

Provision	Section in Franchise Agreement	Summary
q. Non-competition covenants during the term of the franchise	15.1	No involvement in competing business; cannot assist or deal with a competing business; cannot operate in another franchisee's territory, cannot employ our or another franchisee's employees.
r. Non-competition covenants after the franchise is terminated or expires	15.2 & 15.3	No involvement in competing business for a continuous and uninterrupted period commencing upon the expiration or termination of this agreement (regardless of the cause for termination) and continuing for 2 years thereafter, directly or indirectly, for itself or through, on behalf of, or in conjunction with any person (including the spouse or children of Franchisee or any Principal or Remote Principal), own, maintain, operate, engage in, or have any interest in, any Competitive Business that is located or operates within the geographical boundaries of the territory; no solicitation of Referral Sources of your franchise for 2 years within 25 miles of franchise territory.
s. Modification of the agreement	7.7, 9.3 & 18.3	We have the right to reduce the size of your territory if you fail to achieve the Minimum Annual Gross Sales; we may modify the franchise agreement only by a written agreement, but we may modify the Manual so long as it does not change your fundamental status and rights.
t. Integration/merger clause	18.1	Only the terms of the franchise agreement are binding (subject to state law); any other promises may not be enforceable. Nothing in the franchise agreement waives or disclaims the disclosures made in this disclosure document.
u. Dispute resolution by arbitration or mediation	Article 16	Except for certain claims, all disputes must be mediated in Milford, Ohio, before resorting to litigation; parties waive right to jury trial and punitive damages.
v. Choice of forum	16.6	Except for claims arising under a franchise law of the state where the franchised business is located, all litigation must take place where we are located, presently in Clermont County, Ohio.
w. Choice of law	16.5	Except for claims arising under a franchise law of the state where the franchised business is located, Ohio law applies.

## Item 18. PUBLIC FIGURES

We do not use any public figure to promote our franchises.

## Item 19. FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to disclose 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 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 table below presents historic Gross Revenue for HomeTeam Inspection Service franchisees for the twelve-month periods ending on December 31, 2021, December 31, 2022, and December 31,

2023 (each, a “Measurement Period”). For each of these Measurement Periods, only data from franchisees who reported Gross Revenue for all 12 months of the Measurement Period were included in the table.

### **AVERAGE GROSS REVENUES BY QUARTILE**

Average annual Gross Revenue by quartile for all ownership groups who have been in business for at least two calendar years or reported an average annual Gross Revenue of over \$100,000 during the three-year period 2021 – 2023.

<b>First Quartile of Franchisees</b>	<b>Year ending 12/31/21</b>	<b>Year ending 12/31/22</b>	<b>Year ending 12/31/23</b>
<b>Average Gross Revenues/1st Quartile</b>	\$648,342.90	\$580,705.39	\$531,223.39
<b>Median Range of Gross Revenues</b>	\$576,375.00	\$508,102.30	\$471,136.00
<b>High Range of Gross Revenues</b>	\$1,339,901.00	\$1,081,836.50	\$1,082,245.34
<b>Low Range of Gross Revenues</b>	\$385,045.00	\$388,355.00	\$308,221.00
<b># of Franchises</b>	24	23	22

<b>Second Quartile of Franchisees</b>	<b>Year ending 12/31/21</b>	<b>Year ending 12/31/22</b>	<b>Year ending 12/31/23</b>
<b>Average Gross Revenues/2nd Quartile</b>	\$298,680.72	\$268,467.71	\$255,870.42
<b>Median Range of Gross Revenues</b>	\$303,532.00	\$264,815.00	\$246,000.00
<b>High Range of Gross Revenues</b>	\$384,452.75	\$335,325.00	\$306,196.09
<b>Low Range of Gross Revenues</b>	\$223,910.00	\$218,638.05	\$227,010.66
<b># of Franchises</b>	24	23	22

