

FRANCHISE AGREEMENT		
Provision	Article in Franchise Agreement	Summary
v. Choice of forum	Article 17	Except for certain claims, all disputes must be mediated or litigated in the principal city closest to our State of incorporation (currently Delaware), subject to applicable state law.
w. Choice of law	Article 17	The laws of Delaware govern this agreement, subject to the applicable laws of the state where the franchise is located.

ITEM 18: PUBLIC FIGURES

We do not use any public figure to promote our 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.

BASES AND ASSUMPTIONS

The financial information was prepared on a basis consistent with generally accepted accounting principles during the respective Calendar Years. Data for our Company Owned Outlet is based on information reported to us by our affiliate. Data for our Franchise Outlet is based on information reported to us by our franchisee. We do not have any other Company Owned Outlet or Franchise Outlet as of the issuance date of this Disclosure Document. The information in this analysis has not been audited, is based on historical financial data and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF COMPANY OWNED OUTLET

We have one Company Owned Outlet. Our Company Owned Outlet operates in a densely populated metropolitan market in Norwalk, CT. As of the issuance date of this Disclosure Document, our Company owned outlet is operating under the name of DavCo and is transitioning to the Daisy name. It may operate across multiple territories.

Company Owned Outlet	Year Opened	Description and Territory Size
Norwalk, CT	2011*	This Company Owned Outlet operates in Multiple Territories including Fairfield County, CT and Westchester County, NY

* Under current management

Below we report select financial performance data of our Company Owned Outlet for the 2021 and 2022 Calendar Years, and for LTM 2023.

Table 1

Company Owned Outlet Norwalk, CT 2022-2021 YOY Sales Growth: + 16.1% LTM 2023-2022 YOY Sales Growth: + 15.8%						
	2021 Calendar Year		2022 Calendar Year		LTM 2023	
Gross Sales*	\$1,557,000	100%	\$1,807,000	100%	\$2,092,000	100%
Cost of Goods and Services Sold	\$800,000	51%	\$1,040,000	58%	\$1,064,000	51%
Gross Profit	\$757,000	49%	\$767,000	42%	\$1,028,000	49%
LESS: Disclosed Expenses:						
- Marketing	\$3,000	0.2%	\$17,000	1%	\$5,000	0.2%
- Administrative payroll	\$233,000	15%	\$262,000	15%	\$305,000	15%
- Insurance	\$26,000	2%	\$28,000	2%	\$26,000	1%
- Rent and utilities	\$45,000	3%	\$49,000	3%	\$50,000	2%
- Professional fees	\$20,000	1%	\$14,000	1%	\$11,000	1%
- Computer and internet	\$9,000	1%	\$13,000	1%	\$12,000	1%
- Auto/truck	\$12,000	1%	\$9,000	1%	\$10,000	1%
- Miscellaneous	\$26,000	2%	\$22,000	1%	\$25,000	1%
Adjusted Profit – Before Franchise Related Expenses <small>Note 1</small>	\$383,000	25%	\$353,000	19.5%	\$584,000	27.9%
<u>LESS:</u> Adjustments for other recurring franchisee related expenses that will be incurred by you but that were not incurred or paid by our Company Owned Outlet <small>Note 1</small>						
Adjustment: Disclosed Expenses not paid by Company Owned Outlet but charged to Franchisees:						
- Support Services Fee <small>Note 2</small>	\$155,700	10%	\$180,700	10%	\$209,200	10%
- Local Marketing Adjustment <small>Note 3</small>						
Adjusted Profit – After Franchise Related Expenses <small>Note 1</small>	\$227,300	15%	\$172,300	9.5%	\$374,800	18%

*Gross Sales does not include any government or federal loan assistance.

Notes to Table 1:

1. Adjustments for Franchisee Related Expenses – These adjustments are for expenses that you will be required to pay as a franchisee but that were not incurred by our Company Owned Outlet.
2. Support Service Fee – The recurring Support Service Fee is equal to 10% of Gross Sales. We based our adjustment on 10% of Gross Sales.
3. Local Marketing – You will be required to spend not less than 3% of your Gross Sales on the local marketing of your Business. In 2021, 2022 and LTM 2023 our Company Owned Outlet spent less than 3% of Gross Sales on local marketing. We did not reflect this spend in the financial performance data provided above because it was impractical to adjust for the benefits from the local marketing spend and, without the benefits, the above financial disclosure would be misleading. However, had our Company Owned Outlet spent the required 3% for Local Marketing then it would have spent \$46,710 in 2021; \$54,210 in 2022; and \$62,760 for LTM.

ANALYSIS OF RESULTS OF FRANCHISE OUTLET

We have one Franchise Outlet that has converted its existing business to a Daisy franchise. Our Franchise Outlet operates in densely populated metropolitan markets in Costa Mesa, CA and surrounding markets.

As of the date of issuance date of this Disclosure Document, our Franchise outlet is operating under the name of Brilliant AV and is transitioning to the Daisy name. It may operate across multiple territories.

Company Owned Outlet	Year Opened	Description and Territory Size
Costa Mesa, CA	2011*	This Franchise Outlet operates in Multiple Territories across Orange County and Los Angeles County, CA

* Under current name

Below we report select financial performance data of our Franchise Outlet for the 2021 and 2022 Calendar Years, and for LTM 2023, on a pro forma basis reflecting the historical impact of changes we have made in the Franchise Outlet since we began working with them in November 2023 in a consulting role.

NOTE: THE FRANCHISE OUTLET HAS ONLY BEEN A FRANCHISEE OF DAISY FOR LESS THAN ONE MONTH. AS A RESULT, THE MOST SUBSTANTIAL IMPROVEMENTS OF THE DAISY OPERATING SYSTEM HAVE NOT BEEN REALIZED AT OUR FRANCHISE OUTLET.

