

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 performance at a particular location or under particular circumstances.

The Decor Group Franchised Business:

There were no The Decor Group franchises during the fiscal year ending December 31, 2023.

Christmas Decor Franchised Business:

This financial performance representation is based on historical data of the franchise system's outlets and includes Average Gross Sales in Table No. 1, and Estimated Net Profit as a Percentage of Sales, Average New Sale, Average Closing Rate, Average Customer Retention, and Average Daily Production for a 3-Man Crew in Table No. 2. Average Gross Sales are further categorized by market size and number of years in operations.

All information in the following tables reflect the sale of Holiday Lighting Services only and none of the information relates to the sale of any Ancillary Lighting Services.

Table No. 1

The average sales information was derived from system-wide sales reporting data from 155 Christmas Decor franchisees representing 192 franchises (or 80% of all 240 active Christmas Decor franchises at the sales reporting deadline of January 22, 2024). 10 franchises that either failed to provide sales reports or had de minimis activity because their owners are in the process of selling their Christmas Decor franchise were not included in our system-wide sales data for royalties. 38 of these 240 franchises had been in operation for fewer than the 5+ year operational periods used to determine inclusion for purposes of the Average Gross Sales category, so their Average Gross Sales were not included. (See notes (1) and (2)).

		Franchises Above Average	Franchises Below Average	Highest	Lowest	Median⁽⁵⁾
AVERAGE GROSS SALES ⁽¹⁾						
Top 10% in sales ⁽²⁾	\$2,412,637	25%	75%	\$7,253,083	\$1,238,833	\$1,610,768
5+ years in operation ⁽³⁾	\$418,607	37%	63%	\$7,253,083	\$13,291	\$226,039

Notes to Table No. 1

- (1) In the first franchise year of this seasonal business, franchisees start at different times during the year (often in the last quarter) and are trained on the system at various times so their gross sales for each outlet are not a true representation of the system. In the second year, much of the gross sales are dependent on renewal of customers from the previous year. Since the total number of customers for each new outlet in its first year is disproportionately low, the renewals are also disproportionately low for the second year. We consider mature franchises to be those with at least a 3 year operating history. Accordingly, we did not include the Gross Sales of any Christmas Decor franchise operating for less than 2 years in determining Average Gross Sales. The Average Gross Sales for franchises that had 3+ years in operations compared to 5+ years in operation were less than 5%. Therefore we did not include the 3+ years numbers in determining Gross Sales.

Average Gross Sales data includes both residential and commercial customers. Gross Sales is defined as the sale of Holiday Lighting Services less sales tax, discounts, allowances, and returns.

- (2) Our system-wide average sales information for royalty purposes in calculating the top 10% of total sales, is based on the collective sales data received from 8 franchisee owners representing 23 Christmas Decor franchises (10% of all 240 active Christmas Decor franchises).
- (3) Our system-wide average sales information for royalty purposes is based on the collective sales data received from 155 franchisee owners representing 192 Christmas Decor franchises. 38 franchises have been in operation for less than 5 years and are not included in the system-wide averages for this financial performance representation.
- (4) The definition of Median is the gross sales amount that is the midpoint in the range of gross sales amounts used in Table 1.

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Further details regarding those Christmas Decor franchises represented in Table No. 1 of this financial performance representation are listed below:

Geographic Distribution. The following is a breakdown of the Christmas Decor franchises included in Table No. 1 of this financial performance representation by state:

Alabama – 3	Louisiana – 4	Ohio – 5
Alaska – 2	Maryland – 6	Oklahoma – 2
Arizona – 2	Massachusetts – 7	Oregon – 3
Arkansas – 4	Michigan – 6	Pennsylvania – 9
California – 2	Minnesota – 5	Rhode Island – 1
Colorado – 6	Mississippi – 2	South Carolina – 2
Connecticut – 1	Missouri – 1	Tennessee – 3
Delaware – 1	Montana – 5	Texas – 19
Florida – 6	Nebraska – 2	Utah – 5
Georgia – 10	New Hampshire – 1	Vermont – 1
Idaho – 4	New Jersey – 16	Virginia – 5
Illinois – 7	New Mexico – 1	Washington – 3
Indiana – 4	New York – 7	West Virginia – 2
Iowa – 6	North Carolina – 1	Wisconsin – 4
Kansas – 2	North Dakota – 1	Wyoming – 1
Kentucky – 2		

Number of Years in Operation. The following is a breakdown of the Christmas Decor franchises included in Table No. 1 of this financial performance representation by years in operation:

Years in Operation	# of Franchises
1 – 4	0
5 +	192

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Table No. 2

Information for the following 5 categories was derived from a survey sent to all Christmas Decor franchisees to elicit information about their 2023 operating year. Of the franchisees surveyed, 186 Christmas Decor franchisees representing 225 franchises (or 94% of all 240 active Christmas Decor franchises at the sales reporting deadline of January 22, 2024) responded to our questions and were included in the other 5 categories listed below. Data concerning the remaining 15 franchises whose owners did not respond to the survey or who failed to respond thoroughly were not included in this financial performance representation. It is unknown to us whether the inclusion of such data, if it were available, would have a material effect on the figures contained in the following chart:

