

| Provision | Section in Franchise Agreement (“FA”) | Section in Area Development Agreement (“ADA”) | Summary |
|---|--|--|--|
| | | | disclosure document and franchise agreement may not be enforceable. ADA: Only the terms of the Area Development Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and area development agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Section 15.b | None | FA: Mediation in Virginia Beach, VA ADA: None |
| v. Choice of forum | Section 15 | Section 16 | FA: Court of proper jurisdiction in the Commonwealth of Virginia. ADA: Court of proper jurisdiction in the Commonwealth of Virginia. |
| w. Choice of law | Section 15 | Section 16 | FA: The Commonwealth of Virginia. ADA: The Commonwealth of Virginia. |

Applicable state law may require additional disclosures related to the information in this franchise disclosure document. These additional disclosures, if any, appear in the state specific addenda attached to this franchise disclosure document.

ITEM 18 PUBLIC FIGURES

As of the date of this disclosure document, 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 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.

This Financial Performance Representation consists of the following:

1. **Pool Service/Maintenance Industry Overview.** A short summary of the pool service/maintenance industry is provided below for context regarding the financial performance representation for the Local Operation and the U.S. market.
2. **Pool Scouts Local Operations, LLC.** Our affiliate, PS Local Operations, has been in business since January 2016. We have provided detailed information for this entity, which consists of 2 territories in the southern Hampton Roads region of Virginia.
3. **Pool Scouts Franchising, LLC.** We have provided performance data for our franchise system, including revenue, customer and service metrics. As of December 31, 2024, we had 39 franchisees operating 71 outlets, with a total of 59 outlets operational for 12 months or more. Detailed information for these 59 outlets is provided below.

Pool Service/Maintenance Industry Overview

We consider the pool service and maintenance industry (“Industry”) to be segmented into seasonal and year-round business models. We believe the Industry to be predominantly seasonal in the northern two-thirds of the United States (“Seasonal Business”). The locations operated by our affiliate, PS Local Operations, are Seasonal Businesses, running predominantly from mid-March to mid-November. We believe the Industry to be predominantly year-round in the remaining warmer climate states (“Year-Round Business”).

In the Seasonal Business market, we segment the services provided into three distinct categories:

- (1) **Pool Openings.** Pool openings consist of an extended service call(s) to transition a pool from a closed status throughout the winter to an open status for the summer.
- (2) **Pool Service/Maintenance.** Pool service/maintenance consists of the recurring service calls required to maintain the proper water chemistry, a debris-free pool and a clean pool deck. Minor repairs requiring low technical expertise (e.g., pump replacement) and typically less than 60 minutes of labor are included in this category of business.
- (3) **Pool Closings.** Pool closings consist of a single extended service call required to transition a pool from an open status to a closed status for the winter. This includes placing a safety cover on the pool, if appropriate.

The Year-Round Business market consists primarily of pool service/maintenance visits, with a relatively few pool openings or closings.

Most franchisees perform repair work at the equipment pad, which we teach and support. Some franchisees initially use third-party service providers to perform such repair services. Over time, we expect that most or all franchisees will obtain the appropriate technical training, experience, and any certification or licensure (as required by applicable state law), to offer repair services directly to their customers.

PS Local Operations

PS Local Operations commenced business operations in January 2016, following the acquisition of the service arm of a Virginia Beach, Virginia-based pool construction firm (“Acquisition”). The Acquisition consisted of 31 service customers, 2 service vehicles, and an experienced pool service professional. PS Local Operations consists of two territories, VA-001 (with an estimated 15,432 Targeted Households across 8 ZIP Codes) and VA-002 (with an estimated 14,469 Targeted Households across 23 ZIP Codes).

