

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.

In this Item, we present historical information for COLOR WORLD PAINTING Franchised Businesses for the 2023 fiscal year. The explanatory notes following the tables are an important part of the information presented. As of December 31, 2023, we had 18 franchisees (representing 45 Territories) in operation.

Tables 1 through 3 present information on 11 franchisees representing 36 Territories that were in operation for the entire 2023 fiscal year. Excluded from these tables are 5 franchisees (representing 7 Territories) that opened during the fiscal year, 2 franchisees (representing 2 Territories) that did not report Gross Revenue for the entire fiscal year, and 7 franchisees (representing 17 Territories) that ceased operations during the fiscal year. See Note 4 in Table 1 for the definition of “Gross Revenue”.

TABLE 1
Gross Revenue by Territory, by Quartiles
for the Fiscal Year Ended December 31, 2023

Quartile	Number of Franchisees in Group ⁽¹⁾⁽²⁾	Number of Territories	Aggregate Gross Revenue for Territories in Group ⁽³⁾⁽⁴⁾	Average Gross Revenue Per Territory ⁽⁴⁾⁽⁵⁾	Highest Territory Gross Revenue in Group ⁽⁴⁾	Lowest Territory Gross Revenue in Group ⁽⁴⁾	Median Territory Gross Revenue in Group ⁽⁴⁾	Number of Territories Exceeding Group Average ⁽⁵⁾	Percent of Territories Exceeding Group Average ⁽⁵⁾
Top 25%	3	6	\$1,761,928	\$293,655	\$390,207	\$195,822	\$199,664	3	50%
2 nd Quartile	3	14	\$2,416,406	\$172,600	\$190,556	\$149,901	\$172,805	10	71%
3 rd Quartile	2	5	\$579,370	\$115,874	\$118,001	\$114,456	\$116,228	2	40%
Bottom 25%	3	11	\$608,522	\$55,320	\$97,576	\$26,960	\$46,983	3	27%
TOTAL SYSTEM	11	36	\$5,366,225	\$149,062	\$390,207	\$26,960	\$149,901	8	22%

Notes:

- (1) The table reports 11 franchisees, ranked in order of highest Average Gross Revenue per Territory to lowest Average Gross Revenue per Territory.
- (2) “**Franchisee**” refers to the business entity that signed the Franchise Agreement; some franchisees are under common ownership by the same individual or group of individuals.
- (3) Total Gross Revenue of the franchisees in the group, as reported by those franchisees.
- (4) “**Gross Revenue**” is generally defined in the applicable forms of franchise agreement as all

revenue from the sale of products and services and all other income of every kind related to the Franchised Business, whether for cash, credit, trade, barter or other value and regardless of collection in the case of credit and even if you have contracted with third parties to provide certain of the services, less any bona fide refunds given to customers in the ordinary course of business. Gross Revenue also includes amounts billed to insurance or government programs. Further, Gross Revenue includes all revenue related to the sale of any products and the performance of any services (whether or not the products or services are approved by us) that are provided using any portion of the Franchised Business in any manner, including the Marks (such as service vehicles, invoices, and uniforms bearing the Marks), the System, Confidential Information, any of the employees of the Franchised Business, or the telephone number of the Franchised Business. Gross Revenue is not reduced on account of any fees or commissions you pay to third parties who refer customers. The Gross Revenue data for a franchisee may include sales in “open” Territory, that is, territory that had not been awarded to a franchisee.

- (5) The averages reported in the table are calculated by dividing the Aggregate Gross Revenue by the number of the Territories in the respective group.