<b>Third Quartile of Franchisees</b>	<b>Year ending 12/31/21</b>	<b>Year ending 12/31/22</b>	<b>Year ending 12/31/23</b>
<b>Average Gross Revenues/3rd Quartile</b>	\$184,840.16	\$174,664.75	\$195,007.58
<b>Median Range of Gross Revenues</b>	\$185,690.00	\$175,000.00	\$194,754.00
<b>High Range of Gross Revenues</b>	\$220,889.00	\$217,647.50	\$224,515.25
<b>Low Range of Gross Revenues</b>	\$156,410.50	\$147,618.50	\$166,179.90
<b># of Franchises</b>	24	23	21

<b>Fourth Quartile of Franchisees</b>	<b>Year ending 12/31/21</b>	<b>Year ending 12/31/22</b>	<b>Year ending 12/31/23</b>
<b>Average Gross Revenues/4th Quartile</b>	\$125,279.82	\$121,438.12	\$132,542.91
<b>Median Range of Gross Revenues</b>	\$127,155.00	\$123,050.00	\$133,820.37
<b>High Range of Gross Revenues</b>	\$154,873.00	\$146,375.00	\$158,604.50
<b>Low Range of Gross Revenues</b>	\$100,973.00	\$100,285.00	\$107,346.17
<b># of Franchises</b>	25	22	21

The preceding table represents in the calendar year of 2021, of the 159 franchisees in the system operating 198 territories, 97 franchisees (61%) had annual Gross Revenue of at least \$100,000 during that calendar year; in the calendar year of 2022, of the 165 franchisees in the system operating 202 territories, 91 franchisees (55%) had annual Gross Revenue of at least \$100,000 during that calendar year; and in the calendar year of 2023, of the 159 franchisees in the system, operating 198 territories, 86 franchisees (54%) had an annual Gross Revenue of at least \$100,000 during that calendar year.

The table below presents the average home inspection fee charged by Franchisees with annual Gross Revenue greater than \$100,000 during the three-year period 2021 – 2023 and reported Gross Revenue for all 12 months of the Measurement Period.

Year	Average Fee Per Home Inspection	Median Fee Per Home Inspection	Range of Fees Per Home Inspection	# Franchisees Who Met or Exceed the Average Fee Per Home Inspection	Average Fee Growth (%)
2023	\$534.59	\$524.68	\$245.91-\$985.81	41 of 86	6%
2022	\$505.46	\$492.78	\$194.73-\$952.57	41 of 91	3%
2021	\$491.41	\$476.47	\$209.92-\$907.84	42 of 97	2%

The table below presents historic Gross Revenue for HomeTeam Inspection Service franchisees for the twelve-month periods ending on December 31, 2021, December 31, 2022, and December 31, 2023 (each, a “Measurement Period”) who has Gross Revenues of less than \$100,000. For each of these Measurement Periods, only data from franchisees who reported Gross Revenue for all 12 months of the Measurement Period were included in the table. These franchisees were in default, did not follow system standards as per the Operations Manual, or did not operate their franchise on a full-time basis.

Table 5	Year ending 12/31/21	Year ending 12/31/22	Year ending 12/31/23
<b>Average Gross Revenues</b>	\$59,542.47	\$65,997.16	\$63,872.57
<b>Median Range of Gross Revenues</b>	\$55,790.00	\$69,245.00	\$69,650.00
<b>High Range of Gross Revenues</b>	\$98,853.00	\$99,932.50	\$99,885.00
<b>Low Range of Gross Revenues</b>	\$20,170.00	\$20,225.00	\$18,020.00
<b># of Franchises</b>	34	40	40

The preceding table represents in the calendar year of 2021, of the 159 franchisees in the system operating 198 territories, 34 franchisees (21%) had annual Gross Revenue of less than \$100,000, with an average Gross Revenue of \$59,542.47; in the calendar year of 2022, of the 165 franchisees in the system operating 202 territories, 40 franchisees (24%) had annual Gross Revenue of less than \$100,000, with an average Gross Revenue of \$65,997.16; and in the calendar year of 2023, of the 159 franchisees in the system operating 198 territories, 40 franchisees (25%) had annual Gross Revenue of less than \$100,000, with an average Gross Revenue of \$63,872.57.

