

## **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) 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.

### **DEFINITIONS**

- (a) ADU – refers to and means an accessory dwelling unit, which is a temporary or semi-permanent structure constructed and/or installed on-site at a customer location and/or home.
- (b) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (c) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.
- (d) 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.
- (e) Contract – means a contract or agreement by an Outlet with a Customer for the sale and installation of an ADU.
- (f) Contract Deposit – means Gross Sales initially paid as a deposit for the construction and installation of an ADU.
- (g) Customer – means each unique customer that purchased an ADU from an Outlet during a select Calendar Year.
- (h) Direct Cost of Goods Sold – means the direct non-managerial and non-administrative cost of goods sold and labor incurred by an Outlet in the construction of an ADU resulting in Gross Sales comprised of the following expenses: architecture costs, general contractor costs, sales commissions, and other cost of goods sold. Direct Cost of Goods Sold does not include administrative, marketing, project management oversight labor, or any other expenses.
- (i) Direct Gross Profit – means Gross Sales less Direct Cost of Goods Sold. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Goods Sold, does not include the deduction of all other expenses incurred by an Anchored Tiny Homes Business including, but not limited to, managerial labor and expenses, administrative labor and expenses, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to, interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (j) Disclosed Expenses – means the following select expenses: marketing, non-owner administrative labor, service vehicle, and insurance.
- (k) Franchise Outlet – refers to an Anchored Tiny Homes Business operated under a Franchise Agreement that is not a Company Owned Outlet.
- (l) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Technology Fee, and Contact Center Fees. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

(m) Gross Sales – means the total revenue derived by each Anchored Tiny Homes Business related to the sale, construction and/or installation of ADUs, less sales tax, discounts, allowances and returns. Gross Sales include Contract Deposits for ADUs that may or may not have been installed during the Calendar Year but exclude receipts and revenues received during the Calendar Year for ADUs installed and completed in a prior Calendar Year.

(n) Median – means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.

(o) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2022, as to the 2022 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2023 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2023 Calendar Year.

(p) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2022, as to the 2022 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2023 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2023 Calendar Year.

(q) Outlet – refers to an Anchored Tiny Homes Business that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

### **BASES AND ASSUMPTIONS**

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Company Owned Outlet is based on information reported to us by our affiliate and data for our Operational Franchise Outlet is based on information reported to us by our franchisee. 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 with an office located in Fair Oaks, California. Our Company Owned Outlet operates within an Operating Territory comprised of approximately 14,007,661 people, which is the equivalent of 47 Territories. In Table 1 we provide a summary of the Territories comprising the Operating Territory of our Company Owned Outlet.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 1