TABLE 2
Gross Revenue of Franchisees, by Quartiles
for the Fiscal Year Ended December 31, 2023

Quartile	Number of Franchisees in Group ⁽¹⁾⁽²⁾	Number of Territories	Aggregate Gross Revenue For Group ⁽³⁾	Average Gross Revenue for Group ⁽⁴⁾	Highest Gross Revenue in Group ⁽³⁾	Lowest Gross Revenue in Group ⁽³⁾	Median Gross Revenue in Group ⁽⁵⁾	Number of Franchisees Exceeding Group Average ⁽⁴⁾	Percent of Franchisees Above Average ⁽⁴⁾
Top 25%	3	13	\$2,987,423	\$995,808	\$1,170,620	\$864,024	\$952,779	1	33%
2nd Quartile	3	9	\$1,334,614	\$444,871	\$599,603	\$343,368	\$391,644	1	33%
3rd Quartile	2	5	\$528,730	\$264,365	\$292,728	\$236,002	\$264,365	1	50%
Bottom 25%	3	9	\$515,457	\$171,819	\$234,914	\$80,879	\$199,664	2	67%
TOTAL SYSTEM	11	36	\$5,366,225	\$487,839	\$1,170,620	\$80,879	\$343,368	4	36%

Notes:

- (1) The table reports 11 franchisees, ranked in order of highest Average Gross Revenue per franchisee to lowest Average Gross Revenue per franchisee.
- (2) “**Franchisee**” refers to the business entity that signed the Franchise Agreement; some franchisees are under common ownership by the same individual or group of individuals.
- (3) Total Gross Revenue of the franchisees in the group, as reported by those franchisees. See Note 4 to Table 1 for definition of Gross Revenue.
- (4) The averages reported in the Table are per franchisee, not per Territory.
- (5) The medians reported in the Table are per franchisee, not per Territory.

TABLE 3
Gross Revenue of Franchisees, by Years in Operation
for the Fiscal Year Ended December 31, 2023

Years in Operation as of December 31, 2023	Number of Franchisees ⁽²⁾	Number of Territories	Aggregate Gross Revenue For Group ⁽¹⁾	Average Gross Revenue for Group ⁽²⁾	Highest Gross Revenue in Group ⁽¹⁾	Lowest Gross Revenue in Group ⁽¹⁾	Median Gross Revenue in Group ⁽³⁾	Number of Franchisees Exceeding Group Average ⁽²⁾	Percent of Franchisees Above Average Gross Revenue ⁽¹⁾⁽²⁾
1-2	4	9	\$1,071,762	\$267,940	\$343,368	\$292,728	\$318,048	1	25%
2-3	3	11	\$2,115,523	\$705,174	\$1,170,620	\$80,879	\$864,024	2	67%
3+	4	16	\$2,178,940	\$544,735	\$952,779	\$234,914	\$495,623	2	50%
TOTAL SYSTEM	11	36	\$5,366,225	\$487,839	\$1,170,620	\$80,879	\$343,368	4	36%

Notes:

- (1) Total Gross Revenue of the franchisees in the group, as reported by those franchisees. See Note 4 to Table 1 for definition of Gross Revenue.
- (2) “Franchisee” refers to the business entity that signed the Franchise Agreement; some franchisees are under common ownership by the same individual or group of individuals. The averages reported in the Table are per franchisee, not per Territory.
- (3) The medians reported in the Table are per franchisee, not per Territory.

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TABLE 4
Gross Revenue and Gross Profit Margin by Service Line of Franchisees
for the Fiscal Year Ended December 31, 2023

Table 4 presents information on 6 franchisees (representing 19 Territories) that were in operation for the entire 2023 fiscal year and submitted a profit and loss statement (“P&L”). Excluded from this table are 5 franchisees (representing 7 Territories) that opened during the fiscal year, 7 franchisees (representing 19 Territories) that did not submit a P&L, and 7 franchisees (representing 17 Territories) that ceased operations during the fiscal year. See Note 4 in Table 1 for the definition of “Gross Revenue”.