TABLE 1 – REPRESENTATIVE INCOME STATEMENT

The Income Statement below is representative of the expenses incurred by PS Local Operations for territories VA-001 and VA-002 (collectively referred to in the table below as “Entity”) for the period from January 1, 2024 through December 31, 2024, as adjusted in accordance with the notes below Table 1.

| Pool Scouts Local Operations, LLC | | |
|--|-------------------|-------------------------------------|
| Income Statement¹ | | |
| January 1-December 31, 2024 | | |
| | Total | Percent of Total Revenue |
| Total Revenue² | \$ 1,239,736 | 100% |
| Cost of Goods Sold | | |
| Technician Labor ³ | \$ 339,647 | 27.4% |
| Materials Costs ⁴ | \$ 216,175 | 17.4% |
| Total Cost of Goods Sold | <u>\$ 555,822</u> | 44.8% |
| Gross Profit (\$) | \$ 683,914 | |
| Gross Margin | | 55.2% |
| Itemized Expenses | | |
| Royalty and Service Fee ⁵ | \$ 99,179 | 8.0% |
| Marketing Fee | \$ 24,795 | 2.0% |
| Advertising expense | \$ 74,917 | 6.0% |
| Credit card fees ⁶ | \$ (621) | -0.1% |
| Automobile expense | \$ 28,580 | 2.3% |
| Insurance expense ⁷ | \$ 21,311 | 1.7% |
| Fuel expense | \$ 20,197 | 1.6% |
| Other expenses ⁸ | \$ 22,148 | 1.8% |
| Integrated Business System Fees | \$ 5,845 | 0.5% |
| Rent and Utilities | \$ 19,989 | 1.6% |
| Wages and Benefits ⁹ | \$ 121,436 | 9.8% |

| | Total | Percent of Total Revenue |
|--|-------------------|-------------------------------------|
| Itemized Expenses | <u>\$ 437,776</u> | 35.3% |
| Operating Cash Flow Before Non-Itemized Expenses¹⁰ | <u>\$ 246,138</u> | |
| <i>Operating Cash Flow Margin</i> | | 19.9% |

Notes for Table 1:

1. The information set forth in Table 1 is from the combined financial performance for PS Local Operations' two territories, VA-001 and VA-002, from January 1, 2024 through December 31, 2024, as adjusted in accordance with these notes.
2. "Revenue" means the revenue billed for pool openings, recurring customer services, pool closings, and one-time services and repairs. Revenue from services to customers located in ZIP Codes not assigned to either VA-001 or VA-002 is included in the table and allocated equally across both territories.
3. "Technician Labor" includes all costs (wages, taxes, etc.) for the technicians that performed pool cleaning and repair services.
4. "Materials Costs" includes the actual cost of chemical products, parts and consumables required to complete the total services for the period.
5. PS Local Operations did not pay us any royalty fees during 2024. We supplemented the PS Local Operations Income Statement to include a "Royalty and Service Fee" entry to reflect the Royalty and Service Fee of 8%, that you will have to pay. You will be required to pay to us, our affiliates or our designated suppliers all of the fees described in this disclosure document. Other than the Royalty and Service Fee, PS Local Operations incurs the same costs for these items as our franchisees will incur.
6. PS Local Operations began charging a credit card surcharge that offset credit card fees in 2024.
7. Insurance expenses include automobile, general liability and worker's compensation. Automobile insurance is allocated by BFB to PS Local Operations based on the vehicles operated by PS Local Operations. PS Local Operations pays a pro-rata share of premiums for general liability and worker's compensation policies obtained through BFB, which may be lower than a franchisee would pay for policies that only cover the franchisee.
8. Other expenses include professional fees, bank fees, licenses and permits, charitable contributions, dues and subscriptions, office supplies, field supplies and safety gear, franchisee convention registration, repairs and maintenance, taxes and uniforms.
9. PS Local Operations employs a full-time general manager and a full-time assistant to run the local operations business. This figure also includes one temporary employee to assist from mid-May to mid-August. As required by the franchise agreement, you or your Designated Manager must oversee the operations of your Franchised Business. The information in the table above does not include any compensation payable to you, as an owner of the Franchised Business.
10. The representative information presented in Table 1 is stated as Operating Cash Flow Before Non-Itemized Expenses. Non-Itemized Expenses may include but are not limited to (a) any other expenses that may be necessary or that you may deem to be necessary or convenient to

run the business; (b) owner’s salary or “draw” should you desire to pay yourself; and (c) discretionary expenses such as meals, entertainment and travel. This Table 1 is not intended to be an exhaustive representation or list of every expense you may incur as a franchisee.

