

## **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) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (b) Calendar Year – means, 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, and that is managed by us our affiliate or any person identified in Item 2.
- (d) Direct Gross Profit – means Gross Sales less Technician Labor Cost and Product and Supply Cost. Direct Gross Profit is not net profit or income and, except as to Technician Labor Cost and Products and Supplies does not include the deduction of all other expenses incurred by a Preservan Business.
- (e) Franchise Outlet – refers to a Preservan Business operated under a Franchise Agreement that is not a Company Owned Outlet.
- (f) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Local Marketing Fees, Software Fees, and Contact Center Fees., Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.
- (g) Gross Sales – means the total revenue derived by each Preservan Business less sales tax, discounts, allowances, and returns.
- (h) 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.
- (i) New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet, see definition below. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.
- (j) 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 2023, as to the 2023 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 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(k) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.

(l) 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 2023, as to the 2023 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 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(m) Outlet – refers to a Preservan Business that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

(n) Product and Supply Cost – refers to epoxy and customer specific consumables used by an Outlet in performing and providing Approved Services and Products and resulting in Gross Sales.

(o) Select 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: Service Vehicle Fuel and Maintenance Expenses, insurance, and marketing.

(p) Service Vehicle Fuel and Maintenance Expenses – means the cost incurred by an Outlet for fuel and general maintenance services associated with the Service Vehicle or Service Vehicles operated by an Outlet. This expense does not include acquisition costs of a Service Vehicle or on-going financing or lease installment payments for the acquisition of a Service Vehicle.

(q) Service Visit – means an on-site visit at a customer location where the Approved Services and Products are provided.

(r) Technician Labor Cost – means the direct salary paid to technician employees that provide and perform on-site services comprising the Approved Services and Products and resulting in Gross Sales. Technician Labor Cost includes gross salary only and does not include other employment or payroll benefits and expenses paid to or on behalf of a technician. Technician Labor Cost does not include compensation related to administrative labor, sales labor, or management labor. For Franchise Outlets, Technician Labor does not include labor expenses or compensation to franchise owners that perform technician or other services on behalf of their Preservan Business.

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## **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. Data for the Operational Franchise Outlets is based on financial information reported to us by our franchisees. 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 Operational Company Owned Outlet that operates within a single territory within the Oklahoma City market that constitutes and qualifies as a Zone 3 Wood Deterioration Zone. This Company Owned Outlet operates two Service Vehicles within the Oklahoma City market. This Company Owned Outlet began operations in 2018 as Wood Window Rescue and in 2021 adopted the Preservan tradename and began operations representative of the Franchised Business.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlet as a result of our extensively experienced management team; (b) brand recognition within the local markets in which our Company Owned Outlet operates; and (c) no obligation to pay ongoing monthly fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees.

Below we report select financial performance data as to our Operational Company Owned Outlet during the respective Calendar Years.

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Table 1

Company Owned Outlet – Preservan Oklahoma City						
	2022 Calendar Year		2023 Calendar Year		2024 Calendar Year	
	Total	% <sup>1</sup>	Total	% <sup>1</sup>	Total	% <sup>1</sup>
<b>Gross Sales</b>	<b>\$321,585</b>	100.00%	<b>\$334,414</b>	100.00%	<b>\$401,054</b>	100.00%
Less:						
Technician Labor Cost	(\$85,128)	26.47%	(\$72,435)	21.66%	(\$103,289)	25.75%
Product and Supply Cost	(\$26,749)	8.32%	(\$22,762)	6.81%	(\$21,048)	5.25%
<b>Direct Gross Profit</b>	<b>\$209,708</b>	65.21%	<b>\$239,217</b>	71.53%	<b>\$276,717</b>	69.00%
Less: Select Disclosed Expenses						
Service Vehicle Fuel and Maintenance Expenses	(\$3,792)	1.18%	(\$5,293)	1.58%	(\$6,395)	1.59%
Insurance	(\$6,597)	2.05%	(\$4,687)	1.40%	(\$5,636)	1.40%
Marketing	(\$19,275)	6.00%	(\$20,166)	6.03%	(\$35,552)	8.86%
<b>Direct Gross Profit After Select Disclosed Expenses</b>	<b>\$180,044</b>	56.00%	<b>\$209,071</b>	62.52%	<b>\$229,134</b>	57.13%
Less: Franchise Related Expenses						
R <sup>oyalty</sup> Fee <sup>2</sup>	(\$22,511)	7.00%	(\$23,409)	7.00%	(\$28,074)	7.00%
Brand Development Fund Fee <sup>3</sup>	(\$3,216)	1.00%	(\$3,344)	1.00%	(\$4,010)	1.00%
Local Marketing <sup>4</sup>	N/A	N/A	N/A	N/A	N/A	N/A
Software Fee <sup>5</sup>	(\$3,600)	1.12%	(\$3,600)	1.08%	(\$3,600)	0.90%
Contact Center Fee <sup>6</sup>	(\$3,600)	1.12%	(\$3,600)	1.08%	(\$3,600)	0.90%
<b>Direct Gross Profit after Select Disclosed Expenses and Franchise Related Expenses</b>	<b>\$147,117</b>	45.75%	<b>\$175,118</b>	52.37%	<b>\$189,850</b>	47.34%