	Aggregate Gross Revenue by Service Line ⁽⁹⁾	Average Gross Revenue by Service Line ⁽²⁾	Highest Gross Revenue in Service Line	Lowest Gross Revenue in Service Line	Median Gross Revenue of Service Line ⁽³⁾	Number of Franchisees Exceeding Average Gross Revenue of Service Line ⁽¹⁾⁽²⁾	Percent of Franchisees Above Average Gross Revenue of Service Line ⁽¹⁾⁽²⁾
Painting Revenue ⁽⁴⁾	\$3,295,973	\$549,329	\$1,005,352	\$194,107	\$488,633	3	67%
Gutter Revenue ⁽⁵⁾	\$35,982	\$5,997	\$14,060	\$4,257	\$4,408	2	50%
Lighting Revenue ⁽⁶⁾	\$181,402	\$30,234	\$59,638	\$1,447	\$29,923	3	67%
Other Revenue ⁽⁷⁾	\$198,479	\$33,080	\$76,540	\$42	\$33,480	3	67%
Total Gross Revenue⁽⁸⁾	\$3,711,836	\$618,639	\$1,155,589	\$199,852	\$556,444	3	67%
	Aggregate Cost of Goods Sold and Franchise Fees ⁽¹⁰⁾⁽¹¹⁾⁽¹²⁾	Average Cost of Goods Sold and Franchise Fees ⁽²⁾⁽¹⁰⁾⁽¹¹⁾	Highest Cost of Goods Sold and Franchise Fees ⁽¹⁰⁾⁽¹¹⁾	Lowest Cost of Goods Sold and Franchise Fees ⁽¹⁰⁾⁽¹¹⁾	Median Cost of Goods Sold and Franchise Fees ⁽³⁾⁽¹⁰⁾⁽¹¹⁾	Number of Franchisees Exceeding Average Cost of Goods Sold and Franchise Fees ⁽¹⁾⁽²⁾⁽¹⁰⁾⁽¹¹⁾	Percent of Franchisees Above Average Cost of Goods Sold and Franchise Fees ⁽¹⁾⁽²⁾⁽¹⁰⁾⁽¹¹⁾
Cost of Goods Sold ⁽¹⁰⁾	\$2,142,598	\$357,100	\$717,215	\$129,029	\$305,982	3	50%
Franchise Fees ⁽¹¹⁾	\$328,478	\$54,746	\$91,756	\$19,715	\$50,000	2	33%
	Aggregate Gross Profit and Gross Margin ⁽¹³⁾⁽¹⁴⁾⁽¹⁵⁾	Average Gross Profit and Gross Margin ⁽²⁾⁽¹⁴⁾⁽¹⁵⁾	Highest Gross Profit and Gross Margin ⁽¹³⁾⁽¹⁴⁾	Lowest Gross Profit and Gross Margin ⁽¹³⁾⁽¹⁴⁾	Median Gross Profit and Gross Margin ⁽³⁾⁽¹³⁾⁽¹⁴⁾	Number of Franchisees Exceeding Average Gross Profit and Gross Margin ⁽²⁾⁽¹³⁾⁽¹⁴⁾	Percent of Franchisees Above Average Gross Profit and Gross Margin ⁽¹⁾⁽²⁾⁽¹³⁾⁽¹⁴⁾
GROSS PROFIT⁽¹³⁾	\$1,240,761	\$206,793	\$346,618	\$51,108	\$200,463	3	50%
GROSS MARGIN⁽¹⁴⁾	33%	33%	30%	26%	36%	2	33%

Notes:

- (1) **“Franchisee”** refers to the business entity that signed the Franchise Agreement; some franchisees are under common ownership by the same individual or group of individuals.
- (2) The averages reported in the Table are per franchisee, not per Territory.
- (3) The medians reported in the Table are per franchisee, not per Territory.
- (4) **“Painting Revenue”** is defined as Gross Revenue derived from residential or commercial interior or exterior painting services.
- (5) **“Gutter Revenue”** is defined as Gross Revenue derived from gutter installation or removal services.
- (6) **“Lighting Revenue”** is defined as Gross Revenue derived from holiday lighting services and products.
- (7) **“Other Revenue”** is defined as Gross Revenue derived from miscellaneous services and products.
- (8) **“Total Gross Revenue”** is defined as the sum of Painting Revenue, Gutter Revenue, Lighting Revenue, and Other Revenue.
- (9) Total Gross Revenue for the respective service line of the franchisees in the group, as reported by those franchisees.
- (10) **“Cost of Goods Sold”** is defined as expense related to subcontractors, supplies, materials, and equipment rental incurred to service jobs.
- (11) **“Franchise Fees”** is defined as the cost of Royalty Fees, Brand Fund Contributions, and Technology Fees.
- (12) Total Gross Profit and Gross Margin of the franchisees in the group, as reported by those franchisees.
- (13) **“Gross Profit”** is defined as Total Revenue less Cost of Goods Sold and Franchise Fees.
- (14) **“Gross Margin”** is defined as Gross Profit divided by Total Revenue.
- (15) Total Gross Profit and Gross Margin of the franchisees in the group, as reported by those franchisees.