TABLE 2 –REVENUE, CUSTOMER AND SERVICE METRICS

| Local Operations Revenue by Territory | | | |
|--|---------------------|---------------------|---------------------|
| | 2023 | 2024 | YoY Growth Rate (%) |
| VA-001 | \$ 703,098 | \$ 686,815 | -2% |
| VA-002 | \$ 562,182 | \$ 552,921 | -2% |
| Entity | \$ 1,265,280 | \$ 1,239,736 | -2% |

| Local Operations Customer Count by Territory | | | |
|---|------------|------------|---------------------|
| | 2023 | 2024 | YoY Growth Rate (%) |
| VA-001 | 554 | 493 | -11% |
| VA-002 | 377 | 433 | 15% |
| Entity | 931 | 926 | -1% |

| Local Operations Service Count by Territory | | | |
|--|--------------|--------------|---------------------|
| | 2023 | 2024 | YoY Growth Rate (%) |
| VA-001 | 4,686 | 4,570 | -2% |
| VA-002 | 3,616 | 3,740 | 3% |
| Entity | 8,302 | 8,310 | 0% |

Notes for Table 2:

1. The data in Table 2 is for the period of January 1, 2023 through December 31, 2023 and January 1, 2024 through December 31, 2024.
2. PS Local Operations revenue includes pool opening revenue, recurring service revenue (including revenues from resale of pool treatment chemicals) and pool closing revenue, as well one-time services or repairs, less any applicable discounts or credit.
3. Revenue for each of the territories in this chart includes revenue from repair services (including parts required for those repair services). New franchisees may not be able to provide repair services directly to customers immediately upon their commencement of operations, unless they already have the requisite technical training, experience, and necessary certification or licensure (as required by applicable state law). Revenue from repair services (including parts required for those repair services) for PS Local Operations was 16.4% of total revenue in calendar year 2024 and 18.4% in calendar year 2023.

4. Revenue, customers and services located in ZIP Codes not assigned to either the VA-001 territory or the VA-002 territory are included in the table and allocated equally across both territories.

TABLE 3 –2024 PS LOCAL OPERATIONS BUSINESS PERFORMANCE METRICS

| CUSTOMER SALES METRICS | | |
|-------------------------------|--|--------------|
| Metric Tracked | Question/Answer | Notes |
| 1. Customer Acquisition Cost | <p>How much does it cost to recruit a single customer?</p> <p>PS Local Operations recruited 327 new customers for 2024 on a local marketing spend of \$68,398 for an average acquisition cost of \$209 per customer. The median cost to acquire a customer was \$140, the high cost to acquire a customer was \$889 and the low cost to acquire a customer was \$0.</p> | 1,2,3 |

| OPERATIONAL METRICS | | |
|----------------------------|--|--------------|
| Metric Tracked | Question/Answer | Notes |
| 1. Technician Cost | <p>What were the wages of PS Local Operations technicians?</p> <p>The average hourly rate during 2024 for PS Local Operations technicians was \$18.30/hour. The low hourly rate was \$16.50/hour and the high hourly rate was \$26/hour. The median hourly rate for technicians was \$18/hour.</p> | 4 |
| 2. Services Per Customer | <p>How many services did PS Local Operations provide per customer?</p> <p>PS Local Operations provided 8,310 services to 926 unique customers for 2024, for an average of 9 services per customer. The low services per customer was 1 and the high services per customer was 54. The median services per customer was 4.</p> | 5 |
| 3. Revenue Per Truck | <p>How much revenue did a PS Local Operations truck generate?</p> <p>PS Local Operations averaged 8 trucks during the season and generated approximately \$158,739 per vehicle.</p> | 6 |
| 4. Customers Per Truck | <p>How many customers did PS Local Operations service per truck?</p> <p>During the 2024 summer months, PS Local Operations was able to provide recurring service to 8-11 customers per truck per day, with</p> | 6 |