## Notes to Table 1:

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

<sup>2</sup> Royalty Fee – The Royalty Fee is equal to the greater of: (a) a sum equal to 7% of your weekly Gross Sales; or (b) the amount of your then applicable Minimum Weekly Royalty Fee Requirement.

<sup>3</sup> Brand Development Fund Fee – The Brand Development Fund Fee is currently 1% of Gross Sales, but may be increased to 3% of Gross Sales.

<sup>4</sup> Local Marketing – On an on-going monthly basis, you must spend not less than the greater of: (a) 5% of your monthly Gross Sales; or (b) \$750 per month for your first Territory plus an additional \$250 per month for each Additional Territory on the local marketing of your Preservan Business. As to the 2022, 2023 and 2024 Calendar Years, the marketing expense included in Select Disclosed Expenses exceeds the local marketing efforts required and therefore we do not include an adjustment. This Franchise Related Expenses adjustment is representative of the local marketing requirement imposed during the 2024 Calendar Year. As of the Issuance Date of this Disclosure Document, the current local marketing requirement is \$2,000 per month for your first Territory plus an additional \$1,000 per month for each Additional Territory on the local marketing of your Preservan Business during the first 12 month period following the opening of your Preservan Business and, after this initial 12 month period, you must spend not less than the greater of a) 5% of your monthly Gross Sales; or (b) \$2,000 per month for your first Territory plus an additional \$1,000 per month for each Additional Territory on the local marketing of your Preservan Business.

<sup>5</sup> Software Fee – The Software Fee is currently \$300 per month.

<sup>6</sup> Contact Center Fee – The Contact Center Fee is currently \$300 per month plus \$0 for each invoiced job. This Franchise Related Expense adjustment is representative of the Contact Center Fee charged during the 2024 Calendar Year. As of the Issuance Date of this Disclosure Document, the current Contact Center Fee charged is \$350 per month plus \$35 per invoiced job.

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Table 2

Company Owned Outlet – Preservan Oklahoma City Service Visit Data Summary					
	Average	Median	High	Low	Number of Service Visits Above/Below Average <sup>1</sup>
2022 Gross Sales Per Service Visit	\$1,526	\$1,000	\$10,000	\$250	Above: 73 (34%) Below: 136 (65%)
2023 Gross Sales Per Service Visit	\$1,808	\$1,345	\$12,000	\$280	Above: 75 (40%) Below: 110 (60%)
2024 Gross Sales Per Service Visit	\$2,354	\$2,100	\$9,295	\$490	Above: 79 (46%) Below: 94 (54%)

Notes to Table 2:

<sup>1</sup> During the 2022 Calendar Year, there were a total of 209 Service Visits. During the 2023 Calendar Year, there were a total of 185 Service Visits. During the 2024 Calendar Year, there were a total of 173 Service Visits.

### **ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS**

During the 2023 Calendar Year we had a total of three Franchise Outlets. Of the three Franchise Outlets, none of the Outlets were Operational Franchise Outlets and all two Outlets were New Franchise Outlets. In the tables below, we report data related to our Operational Franchise Outlets. During the 2024 Calendar Year we had a total of 10 Franchise Outlets. Of the 10 Franchise Outlets, two Outlets were Operational Franchise Outlets and eight Outlets were New Franchise Outlets. In the tables below we report data related to our Operational Franchise Outlets. We do not include data for New Franchise Outlets that were not open for the 2023 and 2024 Calendar Years.

The table below provides a summary of our Operational Franchise Outlets.