TABLE 5

**Average Gross Revenue per Service Appointment by Service Line of Franchisees
for the Fiscal Year Ended December 31, 2023**

Table 5 below sets forth the average Gross Revenue per service appointment (“SA”) for the included franchisees for the 2023 fiscal year. The “**Gross Revenue Per SA**” is determined by dividing the total Gross Revenue Per Service Line (Painting, Gutter, and Lighting) (“**SL**”) by the total number of SAs in 2023 as reported in the CRM System. The Table presents information on 8 franchisees (representing 27 Territories) that were in operation for the entire 2023 fiscal year and reported complete service details of jobs performed using our designated CRM program (“**Job Data**”). Excluded from this table are 5 franchisees (representing 7 Territories) that opened during the fiscal year, 5 franchisees (representing 11 Territories) that did not report Job Data for the entire 2023 fiscal year, and 7 franchisees (representing 17 Territories) that ceased operations during the fiscal year. See Note 4 in Table 1 for the definition of “Gross Revenue”.

SL	Gross Revenue by SL	Total Number of SAs by SL	Average Gross Revenue Per SA Per SL ⁽²⁾	Highest Average Gross Revenue Per SA Per SL ⁽²⁾	Lowest Average Gross Revenue Per SA Per SL	Median Gross Revenue Per SA per SL ⁽³⁾	Number of Franchisees Exceeding Average Gross Revenue Per SA Per SL ⁽¹⁾⁽²⁾	Percent of Franchisees Above Average Gross Revenue Per SA Per SL ⁽¹⁾⁽²⁾
Painting ⁽⁴⁾	\$4,496,676	929	\$4,840	\$11,922	\$2,185	\$4,559	3	38%
Gutter ⁽⁵⁾	\$32,084	14	\$2,292	\$7,715	\$900	\$996	2	25%
Lighting ⁽⁶⁾	\$218,447	141	\$1,549	\$2,054	\$592	\$1,555	4	50%
TOTALS	\$4,747,207	1084	\$4,379	\$11,789	\$1,970	\$4,008	2	25%

Notes:

- (1) “**Franchisee**” refers to the business entity that signed the Franchise Agreement; some franchisees are under common ownership by the same individual or group of individuals.
- (2) The averages reported in the Table are per franchisee, not per Territory.
- (3) The medians reported in the Table are per franchisee, not per Territory.
- (4) “**Painting**” includes Gross Revenue and Service Appointments related to residential or commercial interior or exterior painting services.
- (5) “**Gutter**” includes Gross Revenue and Service Appointments related to gutter installation or removal services.
- (6) “**Lighting**” includes Gross Revenue and Service Appointments related to holiday lighting services and products.

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Some outlets have sold this amount. Your individual results may differ. There is no assurance that you will sell as much.

Written substantiation for these financial performance representations will be made available to you upon reasonable request.

The financial information we utilized in preparing the preceding financial performance representations was based on information reported to us by franchisees.

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 Heather McLeod, Color World New Franchise Systems, LLC, 7120 Samuel Morse Drive, Suite 300, Columbia, Maryland 21046 and (410) 740-1900, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION
TABLE 1
Systemwide Outlet Summary
For Years 2021 to 2023^{(1) (2) (3) (4)}

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2021	78	56	-22
	2022	56	50	-6
	2023	50	45	-5
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
TOTALS	2021	79	57	-22
	2022	57	51	-6
	2023	51	46	-5

Notes to all Item 20 Tables:

- (1) Our fiscal year ends on December 31. The figures in the tables are as of our fiscal year end each year.
- (2) The figures are for the number of territories in operation at year-end. Each franchise territory has a separate Franchise Agreement.
- (3) As of December 31, 2023, there were 18 franchisees in operation; the number of territories in operation for each franchisee is shown in Exhibit F. See Table 5 below regarding territories that were not yet in operation under Franchise Agreements that had been signed as of year-end.