Company Owned Outlet	
Territory	Territory Description
Auburn CA N Corp	We commenced services in the Auburn CA N Corp in November 2022. The Auburn CA N Corp Territory is comprised of a population of approximately 289,935 people and qualifies as one Territory.
Brentwood CA N Corp	We commenced services in the Brentwood CA N Corp in November 2022. The Brentwood CA N Corp Territory is comprised of a population of approximately 298,643 people and qualifies as one Territory.
Cape Horn CA N Corp	We commenced services in the Cape Horn CA N Corp Territory in February 2023. The Cape Horn CA N Corp Territory is comprised of a population of approximately 272,696 people and qualifies as one Territory.
Castro Valley CA N Corp	We commenced services in the Castro Valley CA N Corp Territory in November 2022. The Castro Valley CA N Corp Territory is comprised of a population of approximately 275,993 people and qualifies as one Territory.
Central Bay CA N Corp	We commenced services in the Central Bay CA N Corp in November 2022. The Central Bay CA N Corp Territory is comprised of a population of approximately 275,993 people and qualifies as one Territory.
Daly City CA N Corp	We commenced services in the Daly City CA N Corp Territory in May 2023. The Daly City CA N Corp Territory is comprised of a population of approximately 293,097 people and qualifies as one Territory.
Davis CA N Corp	We commenced services in the Davis CA N Corp Territory in February 2023. The Davis CA N Corp Territory is comprised of a population of approximately 293,659 people and qualifies as one Territory.
Elk Grove CA N Corp	We commenced services in the Elk Grove CA N Corp Territory in November 2022. The Elk Grove CA N Corp Territory is comprised of a population of approximately 285,939 people and qualifies as one Territory.
Folsom CA N Corp	We commenced services in the Folsom CA N Corp Territory in December 2022. The Folsom CA N Corp Territory is comprised of a population of approximately 299,205 people and qualifies as one Territory.
Fort Bragg CA N Corp	We commenced services in the Fort Bragg CA N Corp Territory in September 2023. The Fort Bragg CA N Corp Territory is comprised of a population of approximately 299,918 people and qualifies as one Territory.
Fremont CA N Corp	We commenced services in the Fremont CA N Corp Territory in January 2023. The Fremont CA N Corp Territory is comprised of a population of approximately 284,259 people and qualifies as one Territory.
Half Moon Bay CA N Corp	We commenced services in the Half Moon Bay CA N Corp Territory in December 2022. The Half Moon Bay CA N Corp Territory is comprised of a population of approximately 290,055 people and qualifies as one Territory.
Lafayette CA N Corp	We commenced services in the Lafayette CA N Corp Territory in November 2022. The Lafayette CA N Corp Territory is comprised of a population of approximately 280,887 people and qualifies as one Territory.
Lincoln CA N Corp	We commenced services in the Lincoln CA N Corp Territory in November 2022. The Lincoln CA N Corp Territory is comprised of a population of approximately 297,284 people and qualifies as one Territory.
Los Banos CA N Corp	We commenced services in the Los Banos CA N Corp Territory in February 2023. The Los Banos CA N Corp Territory is comprised of a population of approximately 297,977 people and qualifies as one Territory.
Los Gatos CA N Corp	We commenced services in the Los Gatos CA N Corp Territory in November 2022. The Los Gatos CA N Corp Territory is comprised of a population of approximately 276,480 people and qualifies as one Territory.
Milpitas CA N Corp	We commenced services in the Milpitas CA N Corp Territory in March 2023. The Milpitas CA N Corp Territory is comprised of a population of approximately 271,293 people and qualifies as one Territory.
Newark CA N Corp	We commenced services in the Newark CA N Corp Territory in November 2022. The Newark CA N Corp Territory is comprised of a population of approximately 280,118 people and qualifies as one Territory.