Table 3

Operational Franchise Outlet Summary	
Outlet	Outlet Description
Preservan Tulsa	The Preservan Tulsa Outlet commenced operations in March 2023. This Outlet operates in an Operating Territory that constitutes a Zone 3 Wood Deterioration Zone with approximately 100,000 households, which is the equivalent of one Territory. This Outlet operates one service vehicle within the Operating Territory. This Outlet Since this Outlet constitutes a New Franchise Outlet for the 2023 Calendar Year and was not open for the full 2023 Calendar Year, it is excluded from this <u>Item 19</u> . This Outlet constitutes an Operational Franchise Outlet for the 2024 Calendar Year.
Preservan Orlando	The Preservan Orlando Outlet commenced operations in June 2023. This Outlet operates in an Operating Territory that constitutes a Zone 5 Wood Deterioration Zone with approximately 800,00 households, which is the equivalent of eight Territories. However, as to the 2024 Calendar Year, this Outlet only operated within the equivalent of five Territories. The financial information reported in this <u>Item 19</u> is based on this Outlet operating within these five Territories only. This Outlet operates two service vehicles within the Operating Territory. Since this Outlet constitutes a New Franchise Outlet for the 2023 Calendar Year and was not open for the full 2023 Calendar Year, it is excluded from this <u>Item 19</u> . This Outlet constitutes an Operational Franchise Outlet for the 2024 Calendar Year.

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Table 4

<b>Operational Franchise Outlet: Preservan Tulsa</b>		<b>2024 Calendar Year</b>	
		Total	% <sup>1</sup>
<b>Gross Sales</b>		<b>\$137,427</b>	100.00%
Less:			
Technician Labor Cost		(\$54,450)	39.62%
Product and Supply Cost		(\$12,391)	9.02%
<b>Direct Gross Profit</b>		<b>\$70,586</b>	51.36%
Less: Select Disclosed Expenses			
Service Vehicle Fuel and Maintenance Expenses		(\$5,485)	3.99%
Insurance		(\$795)	0.58%
Marketing		(\$21,904)	15.94%
<b>Direct Gross Profit Less Select Disclosed Expenses</b>		<b>\$42,402</b>	30.85%
Less: Adjustments for Select Franchise Related Expenses			
Royaalty Fee <sup>2</sup>		(\$9,620)	7.00%
Brand Development Fund Fee <sup>3</sup>		(\$1,374)	1.00%
Local Marketing <sup>4</sup>		N/A	N/A
Software Fee <sup>5</sup>		(\$3,600)	2.62%
Contact Center Fee <sup>6</sup>		(\$3,600)	2.62%
<b>Direct Gross Profit Less Select Disclosed Expenses and Select Franchise Related Expenses</b>		<b>\$24,208</b>	17.61%

Notes to Table:

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

<sup>2</sup> Royaalty Fee – The Royalty Fee is equal to the greater of: (a) a sum equal to 7% of your weekly Gross Sales; or (b) the amount of your then applicable Minimum Weekly Royalty Fee Requirement.

<sup>3</sup> Brand Development Fund Fee – The Brand Development Fund Fee is currently 1% of Gross Sales, but may be increased to 3% of Gross Sales.

<sup>4</sup> Local Marketing – On an on-going monthly basis, you must spend not less than the greater of: (a) 5% of your monthly Gross Sales; or (b) \$750 per month for your first Territory plus an additional \$250 per month for each Additional Territory on the local marketing of your Preservan Business. As to the 2024 Calendar Year, the marketing expense include in the Select Disclosed Expenses exceeds the local marketing efforts required and therefore we do not include an adjustment. This Franchise Related Expensed adjustment is representative of the local marketing requirement imposed during the 2024 Calendar Year. As of the Issuance Date of this Disclosure Document, the current local marketing requirement is \$2,000 per month for your first Territory plus an additional \$1,000 per month for each Additional Territory on the local marketing of your Preservan Business during the first 12 month period following the opening of your Preservan Business and, after this initial 12 month period, you must spend not less than the greater of (a) 5% of your monthly Gross Sales; or (b) \$2,000 per month for your first Territory plus an additional \$1,000 per month for each Additional Territory on the local marketing of your Preservan Business.

<sup>5</sup> Software Fee – The Software Fee is currently \$300 per month.

<sup>6</sup> Contact Center Fee – The Contact Center Fee is currently \$300 per month plus \$0 for each invoiced job. This Franchise Related Expense adjustment is representative of the Contact Center Fee charged during the 2024 Calendar Year. As of the Issuance Date of this Disclosure Document, the current Contact Center Fee charged is \$350 per month plus \$35 per invoiced job.

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Table 5

Operational Franchise Outlet – Preservan Tulsa Service Visit Data Summary					
	Average	Median	High	Low	Number of Service Visits Above/Below Average <sup>1</sup>
2024 Gross Sales Per Service Visit	\$1,518	\$1,040	\$6,915	\$200	Above: 31 (35%) Below: 58 (65%)

Notes to Table 5:

<sup>1</sup> During the 2024 Calendar Year, there were a total of 89 Service Visits.

