

Provision	Section in Agreement	Summary
t. Integration/merger clause	Section 17.3	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 18	All controversies, disputes or claims between us must be submitted for binding arbitration to the American Arbitration Association on demand of either party. We and you must arbitrate all disputes at a location in or within 50 miles of our then-principal place of business (currently, Dallas, Texas) (subject to state law, if applicable).
v. Choice of forum	Sections 18.1 and 18.5	Arbitration in the city in which we maintain our principal business address (currently Dallas, Texas). The venue for any other proceeding is exclusively the courts located in the county in which we maintain our principal business address, currently Dallas County, Texas (subject to applicable state law).
w. Choice of law	Section 18.4	All matters relating to arbitration will be governed by the Federal Arbitration Act. Except to the extent governed by the Federal Arbitration Act, the U.S. Trademark Act of 1946, or other federal law, any agreement between us and our affiliates and you and your affiliates, will be governed by the laws of the State of Texas (subject to applicable state law).

ITEM 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise.

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 this 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.

Methodology

The financial data in the tables below is for the calendar year ended December 31, 2024. As of December 31, 2024, there were a total of 298 franchised territories in operation.

The financial performance data presented below for Total Collected Revenue, Core Collected Revenue, and Reconstruction Collected Revenue is based on a total of 253 franchised territories operated by 140 franchisees. We excluded data for: (i) 15 franchised territories that were opened in 2024 year by new franchisees (14 franchised territories were opened in 2024 by existing franchisees and the data from the new territory was included in that franchisee's data); (ii) 8 franchised territories that did not have consistent reporting of financial data as a result of a transfer occurring during 2024; and (iii) 22 franchised territories that failed to report their 2024 data and/or reported for a partial year. This data also excludes 24 franchised territories that were terminated and/or ceased operations during 2024, of which none had been operating for less than 12 months as of the date of termination or closure.

The costs and profit data in the table below is based on a total of 186 franchised territories operated by 104 franchisees. We excluded all of the same franchisees/territories excluded above for the revenue data, plus an additional 67 franchised territories for which we did not receive reliable cost data. In the cost and profit table below, each of the listed cost and profit figures is reflected as a percentage of Total Collected Revenue for the calendar year ended December 31, 2024.

The data in the tables below is on a per franchisee and not a per territory basis. Our franchisees do not report data on a per territory basis. For Total Collected Revenue, Core Collected Revenue, and Reconstruction Collected Revenue, we have separated the data based on the total population of each franchisee's territory size on an aggregate basis as of the end of 2024. If a franchisee acquired an additional territory in 2024, that franchisee is reported based on the year-end population.

Definitions

"Total Collected Revenue" means the aggregate of all revenue and consideration of any kind derived from your Franchised Business, whether from check, cash, credit or otherwise, including all proceeds from any business interruption insurance, but excluding (a) all refunds actually made to customers in good faith, (b) any sales and equivalent taxes that are collected for or on behalf of any governmental taxing authority and paid thereto, and (c) uncollected amounts not paid by customers. With respect to National Accounts Clients, Collected Gross Revenue includes all revenue received by us for performance of services, without deduction for dispatch or claims management fees or similar fees. The figures in the chart for Collected Gross Revenue do not reflect the operating costs and expenses that you will incur in operating your Franchised Business, such as royalties, advertising and marketing fees and costs, payroll, vehicle finance or lease payments, insurance, telephone, utilities, and telephone number fees. These figures also do not include depreciation or amortization or taxes.

"Core Collected Revenue" means the Total Collected Revenue derived from the offer and sale of core services, including commercial water, fire and smoke and mold remediation services, but excluding any Reconstruction Collected Revenue.

"Reconstruction Collected Revenue" means Total Collected Revenue from Reconstruction Services.

"Favorable to Average" means the number or percentage of reporting franchisees that achieved higher than average revenue or profit numbers; or lower than average cost numbers, as applicable.

Each of the following are reflected in the table below as a percentage of Total Collected Revenue:

"Materials / Supplies" means the cost of supplies and materials used to perform services.