The table below presents the average home inspection fee charged by Franchisees with annual Gross Revenue of less than \$100,000 during the three-year period 2021 – 2023 and reported Gross Revenue for all 12 months of the Measurement Period.

Year	Average Fee Per Home Inspection	Median Fee Per Home Inspection	Range of Fees Per Home Inspection	# Franchisees Who Met or Exceed the Average Fee Per Home Inspection	Average Fee Growth (%)
2023	\$449.17	\$460.83	\$200.46-\$630.00	21 of 40	2%
2022	\$444.31	\$431.80	\$293.40-\$657.14	19 of 40	4%
2021	\$426.24	\$435.58	\$295.78-\$563.54	18 of 34	4%

In the calendar year of 2021, of the 159 franchisees in the system operating 198 territories, 28 franchisees (14%) have been in business for less than two calendar years or did not have revenue for all 12 months of the Measurement Period; in the calendar year of 2022, of the 165 franchisees in the system operating 202 territories, 34 franchisees (21%) have been in business for less than two calendar years or did not have revenue for all 12 months of the Measurement Period; and in the calendar year of 2023, of the 159 franchisees in the system operating 198 territories, 32 franchisees (20%) have been in business for less than two calendar years or did not have revenue for all 12 months of the Measurement Period.

The information has been extracted from royalty reports submitted to us by our franchises. We have not audited or independently verified this information. It may not be relied upon as a projection or forecast of what a new HomeTeam Inspection Service franchisee may experience.

General Notes to Item 19

1. For purposes of this Item 19, "Gross Revenue" means the total of all income arising from the operation of the franchised business, whether cash or credit. It is recognized on an accrual basis and does not take into account collection, which means that a franchisee's Gross Revenue for any period represents how much a franchisee billed its clients during the period, not how much the franchisee received. Gross Revenue does not include the amount of refunds and discounts made to clients in good faith, or the amount of sales or excise taxes that are separately stated and that the franchisee collects from clients and pays to the appropriate taxing authority.
2. The figures in the table do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Revenue figures to obtain your net income or profit. Those expenses include fees you are required to pay us under the terms of your franchise agreement, such as royalties, national branding fees and technology fees. Your sales and operating expenses will vary depending on many factors, such as the geographic location of your territory, competition from other providers in your market, the effectiveness of your advertising, whether you manage your franchise yourself or hire a Designated Representative, your pricing, the prices you pay for supplies, employee salaries and benefits (health insurance, retirement plan, etc.), other employment conditions in your market, insurance costs, weather conditions, ability to generate clients, client loyalty, and the necessity, cost and difficulty of obtaining a license to perform all of the services a HomeTeam Inspection Service franchise offers. You should conduct an independent investigation of the costs and expenses you will incur in operating a HomeTeam Inspection Service franchise. Franchisees and former franchisees listed in this disclosure document may be one source of this information.
3. The data in the tables above represents Gross Revenue for each reporting franchisee, not for each franchise (or franchise territory). Some franchisees own more than one territory and manage their business and report Gross Revenue and royalty information as a single unit for all territories they own. We have included this data in the table as reported by our franchisees. Of the franchisees that were open and operating in 2023, a total of 43 territories are represented in the First Quartile

and 13 of the 22 franchisees (59%) in the First Quartile own and operate in multiple territories; a total of 26 territories are represented in the Second Quartile and 4 of the 22 franchisees (18%) in the Second Quartile own and operate in multiple territories; a total of 26 territories are represented in the Third Quartile and 5 of the 21 franchisees (24%) in the Third Quartile own and operate in multiple territories; and a total of 23 territories are represented in the Fourth Quartile and 2 of the 21 franchisees (10%) in the Fourth Quartile own and operate in multiple territories. Due to the nature of HomeTeam's franchise territories (as opposed to unit franchising), it should be noted that territories vary widely in demographics; meaning some single territory franchisees have a greater demographic profile than some multiple territory franchisees.

