

		<p>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>
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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, 2024, six (6) franchisees were in operation for the entire 2024 calendar year. This Item 19 discloses certain historical financial performance information for those six (6) franchisees (the “Reporting Businesses”). One of the Reporting Businesses is owned by our Conversion Franchisee, Rathgeb Painting.

2024 Financial Performance Information for the Reporting Businesses

This Item sets forth historical Gross Sales and operating results for the Reporting Businesses during the 2024 calendar year (the “Measurement Period”). We obtained these figures from information provided by the Reporting Businesses 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. We did not audit or otherwise independently verify this information.

Table 1 of this Item 19 discloses the Aggregate Gross Sales per Group, Average Gross Sales in Group, Highest Gross Sales in Group, Lowest Gross Sales in Group, Median Gross Sales per Group, Number Exceeding Group Average, and Percent Exceeding Group Average, for each “Group” (Top Half and Bottom Half), during the Measurement Period as reported to us through our Software System by the Reporting Businesses.

Table 2 of this Item 19 discloses the Gross Sales for commercial jobs and residential jobs, and Percentage of Gross Sales for commercial jobs and residential jobs, during the Measurement Period as reported to us through our Software System by the Reporting Businesses.

Table 3 of this Item 19 discloses the Average, Median, Lowest, and Highest performance of Franchisees in the group achieved during the Measurement Period, as it relates to Total Estimates, Close Ratio, and Average Job Size, as reported to us through our Software System by the Reporting Businesses.

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

TABLE 1

Half	# of Franchisees in Group	# of Territories	Aggregate Gross Sales for Group	Average Gross Sales per Group	Highest Gross Sales in Group	Lowest Gross Sales in Group	Median Gross Sales for Group	Number Exceeding Group Average	Percent Exceeding Group Average
Top Half	3	25	\$ 5,288,608	\$ 1,762,869	\$ 3,300,230	\$ 744,509	\$ 1,243,869	1	33.3%
Bottom Half	3	10	\$ 1,409,632	\$ 469,877	\$ 621,631	\$ 353,106	\$ 434,895	1	33.3%
Total System	6	35	\$ 6,698,240	\$ 1,116,373	\$ 3,300,230	\$ 353,106	\$ 683,070	2	33.3%

*The Conversion Franchisee Business is a mature business that originally launched its business operations under a different mark and converted to operating under the Groovy Hues trademark in February of 2024. The Conversion Franchisee operated a business substantially similar to the franchised business offered under this Disclosure Document.

Notes:

1. In some cases, a franchisee may have increased or decreased its number of Protected Territories during the fiscal year. For purpose of the Table, we include all of the territories operated by a franchisee that were operated the entire time of the Measurement Period.
2. This Table 1 to Item 19 discloses Gross Sales for the Reporting Businesses, divided into groups based on the level of Gross Sales achieved during the Measurement Period (i.e. Top Half and Bottom Half).
3. **“Gross Sales”** is defined all revenue generated by the Reporting Businesses during the Measurement Period, as reported to us through our Software System by the Reporting Businesses. The term “Gross Sales” does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.
4. **“Aggregate Gross Sales for Group”** is defined as the total Gross Sales achieved by the group for each half, as reported to us through our Software System by the Reporting Businesses.
5. **“Average Gross Sales per Group”** is defined as the average Gross Sales achieved by the Reporting Businesses within the respective half, as reported to us through our Software System by the Reporting Businesses.
6. **“Highest Gross Sales in Group”** is defined as the Gross Sales achieved by the top performing Item 19 Franchisee within the respective half, as reported to us through our Software System by the Reporting Businesses.
7. **“Lowest Gross Sales in Group”** is defined as the Gross Sales achieved by the lowest performing Item 19 Franchisee within the respective half, as reported to us through our Software System by the Reporting Businesses.
8. **“Median Gross Sales in Group”** is defined as the median Gross Sales achieved by the Reporting Businesses within the respective half, as reported to us through our Software System by the Reporting Businesses.
9. **“Number Exceeding Group Average”** is defined as the number of Reporting Businesses within each half who are exceeding the group average, as reported to us through our Software System by the Reporting Businesses.
10. **“Percent Exceeding Group Average”** is defined as the percentage of Reporting Businesses within each half who are exceeding the group average, as reported to us through our Software System by the Reporting Businesses.

TABLE 2

Segment	Gross Sales	Percentage of Sales
Residential	\$ 5,013,491	74.8%
Commercial	\$ 1,684,749	25.2%
Total System	\$ 6,698,240	100.0%

Notes:

1. **“Gross Sales”** is defined all revenue generated by the Reporting Businesses during the Measurement Period, as reported to us through our Software System by the Reporting Businesses. The term “Gross Sales” does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.
2. **“Residential”** is defined as the total gross sales for residential jobs performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.
3. **“Commercial”** is defined as the total gross sales for commercial jobs performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.
4. **“Total System”** is defined all revenue generated by the Reporting Businesses over the Measurement Period, from January 1, 2024, to December 31, 2024, as reported to us through our Software System by the Reporting Businesses. The term “Gross Sales” does not include (a) tips paid directly to subcontractors or other personnel, or (b) sales tax that is collected directly from customers and paid to the appropriate taxing authority.

TABLE 3

	Average Performance of Franchisees in Group	Median Performance of Franchisees in Group	Highest Performance of Franchisees in Group	Lowest Performance of Franchisees in Group	Number Exceeding Group Average	Percentage Exceeding Group Average
Total Estimates	565	529	981	351	3	50.0%
Close Ratio	45.7%	42.7%	53.9%	39.9%	1	16.7%
Average Job Size	\$ 4,321	\$ 3,569	\$ 6,225	\$ 1,496	2	33.3%

Notes:

1. **“Total Estimates”** is defined as the total number of estimates written during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.
2. **“Close Ratio”** is defined as the percentage of total estimates written that turned into invoices, as reported to us through our Software System by the Reporting Businesses.
3. **“Average Job Size”** is defined as the average dollars spent per job performed during the Measurement Period, as reported to us through our Software System by the Reporting Businesses.

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 Businesses 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 representation, HPB Painting 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. 117th 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 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	-	-	-
	2023	-	34	+34
	2024	34	46*	+12
Company-Owned and Affiliate-Owned	2022	-	-	-
	2023	-	-	-
	2024	-	-	-
Total Outlets	2022	-	-	-
	2023	-	34	+34
	2024	34	46	+12

***Eighteen (18) Outlets are currently owned and operated by Matthew Rathgeb, our Founder.**

Table No. 2: Transfers of Outlets from Franchisees to New Owners (Other than the Franchisor) For years 2022 to 2024