"Equipment / Vehicle Costs" means the cost of purchasing or leasing service vehicle(s) and

vehicle insurance, plus the cost of fuel, maintenance, tolls, and similar expenses.

“Hourly Labor/Subcontractors” includes hourly wages and compensation to subcontractors, but and not administrative expenses such as payroll taxes and benefit costs included in G&A Payroll below and referrals and commissions included in Referral / Commission below.

“Royalties” means the aggregate amount paid as the Royalty Fee under the Franchise Agreement, including the respective percentage Royalty Fee for Construction Collected Revenue and Core Collected Revenue and the minimum monthly Royalty Fee, as applicable.

“Referral / Commissions” means the amount you pay to persons that refer work to you.

“Misc. COGS” includes the other costs of providing services to customers, not included in Materials / Supplies, Equipment / Vehicle Costs, Hourly Labor/Subcontractors, Royalties, or Referral / Commissions.

“Gross Profit” means Total Collected Revenue less Total COGS.

“G&A Payroll” means the administrative costs of managing payroll functions, including fees paid to payroll vendors and payroll taxes.

“Advertising Expenses” means the amounts spent on advertising.

“Technology Expenses” means the cost of software, hardware, and subscriptions, including Technology Fees to the extent not included in Total COGS by the reporting franchisee.

“Occupancy Costs” means the cost of owning or leasing the Franchised Business Office, including maintenance, association or common area fees, and insurance.

“Office Expense” means the cost of office services such as internet and phone, and other office supplies and services.

“Professional Fees” means the costs of attorneys, accountants, and similar professionals.

“Travel Expense” means the cost of travelling for jobs, including lodging and meals, and to the extent not included in Equipment / Vehicle Costs, gas and tolls.

“Misc Expenses” includes all other expenses incurred that are not otherwise separately listed in Other Expenses or Total COGS, excluding taxes, depreciation and amortization, and interest.

“Other Expenses” includes G&A Payroll, Advertising Expenses, Technology Expense, Occupancy Expense, Office Expense, Professional Fees, Travel Expense, and Misc. Expense.

“Profit Before Owners / Mgmt” means Gross Profit less Other Expenses.

“Owner’s Expenses” includes cost of wages for salaried owners and reimbursement for cost items such as cell phone, vehicle costs, and similar costs.

“Management Payroll” includes the costs of wages to salaried management staff, but and not administrative expenses such as payroll taxes and benefit costs included in G&A Payroll and referrals and commissions included in Referral / Commission.

“Total Owners / Mgmt” means Owners’ Expense plus Management Payroll.

“Profits After Owners / Mgmt” means Profit Before Owners / Mgmt less Total Owners / Mgmt.

2024 TOTAL COLLECTED REVENUE						
Population	Average	Lowest	Highest	Median	Territories	# and % of Franchisees Favorable to Avg
250,000-500,000	\$650,502	\$21,696	\$2,722,001	\$416,466	77	27 of 74 - 36.5%
500,000-750,000	\$1,224,694	\$50,409	\$9,059,650	\$673,763	58	7 of 30 - 23.3%
750,000-1,000,000	\$2,081,253	\$39,843	\$5,711,520	\$2,107,777	36	8 of 15 - 53.3%
1,000,000-1,500,000	\$1,354,056	\$67,021	\$5,127,555	\$1,123,738	42	4 of 13 - 30.8%
1,500,000-3,000,000	\$4,713,488	\$1,307,498	\$18,226,176	\$2,225,980	40	3 of 8 - 37.5%
TOTAL	\$1,224,339	\$21,696	\$18,226,176	\$645,255	253	49 of 140 - 35.0%

2024 CORE COLLECTED REVENUE						
Population	Average	Lowest	Highest	Median	Territories	# and % of Franchisees Favorable to Avg
250,000-500,000	\$465,104	\$16,496	\$2,722,001	\$313,528	77	27 of 74 - 36.5%
500,000-750,000	\$833,961	\$50,409	\$4,929,982	\$482,067	58	9 of 30 - 30.0%
750,000-1,000,000	\$1,446,029	\$19,187	\$5,004,597	\$963,404	36	6 of 15 - 40.0%
1,000,000-1,500,000	\$1,012,281	\$67,021	\$2,836,450	\$942,586	42	6 of 13 - 46.2%
1,500,000-3,000,000	\$3,176,749	\$1,113,741	\$13,725,722	\$1,460,207	40	2 of 8 - 25.0%
TOTAL	\$855,005	\$16,496	\$13,725,722	\$494,640	253	50 of 140 - 35.7%