	one Territory.
Oakland CA N Corp	We commenced services in the Oakland CA N Corp Territory in December 2022. The Oakland CA N Corp Territory is comprised of a population of approximately 292,530 people and qualifies as one Territory.
Oakley CA N Corp	We commenced services in the Oakley CA N Corp Territory in June 2023. The Oakley CA N Corp Territory is comprised of a population of approximately 284,752 people and qualifies as one Territory.
Piedmont CA N Corp	We commenced services in the Piedmont CA N Corp Territory in November 2022. The Piedmont CA N Corp Territory is comprised of a population of approximately 289,204 people and qualifies as one Territory.
Sacramento NE CA N Corp	We commenced services in the Sacramento NE CA N Corp Territory in February 2023. The Sacramento NE CA N Corp Territory is comprised of a population of approximately 267,896 people and qualifies as one Territory.
Sacramento NW CA N Corp	We commenced services in the Sacramento NW CA N Corp Territory in November 2022. The Sacramento NW CA N Corp Territory is comprised of a population of approximately 268,689 people and qualifies as one Territory.
Sacramento S CA N Corp	We commenced services in the Sacramento S CA N Corp Territory in December 2022. The Sacramento S CA N Corp Territory is comprised of a population of approximately 277,084 people and qualifies as one Territory.
Sacramento SE CA N Corp	We commenced services in the Sacramento SE CA N Corp Territory in November 2022. The Sacramento SE CA N Corp Territory is comprised of a population of approximately 249,725 people and qualifies as one Territory.
Salida CA N Corp	We commenced services in the Salida CA N Corp Territory in December 2022. The Salida CA N Corp Territory is comprised of a population of approximately 291,047 people and qualifies as one Territory.
San Jose E CA N Corp	We commenced services in the San Jose E CA N Corp Territory in November 2022. The San Jose E CA N Corp Territory is comprised of a population of approximately 276,338 people and qualifies as one Territory.
San Jose NW CA N Corp	We commenced services in the San Jose NW CA N Corp Territory in February 2023. The San Jose NW CA N Corp Territory is comprised of a population of approximately 288,893 people and qualifies as one Territory.
San Jose SW CA N Corp	We commenced services in the San Jose SW CA N Corp Territory in December 2022. The San Jose SW CA N Corp Territory is comprised of a population of approximately 296,820 people and qualifies as one Territory.
San Jose W CA N Corp	We commenced services in the San Jose W CA N Corp Territory in March 2023. The San Jose W CA N Corp Territory is comprised of a population of approximately 292,777 people and qualifies as one Territory.
San Pablo CA N Corp	We commenced services in the San Pablo CA N Corp Territory in January 2023. The San Pablo CA N Corp Territory is comprised of a population of approximately 293,328 people and qualifies as one Territory.
Santa Rosa W CA N Corp	We commenced services in the Santa Rosa W CA N Corp Territory in September 2023. The Santa Rosa W CA N Corp Territory is comprised of a population of approximately 289,913 people and qualifies as one Territory.
Sonoma CA N Corp	We commenced services in the Sonoma CA N Corp Territory in November 2022. The Sonoma CA N Corp Territory is comprised of a population of approximately 285,170 people and qualifies as one Territory.
Stanford CA N Corp	We commenced services in the Stanford CA N Corp Territory in December 2022. The Stanford CA N Corp Territory is comprised of a population of approximately 293,520 people and qualifies as one Territory.
Stockton CA N Corp	We commenced services in the Stockton CA N Corp Territory in May 2023. The Stockton CA N Corp Territory is comprised of a population of approximately 278,920 people and qualifies as one Territory.
Tahoe CA N Corp	We commenced services in the Tahoe CA N Corp Territory in December 2022. The Tahoe CA N Corp Territory is comprised of a population of approximately 268,155 people and qualifies as one Territory.
Tracy CA N Corp	We commenced services in the Tracy CA N Corp Territory in November 2022. The Tracy CA N Corp Territory is comprised of a population of approximately 292,852 people and qualifies as one

	Territory.
Walnut Creek CA N Corp	We commenced services in the Walnut Creek CA N Corp Territory in November 2022. The Walnut Creek CA N Corp Territory is comprised of a population of approximately 291,417 people and qualifies as one Territory.
Woodland CA N Corp	We commenced services in the Woodland CA N Corp Territory in November 2022. The Woodland CA N Corp Territory is comprised of a population of approximately 283,932 people and qualifies as one Territory.
Bonita CA S Corp	We commenced services in the Bonita CA S Corp Territory in August 2023. The Bonita CA S Corp Territory is comprised of a population of approximately 313,561 people and qualifies as one Territory that has been supplemented with additional people.
Carlsbad CA S Corp	We commenced services in the Carlsbad CA S Corp Territory in September 2023. The Carlsbad CA S Corp Territory is comprised of a population of approximately 297,935 people and qualifies as one Territory.
Glenview CA S Corp	We commenced services in the Glenview CA S Corp Territory in September 2023. The Glenview CA S Corp Territory is comprised of a population of approximately 288,661 people and qualifies as one Territory.
Highland CA S Corp	We commenced services in the Highland CA S Corp Territory in September 2023. The Highland CA S Corp Territory is comprised of a population of approximately 276,423 people and qualifies as one Territory.
Inglewood CA S Corp	We commenced services in the Inglewood CA S Corp Territory in September 2023. The Inglewood CA S Corp Territory is comprised of a population of approximately 279,332 people and qualifies as one Territory.
Oak Grove CA S Corp	We commenced services in the Oak Grove CA S Corp Territory in August 2023. The Oak Grove CA S Corp Territory is comprised of a population of approximately 289,227 people and qualifies as one Territory.
Poway CA S Corp	We commenced services in the Poway CA S Corp Territory in September 2023. The Poway CA S Corp Territory is comprised of a population of approximately 296,442 people and qualifies as one Territory.
Rosemead CA S Corp	We commenced services in the Rosemead CA S Corp Territory in September 2023. The Rosemead CA S Corp Territory is comprised of a population of approximately 295,056 people and qualifies as one Territory.
San Marcos CA S Corp	We commenced services in the San Marcos CA S Corp Territory in August 2023. The San Marcos CA S Corp Territory is comprised of a population of approximately 284,335 people and qualifies as one Territory.
Winchester CA S Corp	We commenced services in the Winchester CA S Corp Territory in September 2023. The Winchester CA S Corp Territory is comprised of a population of approximately 270,296 people and qualifies as one Territory.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 2