| OPERATIONAL METRICS | | |
|---------------------|---|-------|
| Metric Tracked | Question/Answer | Notes |
| | one or two technicians. For opening and closing services, two technicians were able to service 4 customers per truck per day. | |

| FINANCIAL METRICS | | |
|------------------------------|--|-------|
| Metric Tracked | Question/Answer | Notes |
| 1. Revenue Per Customer | <p>How much revenue per customer did PS Local Operations generate?</p> <p>PS Local Operations' average revenue per customer for 2024 was \$1,371. The median revenue per customer for 2024 was \$927. The high was \$10,213 and the low was \$52.</p> | 1 |
| 2. Revenue Per Pool Opening | <p>How much revenue per pool opening as described above did PS Local Operations generate?</p> <p>PS Local Operations' average revenue per pool opening for 2024 was \$354. The median net revenue per pool opening for 2024 was \$388. The high was \$520 and the low was \$131.</p> | 1 |
| 3. Revenue Per Service Visit | <p>How much revenue per service visit did PS Local Operations generate?</p> <p>PS Local Operations' average revenue per visit for 2024 was \$153 per visit. The median net revenue per visit 2024 was \$118 per visit. The high was \$7,625 and the low was \$3.</p> | 1 |
| 4. Revenue Per Pool Closing | <p>How much revenue per pool closing service did PS Local Operations generate?</p> <p>PS Local Operations' average revenue per pool closing for 2024 was \$366 per service. The median net revenue per pool closing for 2024 was \$394. The high was \$507 and the low was \$128.</p> | 1 |

Notes for Table 3:

1. Based on Pool Scouts CRM data for PS Local Operations.
2. Based on 2024 local marketing spend for PS Local Operations, includes Direct Mail and Digital spend.

3. A “new customer” is any customer that was not previously serviced by PS Local Operations prior to January 1, 2024.
4. PS Local Operations has elected to pay above the minimum wage required in Virginia as of January 1, 2024 to attract a more experienced technician, which we believe helps to (a) keep customer satisfaction high and (b) recruit additional customers.
5. Services Per Customer is the total services provided for the year divided by the total number of customers.
6. Revenue per Truck and Customers Per Truck data is provided to demonstrate the observed efficiency of PS Local Operations’ technicians during the busiest part of 2024. The number of services your technicians are able to perform in a single day, per truck, may also be limited by the number of customers you have requesting service. The number of customers that a single truck can service will depend on the geographic market in which you operate, the density of your customer base, the efficiency of your routing and the type of service being provided.

TABLE 4 -- PENETRATION ANALYSIS BY ZIP CODE

Table 4a. VA-001

| | Zip | Customers | Target Households | Average Household Income | 2024 Household Penetration |
|--------------|------------|------------------|--------------------------|---------------------------------|-----------------------------------|
| | 1 | 38 | 1,612 | \$170,858 | 2.4% |
| | 2 | 66 | 2,141 | \$149,810 | 3.1% |
| | 3 | 29 | 1,001 | \$133,462 | 2.9% |
| | 4 | 103 | 3,196 | \$166,951 | 3.2% |
| | 5 | 56 | 1,875 | \$151,023 | 3.0% |
| | 6 | 171 | 4,419 | \$202,650 | 3.9% |
| | 7 | 13 | 446 | \$153,553 | 2.9% |
| | 8 | 16 | 742 | \$112,918 | 2.2% |
| Total | | 492 | 15,432 | \$155,153 | 3.2% |