		Franchises Above Average	Franchises Below Average	Median⁽⁶⁾
Average Estimated Net Profit as a Percentage of Sales⁽¹⁾	41%	71%	29%	50%
Average New Sale⁽²⁾	\$2,253	37%	63%	\$1,819
Average Closing Rate⁽³⁾	51%	48%	52%	50%
Average Customer Retention⁽⁴⁾	79%	57%	43%	82%
Average Daily Production (3-man crew)⁽⁵⁾	\$3,361	35%	64%	\$2,667

Notes to Table No. 2

- (1) The definition of Estimated Net Profits is total sales less product costs, cost of labor, sales and marketing related costs, equipment rental, and any other variable costs related specifically to the Christmas Decor business. Royalty Fees paid to the Franchisor, owner salary/draws or allocations of fixed assets unchanged by the Christmas Decor business were not included.
- (2) Average New Sale data is for sales to first-time residential customers.
- (3) Average Closing Rate is the number of sales made to first-time residential customers vs. the number of appointments to those same customers.
- (4) Average Customer Retention is the number of renewals made to residential customers (at least 2 years old) vs. the number of residential customers from the previous year.
- (5) Average Daily Production is based on the sales installed by a 3-man crew operation during the holiday season (typically, the last 2 weeks of October, all of November and the first 2 weeks of December).
- (6) The definition of Median is the midpoint in the range of figures used for each of the averages in Table 2.

Further details regarding those Christmas Decor franchises represented in Table No. 2 of this financial performance representation are listed below:

Geographic Distribution. The following is a breakdown of the Christmas Decor franchises included in Table No. 2 of this financial performance representation by state:

Alabama – 3	Louisiana – 5	Ohio – 5
Alaska – 2	Maryland – 9	Oklahoma – 3
Arizona – 2	Massachusetts – 7	Oregon – 5
Arkansas – 4	Michigan – 7	Pennsylvania – 13
California – 2	Minnesota – 5	Rhode Island – 1
Colorado – 6	Mississippi – 3	South Carolina – 3
Connecticut – 1	Missouri – 2	Tennessee – 5
Delaware – 1	Montana – 5	Texas – 26
Florida – 9	Nebraska – 2	Utah – 5
Georgia – 10	New Hampshire – 2	Vermont – 1
Idaho – 4	New Jersey – 17	Virginia – 6
Illinois – 7	New Mexico – 1	Washington – 3
Indiana – 4	New York – 7	West Virginia – 2
Iowa – 6	North Carolina – 2	Wisconsin – 4
Kansas – 3	North Dakota – 1	Wyoming – 2
Kentucky – 2		

Number of Years in Operation. The following is a breakdown of the Christmas Decor franchises included in Table No. 2 of this financial performance representation by years in operation:

Years in Operation	# of Franchises
1 – 2	14
3 – 4	20
5 +	191

Written substantiation for the financial performance representation will be made available to you upon reasonable request.

This analysis does not include any estimates of the federal income tax that would be payable on the net income from a CHRISTMAS DECOR Franchised Business or state or local net income or gross profits taxes that may be applicable to the particular jurisdiction in which any such business is located.

Some outlets have sold and/or earned this amount. Your individual financial results may differ from these results. There is no assurance you'll sell and/or earn this 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 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 Brandon Stephens, 301 SE Loop 289, Lubbock, Texas 79404, (806) 722-1225, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

The Decor Group Franchise program and opportunity began as of the effective date of this FDD so there are no outlets and Franchisee information to be reported in the following tables 1 – 4 in this Item 20. Table 5 Projected Openings does include information for The Decor Group franchisees.

Table No. 1

Systemwide Outlet Summary For Years 2022, 2022-S⁽¹⁾ and 2023

CHRISTMAS DECOR FRANCHISE PROGRAM

OUTLET TYPE	YEAR	OUTLETS AT THE START OF THE YEAR	OUTLETS AT THE END OF THE YEAR	NET CHANGE
Franchised	2022	235	235	0
	2022-S	235	240	+5
	2023	240	240	0
Company-Owned	2022	0	0	0
	2022-S	0	0	0
	2023	0	0	0
Total Outlets	2022	235	235 ⁽²⁾	0
	2022-S	235	240	+5
	2023	240	240	0

Notes:

- (1) All numbers for 2022 are as of fiscal year end, March 31. 2022-S is for the shortened fiscal year from April 1, 2022 through December 31, 2022. The fiscal year end date was changed during the 2022 calendar year. The numbers for 2023 are as of December 31, 2023
- (2) Three existing franchises (1-California, 1-Connecticut, 1-Missouri) terminated after the fiscal year ending March 31, 2022. They are included in this table and Exhibit D-2 List of Franchises Who Have Left.