Table 6

Operational Franchise Outlet: Preservan Orlando		
	2024 Calendar Year	
	Total	% <sup>1</sup>
<b>Gross Sales</b>	<b>\$406,300</b>	100.00%
Less:		
Technician Labor Cost	(\$91,699)	22.57%
Product and Supply Cost	(\$50,000)	12.30%
<b>Direct Gross Profit</b>	<b>\$264,601</b>	65.12%
Less: Select Disclosed Expenses		
Service Vehicle Fuel and Maintenance Expenses	(\$12,430)	3.06%
Insurance	(\$17,375)	4.28%
Marketing	(\$43,446)	10.69%
<b>Direct Gross Profit Less Select Disclosed Expenses</b>	<b>\$191,350</b>	47.10%
Less: Adjustments for Select Franchise Related Expenses		
R <sup>oyalty</sup> Fee <sup>2</sup>	(\$28,441)	7.00%
Brand Development Fund Fee <sup>3</sup>	(\$4,063)	1.00%
Local Marketing <sup>4</sup>	N/A	N/A
Software Fee <sup>5</sup>	(\$3,600)	0.89%
Contact Center Fee <sup>6</sup>	(\$3,600)	0.89%
<b>Direct Gross Profit Less Select Disclosed Expenses and Select Franchise Related Expenses</b>	<b>\$151,646</b>	37.32%

Notes to Table:

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

<sup>2</sup> R Fee – The Royalty Fee is equal to the greater of: (a) a sum equal to 7% of your weekly Gross Sales; or (b) the amount of your then applicable Minimum Weekly Royalty Fee Requirement.

<sup>3</sup> Brand Development Fund Fee – The Brand Development Fund Fee is currently 1% of Gross Sales, but may be increased to 3% of Gross Sales.

<sup>4</sup> Local Marketing – On an on-going monthly basis, you must spend not less than the greater of: (a) 5% of your monthly Gross Sales; or (b) \$750 per month for your first Territory plus an additional \$250 per month for each Additional Territory on the local marketing of your Preservan Business. As to the 2024 Calendar Year, the marketing expense include in the Select Disclosed Expenses exceeds the local marketing efforts required and therefore we do not include an adjustment. This Franchise Related Expensed adjustment is representative of the local marketing requirement imposed during the 2024 Calendar Year. As of the Issuance Date of this Disclosure Document, the current local marketing requirement is \$2,000 per month for your first Territory plus an additional \$1,000 per month for each Additional Territory on the local marketing of your Preservan Business during the first 12 month period following the opening of your Preservan Business and, after this initial 12 month period, you must spend not less than the greater of (a) 5% of your monthly Gross Sales; or (b) \$2,000 per month for your first Territory plus an additional \$1,000 per month for each Additional

Territory on the local marketing of your Preservan Business.

<sup>5</sup> Software Fee – The Software Fee is currently \$300 per month.

<sup>6</sup> Contact Center Fee – The Contact Center Fee is currently \$300 per month plus \$0 for each invoiced job. This Franchise Related Expense adjustment is representative of the Contact Center Fee charged during the 2024 Calendar Year. As of the Issuance Date of this Disclosure Document, the current Contact Center Fee charged is \$350 per month plus \$35 per invoiced job.

Table 7

Operational Franchise Outlet – Preservan Orlando Service Visit Data Summary					
	Average	Median	High	Low	Number of Service Visits Above/Below Average <sup>1</sup>
2024 Gross Sales Per Service Visit	\$1,402	\$990	\$11,211.75	\$200	Above: 91 (31%) Below: 198 (69%)

Notes to Table 7:

<sup>1</sup> During the 2024 Calendar Year, there were a total of 289 Service Visits.

**Some Outlets 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 representations, Preservan 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 Ty McBride, Preservan Franchising, LLC at 115 E California Avenue, Suite 340, Oklahoma City, Oklahoma 73104 and (405) 546-9627, the Federal Trade Commission, and the appropriate state regulatory agencies.

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

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

**TABLE NO. 1**  
**SYSTEMWIDE OUTLET SUMMARY**  
**FOR YEARS 2022 to 2024**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	0	0	0
	2023	0	2	+2
	2024	2	10	+8
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	1	1	0
	2023	1	3	+2
	2024	3	11	+8

**TABLE NO. 2**  
**TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS**  
**(OTHER THAN THE FRANCHISOR)**  
**FOR YEARS 2022 to 2024**

State	Year	Number of Transfers
None	2022	0
	2023	0
	2024	0

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