Table 4b. VA-002

| | Zip | Customers | Target Households | Average Household Income | 2024 Household Penetration |
|--|------------|------------------|--------------------------|---------------------------------|-----------------------------------|
| | 1 | 69 | 1,469 | \$133,683 | 4.7% |
| | 2 | 39 | 1,131 | \$162,542 | 3.4% |
| | 3 | 116 | 4,672 | \$196,494 | 2.5% |
| | 4 | 38 | 1,232 | \$160,874 | 3.1% |
| | 5 | 2 | 133 | \$99,385 | 1.5% |

| | Zip | Customers | Target Households | Average Household Income | 2024 Household Penetration |
|-------|-----|-----------|-------------------|--------------------------|----------------------------|
| | 6 | 6 | 315 | \$123,438 | 1.9% |
| | 7 | 18 | 666 | \$176,953 | 2.7% |
| | 8 | 63 | 2,517 | \$155,680 | 2.5% |
| | 9 | 8 | 214 | \$113,348 | 3.7% |
| | 10 | 12 | 321 | \$115,147 | 3.7% |
| | 11 | 3 | 40 | \$82,263 | 7.5% |
| | 12 | 18 | 352 | \$121,458 | 5.1% |
| | 13 | 9 | 189 | \$128,562 | 4.8% |
| | 14 | 5 | 135 | \$140,257 | 3.7% |
| | 15 | 2 | 134 | \$113,154 | 1.5% |
| | 16 | 3 | 23 | \$98,929 | 13.0% |
| | 17 | 18 | 527 | \$139,990 | 3.4% |
| | 18 | 3 | 307 | \$128,928 | 1.0% |
| | 19 | 1 | 92 | \$100,915 | 1.1% |
| Total | | 433 | 14,469 | \$131,158 | 3.0% |

Notes for Table 4a and 4b:

1. The number of Target Households in a given ZIP Code is based on detached, single-family households that have an in-ground pool and that earn more than \$100,000 in household income annually.
2. Household data was obtained from our third-party territory mapping software program, using data as of December 2024.

Pool Scouts Franchising, LLC

Unless otherwise noted, the following tables are based on the results of the 59 outlets which have been open and operating for 12 months or more as of December 31, 2024.

TABLE 5 – PERFORMANCE BY CLASS YEAR

Table 5a. Revenue

| Class Year | 2024 Average (# above average) | 2024 Median | 2024 High Territory | 2024 Low Territory | 2023 Average | 2023-2024 Growth (%) in Average Revenue |
|---------------|--------------------------------|-------------|---------------------|--------------------|--------------|---|
| Mature | \$442,133 6 (29%) | \$270,635 | \$1,699,049 | \$45,799 | \$388,419 | 14% |

| | | | | | | |
|-------------|----------------------|-----------|-----------|----------|-----------|-----|
| 2021 | \$254,523 4 (33%) | \$212,979 | \$536,440 | \$17,753 | \$260,016 | -2% |
| 2022 | \$278,995 6 (50%) | \$267,615 | \$663,253 | \$20,212 | \$221,694 | 26% |
| 2023 | \$247,570 5 (36%) | \$230,304 | \$485,376 | \$53,136 | \$175,228 | 41% |

Table 5b. Customers

| Class Year | 2024 Average (# above average) | 2024 Median | 2024 High Territory | 2024 Low Territory | 2023 Average | 2023-2024 Growth (%) in Average Customers |
|-----------------------|---|------------------------|------------------------------------|-----------------------------------|-------------------------|--|
| Mature | 243 7 (33%) | 181 | 791 | 46 | 236 | 3% |
| 2021 | 117 5 (42%) | 103 | 258 | 9 | 143 | -18% |
| 2022 | 150 6 (50%) | 160 | 290 | 13 | 146 | 2% |
| 2023 | 142 5 (36%) | 128 | 303 | 36 | 120 | 18% |

Table 5c. Services

| Class Year | 2024 Average (# above average) | 2024 Median | 2024 High Territory | 2024 Low Territory | 2023 Average | 2023-2024 Growth (%) in Average Services |
|-----------------------|---|------------------------|------------------------------------|-----------------------------------|-------------------------|---|
| Mature | 5,259 9 (43%) | 3,947 | 12,227 | 1,216 | 5,222 | 1% |
| 2021 | 2,553 6 (50%) | 2,328 | 6,054 | 185 | 2,592 | -2% |
| 2022 | 2,555 4 (33%) | 1,933 | 7,421 | 119 | 2,413 | 6% |