.2%. Gross profit was determined by taking sales less the cost of labor, materials and costs directly related to the job as reported to us by the Reporting Business via the proprietary reporting software. Gross profit percentage is determined by dividing gross profit by the Gross Sales to arrive to a percentage.
6. **“Close Ratio”** is defined as the percentage of total estimates written that turned into invoices during the Measurement Period as reported to us through our Software System by the Reporting Business.

**Assumptions and Additional Notes:**

1. The Item 19 historical financial performance representation included in this Item includes certain reported performance information reported by the Reporting Business during the Measurement Period only.
2. The financial information presented in this Item 19 does not disclose any cost, expense or profit information.

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

Other than the preceding financial performance representations, HPB HVAC LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such 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 the Legal Department at 2525 N. 117<sup>th</sup> Avenue, Third Floor, Omaha, Nebraska 68164 and 1 (800) 490-8991, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

For purposes of this Item 20, each Protected Territory that a franchisee receives under a Franchise Agreement is considered an “Outlet.”

**Table No. 1:**  
**System-wide Outlet Summary For years 2023 to 2025**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	-	-	-
	2024	-	6	+6
	2025	6	64	+58
Company-Owned and Affiliate-Owned	2023	-	-	-
	2024	-	-	-
	2025	-	-	-
Total Outlets	2023	-	-	-
	2024	-	6	+6
	2025	6	64	+58

\*For purposes of this Item 20 Table 1, each Protected Territory that a franchisee receives under a Franchise Agreement is considered an “Outlet.”

**Table No. 2:**  
**Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor)**  
**For years 2023 to 2025**

	Year	Number of Transfers
TOTAL	2023	0
	2024	0
	2025	0

**Table No. 3:**  
**Status of Franchised Outlets For years 2023 to 2025**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non - Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of Year
AZ	2023	-	-	-	-	-	-	-