In the calendar year 2021, of the franchisees included in the First Quartile, 8 of the 24 franchisees (33%) attained or surpassed the Average Gross Revenue; in the Second Quartile, 12 of the 24 franchisees (50%) attained or surpassed the Average Gross Revenue; in the Third Quartile, 12 of the 24 franchisees (50%) attained or surpassed the Average Gross Revenue; and in the Fourth Quartile, 13 of the 25 franchisees (52%) attained or surpassed the Average Gross Revenue. In table 5, 16 of the 34 franchisees (47%) attained or surpassed the Average Gross Revenue.

In the calendar year 2022, of the franchisees included in the First Quartile, 9 of the 23 franchisees (39%) attained or surpassed the Average Gross Revenue; in the Second Quartile, 10 of the 23 franchisees (43%) attained or surpassed the Average Gross Revenue; in the Third Quartile, 12 of the 23 franchisees (52%) attained or surpassed the Average Gross Revenue; and in the Fourth Quartile, 11 of the 22 franchisees (50%) attained or surpassed the Average Gross Revenue. In table 5, 21 of the 40 franchisees (53%) attained or surpassed the Average Gross Revenue.

In the calendar year 2023, of the franchisees included in the First Quartile, 8 of the 22 franchisees (36%) attained or surpassed the Average Gross Revenue; in the Second Quartile, 10 of the 22 franchisees (45%) attained or surpassed the Average Gross Revenue; in the Third Quartile, 11 of the 21 franchisees (48%) attained or surpassed the Average Gross Revenue; and in the Fourth Quartile, 11 of the 21 franchisees (52%) attained or surpassed the Average Gross Revenue. In table 5, 24 of the 40 franchisees (60%) attained or surpassed the Average Gross Revenue.

4. You should use the information in the table only as one of several references in conducting your analysis and preparing your own projected income and cash flow statements. We strongly suggest that you consult a financial advisor or accountant for assistance in reviewing the table and in preparing your own financial projections, and for advice about the income and other taxes you will incur in operating a HomeTeam Inspection Service franchise and the effect of non-cash expenses such as depreciation and amortization on your business.

5. The success of your HomeTeam Inspection Service franchise will depend largely upon your personal abilities and how you use them, your willingness to engage in personal sales activities (or your ability to hire someone else to do so), and the number of competitors in your market. You are likely to achieve results that are different from the results shown in the tables above.

6. **Some franchisees have sold these amounts. Your individual results may differ. There is no assurance that you'll sell as much.**

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

8. Other than the preceding financial performance representation, HomeTeam Inspection Service does not make any financial performance 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 Adam Long, President, 575 Chamber Drive, Milford, Ohio 45150, (513) 831-1300, 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 Outlets	2021	187	198	+11
	2022	198	202	+4
	2023	202	198	-4
Company-Owned	2021	0	0	0
	2022	0	0	0
	2023	0	0	0
Total Outlets	2021	187	198	+11
	2022	198	202	+4
	2023	202	198	-4

**Table No. 2**  
**TRANSFERS OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(Other than the Franchisor)**  
**For Years 2021 to 2023**

State	Year	Number of Transfers
California	2021	0
	2022	0
	2023	1
Colorado	2021	0
	2022	1
	2023	0
Florida	2021	1
	2022	1
	2023	14
Illinois	2021	1
	2022	0
	2023	0
Iowa	2021	0
	2022	0
	2023	1
Kentucky	2021	0
	2022	0
	2023	1
Maryland	2021	0
	2022	0