

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.

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

BACKGROUND

This item sets forth certain financial performance data pertaining to the total of all revenues from the operation of our affiliate office, Caregiver Services & Homecare Inc., whether received in cash or credit for the period of January 1, 2017 through December 31, 2024. Note that Caregiver Services & Homecare Inc. and its predecessor California Medical Resources dba 1Heart Caregiver Services has been operating this business since 2004. During the period represented by Table 1 below, Caregiver Services & Homecare, Inc. had three (3) marketing area managers, one located in the San Fernando Valley area of California, one in the Long Beach-Los Angeles areas of California and one in Pasadena-Glendale, California. Therefore, during 2017 through 2024 it had a geographic territory and population base that was approximately two (2) to three (3) times the size of what is expected to be a franchisee's Territory.

Written substantiation of the data used in preparing this information will be made available upon reasonable request.

Table 1. **Total Sales per Quarter**

Year	1st Quarter Total Sales	2nd Quarter Total Sales	3rd Quarter Total Sales	4th Quarter Total Sales	Year Total
2024	\$695,262.56	\$700,264.61	\$711,729.14	\$668,799.51	\$2,776,055.82
2023	\$866,699.00	\$927,030.00	\$773,127.00	\$895,236.00	\$3,462,092.00
2022	\$935,481.60	\$817,737.15	\$804,143.31	\$723,596.55	\$3,280,958.61
2021	\$763,378.92	\$764,245.10	\$907,857.53	\$1,118,423.85	\$3,553,905.40
2020	\$548,025.77	\$519,827.32	\$835,004.00	\$886,774.18	\$2,789,631.27

2019	\$575,850.23	\$566,144.69	\$593,401.65	\$537,957.82	\$2,273,354.39
2018	\$419,265.49	\$ 380,832.87	\$ 490,827.19	\$ 570,734.98	\$ 1,861,660.53
2017	\$ 437,729.99	\$ 467,090.21	\$ 442,495.20	\$ 429,409.29	\$ 1,776,724.69

Notes:

1. Sales refer to all caregiving services billed and paid by the client.
2. Each “Quarter” in this report is defined as a period of three months per calendar year. In the table provided above, the First Quarter pertains to the months of January, February and March. Second Quarter pertains to April, May and June. Third Quarter pertains to July, August and September. Fourth Quarter pertains to October November and December. Quarterly Sales is the sum of each month’s billed amount to active clients.

Table 2. Franchised 1Heart Caregiver Services Businesses: 2021 through 2024 Gross Revenue

Presented below are the gross revenue and gross margin percentage figures for some of our franchised 1Heart Caregiver Services Businesses from 2021 through 2024. Please carefully read all the information in this Item 19, and all the notes following the table, in conjunction with your review of the historical data.

The information below contains data for certain franchised 1Heart Caregiver Services Businesses that have been operating for at least 12 months. The results from franchised 1Heart Caregiver Services Businesses that did not complete 12 months of operations in the years 2021 - 2024 are not included in the table below; please see the notes that follow for an explanation. There were twenty-one (21) Franchised Outlets by FYE 2024. There were no Franchised Outlets that were not operational during FY 2024.

Franchised 1Heart Caregiver Services Businesses: 2021 Gross Revenue	
Number of Franchised Businesses	7
Range of Gross Revenue	\$27,237 - \$2,050,191
Average Annual Gross Revenue	\$952,447
Median Annual Gross Revenue	\$751,409
Number of Franchised Businesses Greater Than Average	3
Franchised 1Heart Caregiver Services Businesses: 2022 Gross Revenue	
Number of Franchised Businesses	10

Range of Gross Revenue	\$3,596 - \$2,706,737
Average Annual Gross Revenue	\$1,024,705
Median Annual Gross Revenue	\$557,406
Number of Franchised Businesses Greater Than Average	4

Franchised 1Heart Caregiver Services Businesses: 2022 Gross Margin Percentage	
Number of Franchised Businesses	10
Range of Gross Margin Percentages	16% - 32%
Average Gross Margin Percentage	24.50%
Median Gross Margin Percentage	26.50%
Number of Franchised Businesses Greater Than Average Gross Margin Percentage	6

Franchised 1Heart Caregiver Services Businesses: 2023 Gross Revenue	
Number of Franchised Businesses	13
Range of Gross Revenue	\$160,297.40 - \$3,172,790.05
Average Annual Gross Revenue	\$1,101,945.55
Median Annual Gross Revenue	\$575,020.92
Number of Franchised Businesses Greater Than Average	4

Franchised 1Heart Caregiver Services Businesses: 2023 Gross Margin Percentage	
Number of Franchised Businesses	13
Range of Gross Margin Percentages	15% - 32%
Average Gross Margin Percentage	27.00%
Median Gross Margin Percentage	28.00%
Number of Franchised Businesses Greater Than Average Gross Margin Percentage	7