Table 2

Franchise Outlet Costa Mesa, CA						
	2021 Calendar Year		2022 Calendar Year		LTM 2023	
Gross Sales*	\$5,202,000	100%	\$5,237,000	100%	\$6,220,000	100%
Cost of Goods and Services Sold	\$2,965,000	57%	\$3,127,000	60%	\$3,539,000	57%
Gross Profit	\$2,237,000	43%	\$2,110,000	40%	\$2,681,000	43%
LESS: Disclosed Expenses:						
- Marketing	\$13,000	0.2%	\$13,000	0.2%	\$26,000	0.4%
- Administrative payroll	\$870,000	17%	\$1,014,774	19%	\$972,000	16%
- Insurance	\$128,000	2%	\$135,000	3%	\$139,000	1%
- Rent and utilities	\$82,000	2%	\$68,000	3%	\$138,000	2%
- Professional fees	\$54,000	1%	\$83,000	2%	\$87,000	1%
- Computer and internet	\$97,000	2%	\$90,000	2%	\$93,000	1%
- Auto/truck	\$65,000	1%	\$83,000	2%	\$75,000	1%
- Miscellaneous	\$85,000	2%	\$110,000	2%	\$25,000	1%
Adjusted Profit – Before Franchise Related Expenses ^{Note 1}	\$843,000	16%	\$513,226	10%	\$1,126,000	18%
LESS: Adjustments for other recurring franchisee related expenses that will be incurred by you but that were not incurred or paid by our Company Owned Outlet ^{Note 1}						
Adjustment: Disclosed Expenses not paid by Company Owned Outlet but charged to Franchisees:						
- Support Services Fee ^{Note 2}	\$520,200	10%	\$523,700	10%	\$622,000	10%
- Local Marketing Adjustment ^{Note 3}						
Adjusted Profit – After Franchise Related Expenses ^{Note 1}	\$322,800	6%	\$(10,474)	(0.2%)	\$504,000	8%

*Gross Sales does not include any government or federal loan assistance.

Notes to Table 2:

1. Adjustments for Franchisee Related Expenses – These adjustments are for expenses that you will be required to pay us as a franchisee but that were not incurred by our Franchise Outlet.

2. <u>Support Service Fee</u> – The recurring Support Service Fee is equal to 10% of Gross Sales. We based our adjustment on 10% of Gross Sales.
3. <u>Local Marketing</u> – You will be required to spend not less than 3% of your Gross Sales on the local marketing of your Business. In 2021, 2022 and LTM 2023 our Company Owned Outlet spent less than 3% of Gross Sales on local marketing. We did not reflect this spend in the financial performance data provided above because it was impractical to adjust for the benefits from the local marketing spend and, without the benefits, the above financial disclosure would be misleading. However, had our Franchised Outlet spent the required 3% for Local Marketing then it would have spent \$156,060 in 2021; \$157,110 in 2022; and \$186,600 for LTM.

DEFINITIONS

(a) Adjusted Profit – means Gross Profit less Disclosed Expenses. Adjusted Profit is not equal to net profit or income and, except as to Cost of Goods and Services Sold and Disclosed Expenses, does not include the deduction of all other expenses incurred by a Daisy Business including, but not limited to, other operating expenses, interest, taxes, depreciation, and amortization.

(b) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.

(c) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate, or any person identified in Item 2.

(d) Costs of Goods and Services Sold – means the direct non-managerial and non-administrative cost of goods sold and labor incurred by an Outlet in directly performing and/or installing Approved Services and Products resulting in Gross Sales. Cost of Goods and Services Sold do not include managerial expenses, administrative expenses, Disclosed Expenses, general expenses, or operating expenses.

(e) Disclosed Expenses – refers to a limited selection of expenses as disclosed in the tables to this Item 19, comprised of the following select expense categories: labor, rent, utilities, service vehicle, insurance, office supplies, technology fee, credit card processing fees, and miscellaneous expenses.

(f) Franchise Outlet – refers to a Daisy Business operated under a Franchise Agreement that is not a Company Owned Outlet.

(g) Gross Profit – means Gross Sales less Cost of Goods and Services Sold. Gross Profit is not net profit or income and, except as to Cost of Goods and Services Sold, does not include the deduction of all other expenses incurred by a Daisy Business including, but not limited to, Disclosed Expenses, operating expenses, interest, taxes, depreciation, and amortization.

(h) Gross Sales – means the total revenue derived by each outlet less sales tax, discounts, allowances and returns.

(i) LTM 2023 – means the 12 month period from July 2022 to July 2023.

(j) Outlet – refers to either a Company Owned Outlet or Franchise Outlet, as the context requires.

(k) YOY Sales Growth – refers to the year over year calculation of the percentage of growth for Gross Sales for each Outlet. YOY Sales Growth is calculated by comparing the Gross Sales of a particular Calendar Year with the Gross Sales for the next Calendar Year.

(l) Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

(m) Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance representations, 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 Daisyco, Inc. at 1117 Baker Street, #A, Costa Mesa, CA 92626 and (909) 979-1830, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

**ITEM 20 TABLE NO. 1
System-wide Outlet Summary
For Years 2021 to 2023**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Company-Owned*	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	0	0	0
	2022	0	0	0
	2023	0	0	0

**ITEM 20 TABLE NO. 2
Transfers of Franchised Outlets to New Owners
(other than the Franchisor)
For Years 2021 to 2023**

State	Year	Number of Transfers
Totals	2021	0
	2022	0
	2023	0