**Company Owned Outlet: All Territories Combined<sup>1</sup>  
2023 Calendar Year**

	Total	% <sup>2</sup>
<b>Gross Sales by Category</b>		
Gross Sales: ADUs Sold and Installed During Calendar Year	\$47,550,257	50.0%
Gross Sales: Contract Deposits for ADUs Sold but Not Installed During Calendar Year	\$47,609,232	50.0%
<b>Total Gross Sales</b>	<b>\$95,159,489</b>	100.0%
Less: Direct Cost of Goods Sold		
Architecture Cost	(\$2,944,500)	3.1%
General Contractor Cost	(\$57,323,667)	60.2%
Sales Commissions	(\$2,378,987)	2.5%
Other Cost of Goods Sold	\$0	0.0%
<b>Total Direct Cost of Goods Sold</b>	<b>(\$62,647,154)</b>	65.8%
<b>Direct Gross Profit</b>	<b>\$32,512,335</b>	34.2%
Less: Disclosed Expenses		
Marketing	(\$2,920,945)	3.1%
Non-Owner Administrative Labor <sup>3</sup>	(\$4,223,305)	4.4%
Service Vehicle	(\$199,222)	0.2%
Insurance	(\$311,909)	0.3%
<b>Direct Gross Profit Less Disclosed Expenses</b>	<b>\$24,856,954</b>	26.1%
Less: Adjustments for Franchise Related Expenses		
Royaalty Fee <sup>4</sup>	(\$5,709,569)	6.0%
Brand Development Fund Fee <sup>5</sup>	(\$951,595)	1.0%
Technology Fee <sup>6</sup>	N/A	0.0%
Contact Center Fee <sup>7</sup>	(\$1,903,190)	2.0%
<b>Direct Gross Profit Less Disclosed Expenses and Franchise Related Expenses</b>	<b>\$16,292,600</b>	17.1%

Notes to Table:

<sup>1</sup> This table includes the combined results of our Company Owned Outlet which operates in the equivalent of 47 Territories as disclosed in Table 1, and comprising a geographic area that includes approximately 14,007,661 people.

<sup>2</sup> “%” represents the percentage of total Gross Sales.

<sup>3</sup> Non-Owner Administrative Labor expenses of the Company Owned Outlet include wages, payroll taxes, workers' compensation, and paid employee benefits, if any, in connection with human resources employees, marketing employees, project managers, and permit coordinators. Anchored Tiny Homes franchisees may not be required to employee all of these types of professionals at their Franchised Business.

<sup>4</sup> The Royalty Fee is equal to the greater of 6% of Gross Sales or the Minimum Monthly Royalty Fee Requirement of \$3,500 per Territory per month.

<sup>5</sup> The Brand Development Fund Fee is currently 1% of Gross Sales but may be increased to 2% of Gross Sales.

<sup>6</sup> We currently do not collect a Technology Fee but reserve the right to do so in the future provided the Technology Fee shall not exceed \$1,000 per month.