Franchised 1Heart Caregiver Services Businesses: 2024 Gross Revenue	
Number of Franchised Businesses	21
Range of Gross Revenue	\$11,622 - \$5,193,119.38
Average Annual Gross Revenue	\$1,195,353.06
Median Annual Gross Revenue	\$641,025.96
Number of Franchised Businesses Greater Than Average	8

Franchised 1Heart Caregiver Services Businesses: 2024 Gross Margin Percentage	
Number of Franchised Businesses	21
Range of Gross Margin Percentages	19% - 45%
Average Gross Margin Percentage	29.00%
Median Gross Margin Percentage	29.00%
Number of Franchised Businesses Greater Than Average Gross Margin Percentage	10

Explanations and Notes:

“Gross Revenue” – Except as noted above, this represents the actual gross revenue for each franchised business in the sample for the period of either January 1, 2021 to December 31, 2021, January 1, 2022 to December 31, 2022, January 1, 2023 to December 31, 2023, or January 1, 2024 – December 31, 2024 as reported by our franchisees to us. Included in gross revenue are all revenues from the offer and sales of all services (and products) to customers and clients of each franchised business in the sample.

The gross revenue and gross margin percentage figures are compiled by using sales and caregiver wages that are reported to us by franchisees.

“Average Annual Gross Revenue” – is the total Gross Revenue for the franchised 1Heart Caregiver Services Businesses in the sample, divided by the number of franchised 1Heart Caregiver Services Businesses in the sample.

“Average Gross Margin Percentage” – is the total Gross Margin Percentages for the franchised 1Heart Caregiver Services Businesses in the sample, divided by the number of franchised 1Heart Caregiver Services Businesses in the sample.

“Gross Margin Percentage” – is calculated as follows: $(\text{Gross Revenue of Franchised Business} - (\text{Franchised Business' Caregiver wages} + 30\% \text{ payroll burden}))/\text{Gross Revenue of Franchised Business}$.

“Median Annual Gross Revenue” – is the Annual Gross Revenue figure for which one-half of the sample had Gross Revenue greater than this figure, and one-half of the sample had less than the figure.

“Median Gross Margin Percentage” – is the Gross Margin Percentage figure for which one-half of the sample had a Gross Margin Percentage greater than this figure, and one-half of the sample had less than the figure.

This Item 19 presents information for each of the franchised 1Heart Caregiver Services Businesses that have been in operation more than twelve (12) months. To avoid any skewing of data due to seasonality, revenues that may be generated from grand opening advertising or promotion, or effects (positive or negative) from start-up operations, the sample includes only franchisees who were operating during the entire 2021, 2022, 2023 or 2024 calendar years and who were also

operating for at least 12 months. In 2021, four (4) franchised businesses that were operating during the year were not included in the 2021 Gross Revenue table above, because one franchised business was reacquired by the franchisor before the end of the year and three (3) franchised businesses had not been operating for twelve (12) months as of December 31, 2021. As a result, the data in the 2021 Gross Revenue table above includes a total of seven (7) franchised businesses for the 2021 calendar year. In 2022, three (3) franchised businesses that were operating during the year were not included in the 2022 Gross Revenue table above, because these businesses had not been operating for twelve (12) months as of December 31, 2022. As a result, the data in the 2022 Gross Revenue and 2022 Gross Margin Percentage tables above include a total of ten (10) franchised businesses for the 2022 calendar year. Note that as of December 31, 2022, of the ten (10) franchised businesses 2 franchised businesses had been in operation more than 12 months but less than 24 months, 3 of the franchised businesses had been in operation for more than 24 months but less than 36 months, 1 had been in operation for more than 36 months but less than 48 months, 1 had been in operation for more than 60 months but less than 72 months, 2 had been in operation for more than 72 months but less than 84 months and 1 had been in operation for more than 84 months. We have found that length of operation has a bearing on the results of a franchised business due to the recurring nature of the clients and revenues from the business. From the periods January 1, 2020 to December 31, 2023 and January 1, 2024 to December 31, 2024 no IHeart Caregiver Services Businesses closed after being open less than twelve (12) months.

The financial performance representation does not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. You should conduct an independent investigation of the costs and expenses you will incur in operating your IHeart Caregiver Services Business. Franchisees or former franchisees, listed in Exhibit G and Exhibit H of this Franchise Disclosure Document, may be one source of this information.

Some franchised businesses have earned this amount. Your individual results may differ. There is no assurance that you'll earn as 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 our management by contacting Belina Calderon-Nernberg, CEO, at 16530 Ventura Blvd., Suite 500, Encino, CA 91436, (844) 814-3278, and the Federal Trade Commission, and the appropriate state regulatory agencies.