2024 RECONSTRUCTION COLLECTED REVENUE						
Population	Average	Lowest	Highest	Median	Territories	# and % of Franchisees Favorable to Avg
250,000-500,000	\$181,816	\$(25,781)	\$2,452,808	\$27,028	77	19 of 74 - 25.7%
500,000-750,000	\$390,732	-	\$4,129,668	\$32,045	58	6 of 30 - 20.0%
750,000-1,000,000	\$547,292	-	\$2,920,517	\$11,562	36	5 of 15 - 33.3%
1,000,000-1,500,000	\$341,775	-	\$2,291,105	\$13,417	42	3 of 13 - 23.1%
1,500,000-3,000,000	\$1,472,782	\$193,757	\$3,969,166	\$721,755	40	3 of 8 - 37.5%
TOTAL	\$354,365	(25,781) ¹	\$4,129,668	\$33,027	253	36 of 140 - 25.7%

1. This franchisee reclassified some revenue previously categorized as Reconstruction Collected Revenue as Core Collected Revenue and therefore reported negative Reconstruction Collected Revenue in 2024.

2024 COSTS AND PROFIT % OF TOTAL COLLECTED REVENUE			
Financial Metrics	Average	Median	# Favorable to Average
Materials/Supplies	3.4%	3.0%	57 of 104 – 54.8%
Equipment/Vehicle Costs	6.7%	4.2%	80 of 104 – 76.9%
Hourly Labor/ Subcontractors	26.2%	20.9%	61 of 104 – 58.7%
Referral/Commissions	1.0%	0.0%	81 of 104 – 77.9%
Royalties	5.2%	5.9%	40 of 104 – 38.5%
Misc. COGS	6.5%	0.8%	80 of 104 – 76.9%
TOTAL COGS	43.8%	40.0%	62 of 104 – 59.6%
GROSS PROFIT	56.2%	60.0%	62 of 104 – 59.6%
G&A Payroll	15.8%	12.5%	60 of 104 – 57.7%
Advertising Expense	5.5%	5.0%	54 of 104 – 51.9%
Technology Expense	1.3%	1.4%	49 of 104 – 47.1%
Occupancy Expense	3.5%	3.8%	47 of 104 – 45.2%
Office Expense	1.5%	0.8%	77 of 104 – 74.0%
Professional Fees	5.3%	5.2%	56 of 104 – 53.8%
Travel Expense	0.9%	0.7%	63 of 104 – 60.6%
Misc. Expense	2.1%	0.3%	85 of 104 – 81.7%
OTHER EXPENSES	35.9%	36.5%	52 of 104 – 50.0%

PROFITS BEFORE OWNERS/MGMT.	20.8%	20.4%	51 of 104 – 49.0%
Owner's Expense	3.9%	1.8%	69 of 104 – 66.3%
Management Payroll	2.5%	0.0%	78 of 104 – 75.0%
TOTAL OWNERS/MGMT.	6.4%	3.0%	39 of 104 – 37.5%
PROFITS AFTER OWNERS/MGMT.	14.3%	11.9%	45 of 104 – 43.3%

Some outlets have earned this amount. Your individual results may differ. There is no assurance you will earn as much. Written substantiation of the data used in preparing this information will be made available upon reasonable request.

Other than the preceding financial performance representation, 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 Jessica Wescott, Chief Executive Officer, Restoration 1 Franchise Holding, LLC, 2929 Carlisle St., Suite 100, Dallas, Texas 75204, (800) 933-0803; the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

TABLE 1 - SYSTEM-WIDE 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	265	289	+24
	2023	289	293	+4
	2024	293	298	+5
Company-Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	265	289	+24
	2023	289	293	+4
	2024	293	298¹	+5

¹ Since the end of our most recent fiscal year, 18 franchised outlets have ceased operations.