<sup>7</sup> The Contact Center Fee is equal to the greater of 2% of Gross Sales or \$1,000 per Territory per month.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

Table 3

<b>Company Owned Outlet<sup>1</sup></b> <b>Total Gross Sales by Territory</b> <b>2023 Calendar Year</b>		
Territory	Territory Population	Gross Sales
Auburn CA N Corp	289,935	\$3,075,274
Brentwood CA N Corp	298,643	\$4,452,344
Cape Horn CA N Corp	272,696	\$1,607,002
Castro Valley CA N Corp	275,993	\$2,902,443
Central Bay CA N Corp	275,993	\$0
Daly City CA N Corp	293,097	\$817,250
Davis CA N Corp	293,659	\$1,318,652
Elk Grove CA N Corp	285,939	\$2,936,254
Folsom CA N Corp	299,205	\$4,446,119
Fort Bragg CA N Corp	299,918	\$206,875
Fremont CA N Corp	284,259	\$1,775,171
Half Moon Bay CA N Corp	290,055	\$2,215,743
Lafayette CA N Corp	280,887	\$4,402,713
Lincoln CA N Corp	297,284	\$2,731,495
Los Banos CA N Corp	297,977	\$932,883
Los Gatos CA N Corp	276,480	\$2,740,647
Milpitas CA N Corp	271,293	\$1,849,290
Newark CA N Corp	280,118	\$1,889,541
Oakland CA N Corp	292,530	\$1,691,372
Oakley CA N Corp	284,752	\$758,756
Piedmont CA N Corp	289,204	\$3,236,637
Sacramento NE CA N Corp	267,896	\$5,210,617
Sacramento NW CA N Corp	268,689	\$1,424,280
Sacramento S CA N Corp	277,084	\$7,230,176
Sacramento SE CA N Corp	249,725	\$4,652,484
Salida CA N Corp	291,047	\$668,620
San Jose E CA N Corp	276,338	\$3,255,108
San Jose NW CA N Corp	288,893	\$1,727,551
San Jose SW CA N Corp	296,820	\$1,973,940
San Jose W CA N Corp	292,777	\$1,191,375
San Pablo CA N Corp	293,328	\$2,006,302
Santa Rosa W CA N Corp	289,913	\$576,710
Sonoma CA N Corp	285,170	\$3,625,152
Stanford CA N Corp	293,520	\$1,880,848
Stockton CA N Corp	278,920	\$472,497
Tahoe CA N Corp	268,155	\$957,477
Tracy CA N Corp	292,852	\$1,606,771
Walnut Creek CA N Corp	291,417	\$4,839,838
Woodland CA N Corp	283,932	\$1,052,924
Bonita CA S Corp	313,561	\$1,200,171
Carlsbad CA S Corp	297,935	\$1,054,245
Glenview CA S Corp	288,661	\$352,250
Highland CA S Corp	276,423	\$122,580
Inglewood CA S Corp	279,332	\$169,210
Oak Grove CA S Corp	289,227	\$461,117
Poway CA S Corp	296,442	\$383,050
Rosemead CA S Corp	295,056	\$313,970
San Marcos CA S Corp	284,335	\$366,500
Winchester CA S Corp	270,296	\$397,265
<b>Total</b>	<b>14,007,661</b>	<b>\$95,159,489</b>

Note to Table:

<sup>1</sup> This Company Owned Outlet operates within the equivalent of 47 Territories as disclosed in Table 1.

Table 4

**Company Owned Outlet  
Underlying Transaction Data and Information  
2023 Calendar Year<sup>1</sup>**

Data	Company Owned Outlet
Number of Customers	453
Number of ADUs Sold	453
Number of ADUs Installed	77
Average Gross Sales Per ADU <sup>2</sup>	\$210,065
Median Gross Sales Per ADU	\$195,524
High Gross Sales Per ADU	\$832,000
Low Gross Sales Per ADU	\$52,500
Gross Sales: ADUs Sold and Installed During Calendar Year	\$34,099,399
Gross Sales: Contract Deposits for ADUs Sold but Not Installed During Calendar Year	\$61,060,090
Average Contract Deposit	\$1,000
Median Contract Deposit	\$1,000
High Contract Deposit	\$1,000
Low Contract Deposit	\$1,000

Note to Table:

<sup>1</sup> The data reported in this Table 4 relates to the underlying transactions resulting in the Gross Sales reported in Table 2 of this Item 19.

<sup>2</sup> Average Gross Sales per ADU equals the total Gross Sales, including Contract Deposits, divided by the number of ADUs sold during the Calendar Year.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

## ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLET

During the 2023 Calendar Year we had one Operational Franchise Outlet based in Salt Lake City, Utah (the “Salt Lake City Outlet”). The Salt Lake City Outlet commenced operations in November 2022 and operates within an Operating Territory comprised of one Territory.

Table 5

<b>Operational Franchise Outlet: Salt Lake City Outlet 2023 Calendar Year</b>		
	Total	% <sup>1</sup>
<b>Gross Sales by Category</b>		
Gross Sales: ADUs Sold and Installed During Calendar Year	\$458,200	29.6%
Gross Sales: Contract Deposits for ADUs Sold but Not Installed During Calendar Year	\$1,248,305	73.1%
<b>Total Gross Sales</b>	<b>\$1,706,505</b>	100.0%
Less: Direct Cost of Goods Sold		
Architecture Cost	(\$25,000)	1.5%
General Contractor Cost	(\$424,514)	24.9%
Sales Commissions	(\$22,809)	1.3%
Other Cost of Goods Sold <sup>2</sup>	(\$2,625)	0.2%
<b>Total Direct Cost of Goods Sold</b>	<b>(\$474,948)</b>	27.8%
<b>Direct Gross Profit</b>	<b>\$1,231,557</b>	72.2%
Less: Disclosed Expenses		
Marketing	(\$108,523)	6.4%
Non-Owner Administrative Labor	\$0	0.0%
Service Vehicle	(\$4,930)	0.3%
Insurance	(\$5,057)	0.3%
<b>Direct Gross Profit Less Disclosed Expenses</b>	<b>\$1,113,047</b>	65.2%
Less: Franchise Related Expenses		
Royaalty Fee	(\$102,390)	6.0%
Brand Development Fund Fee	(\$17,065)	1.0%
Technology Fee	N/A	0.0%
Contact Center Fee	(\$34,130)	2.0%
<b>Direct Gross Profit Less Disclosed Expenses and Franchise Related Expenses</b>	<b>\$959,462</b>	56.2%

Notes to Table:

<sup>1</sup> “%” represents the percentage of total Gross Sales.

<sup>2</sup> Other cost of goods sold include costs related to building permits, supplies and materials, and surveys.

<sup>3</sup> The Royalty Fee is equal to the greater of 6% of Gross Sales or the Minimum Monthly Royalty Fee Requirement of \$3,500 per Territory per month.

<sup>4</sup> The Brand Development Fund Fee is currently 1% of Gross Sales but may be increased to 2% of Gross Sales.

<sup>5</sup> We currently do not collect a Technology Fee but reserve the right to do so in the future provided the Technology Fee shall not exceed \$1,000 per month.

<sup>6</sup> The Contact Center Fee is equal to the greater of 2% of Gross Sales or \$1,000 per Territory per month.

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

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, Anchored Tiny Homes Franchising, LLC does 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 Colton Paulhus, CEO, Anchored Tiny Homes Franchising, LLC, at 4401 Hazel Avenue, Suite 225, Fair Oaks, California 95628, and (916) 461-8469, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

**TABLE NO. 1**  
**SYSTEMWIDE 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	1	+1
	2023	1	6	+5
Company Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
Totals	2021	1	1	0
	2022	1	2	+1
	2023	2	7	+5

**TABLE NO. 2**  
**TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN THE FRANCHISOR)**  
**FOR YEARS 2021 to 2023**

State	Year	Number of Transfers
None	2021	0
	2022	0
	2023	0

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]