

Provision	Section in Franchise Agreement (“FA”)	Section in Area Development Agreement (“ADA”)	Summary
v. Choice of forum	Section 15	Section 16	FA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to applicable state law). ADA: Court of proper jurisdiction in the Commonwealth of Virginia (subject to applicable state law).
w. Choice of law	Section 15	Section 16	FA: The Commonwealth of Virginia (subject to applicable state law). ADA: The Commonwealth of Virginia (subject to applicable state law).

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.

1. Important Historical Information

We began franchise operations in June 2022. The Wonderly Lights brand was initially launched when 3 existing holiday lighting businesses converted to franchise entities (“Conversion Franchise Entities”). The Conversion Franchise Entities included one which was primarily focused on commercial/municipal customers (“commercial Conversion Franchise Entity, with 10 years of prior experience in the business), and two which were primarily focused on residential customers (“residential Conversion Franchise Entities,” with 1 and 3 years, respectively, of prior experience in the lighting business). Each of these 3 preexisting businesses were converted by their

owners into two franchise outlets in the June to August 2022 timeframe, resulting in 6 franchise outlets – 2 outlets that focus on commercial/municipal customers and 4 outlets that focus on residential customers. Additionally, and concurrent with the conversion in 2022, the residential Conversion Franchise Entities each acquired the rights to a third outlet, which each has subsequently opened.

For calendar years 2022-2024, we focused predominantly on the holiday lighting service line. The operational season for a Wonderly Lights franchise operating on a Seasonal Basis (i.e., the holiday lighting business) is approximately 5 months, beginning in September of one calendar year and ending in January of the next calendar year. There is work to be done outside of this timeframe (such as, the preparation of Christmas décor and installation equipment, sales and marketing, etc.) but the bulk of the field work for a Wonderly Lights franchise operating on a Seasonal Basis is completed during the aforementioned timeframe. More specifically, the holiday light installation services are completed in the September to December (commercial/municipal market) and the October to December (residential market) timeframes. The holiday light “takedown” services, i.e., the job of removing lights and other Christmas décor from customer locations and then storing the materials, is completed during the month of January.

During the 2024 calendar year, we began to expand into permanent, architectural and landscape lighting services (“non-holiday light services”), and will complete the transition from offering only Franchised Businesses that operate on a Seasonal Basis to a full-service, premium outdoor lighting brand that offers Franchised Businesses on a Year-Round Basis in 2025. Approximately 20% of our franchisees, plus Local Operations (as defined below), began offering non-holiday light installations during calendar year 2024. Results and data for non-holiday installations are provided separately below.

2. BFB Light Local Operations

BFB Light Local Operations, LLC (“Local Operations”) began offering residential holiday lighting services in the cities of Chesapeake, Norfolk, and Virginia Beach, Virginia, in late October 2022. For calendar year 2024, Local Operations generated \$189,737 in revenue while providing both holiday and non-holiday light services for 107 customers. These figures include 9 non-holiday light installations (8% of total installations) for \$44,496 (23% of total revenue) to 9 customers (8% of total customers). Additional performance details for Local Operations are presented in Tables 1 and 2 below.

**TABLE 1 – MONTHLY REVENUE AND JOB METRICS
(OCTOBER – DECEMBER 2024)**

<u>Metric</u>	<u>October</u>	<u>November</u>	<u>December</u>
Revenue	\$16,510	\$83,779	\$77,611
Job Count	15	52	42

Notes for Table 1:

- Based on CRM data and Tableau analytics data for Local Operations.

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**TABLE 2 – ADDITIONAL PERFORMANCE METRICS
(CALENDAR YEAR 2024)**

<u>Metric Tracked</u>	<u>Question/Answer</u>	<u>Notes</u>
1. Cost per Lead	<p>What were the results of the Local Operations’ marketing program in 2024?</p> <p>Local Operations spent \$22,915 on an omnichannel marketing program which generated 331 leads, 211 quotes and 72 customers. The cost per lead was \$69.23.</p>	1,2
2. Lead to Quote Conversion Rate	<p>What was the lead to quote conversion rate for Local Operations in 2024?</p> <p>211 of the 331 leads received a quote in 2024 for a 64% lead to quote conversion rate.</p>	1
3. Quote to Job Scheduled Conversion Rate	<p>What was the quote to job scheduled conversion rate for Local Operations in 2024?</p> <p>72 of the 211 quotes provided to prospective customers were accepted in 2024 for a 34% quote to job scheduled conversion rate.</p>	1
4. Lead to Job Scheduled Conversion Rate	<p>What was the lead to job scheduled conversion rate for Local Operations in 2024?</p> <p>72 of the 331 leads received were converted to jobs scheduled in 2024 for a 22% lead to job scheduled conversion rate.</p>	1

<u>Metric Tracked</u>	<u>Question/Answer</u>	<u>Notes</u>
5. Customer Retention Rate	What was the year over year customer retention rate? The retention rate of prior year customers in 2024 was 68%.	1
6. Average Ticket Price	What was the average ticket price for Local Operations in 2024? The average ticket price for Local Operations in 2024 was \$1,730. The median ticket price was \$1,295. The high ticket price was \$10,098 and the low ticket price was \$450.	1,5
7. Labor Rate	How much did Local Operations pay its technicians? Local Operations technicians do not receive benefits and are paid on an hourly basis. In 2024, the average hourly rate was \$25.00/hour, the low hourly rate was \$19.00/hour, the high hourly rate was \$32.50/hour, and the median hourly rate was \$24.00/hour.	3,4

Notes for Table 2:

1. Based on CRM data and Tableau analytics data for Local Operations.
2. Based on the 2024 marketing plan for Local Operations.
3. Based on 2024 payroll data for Local Operations.
4. Local Operations has elected to pay above the minimum wage to attract a more experienced technician, which we believe helps to (a) keep customer satisfaction high and (b) recruit additional customers.
5. Ticket price is the total revenue divided by the total job count.

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3. BFB Light Franchising, LLC

The tables in this section 3 present financial and operational metrics as follows:

- a. Tables 3-6: 21 franchisees operating 35 outlets focused primarily on residential holiday lighting (including the 2 residential Conversion Franchise Entities operating 6 outlets) – “21 Residential Franchisees”
- b. Tables 7-9: 19 franchisees operating 29 outlets focused primarily on residential holiday lighting (excluding the 2 residential Conversion Franchise Entities operating 6 outlets) – “19 Residential Non-Conversion Franchisees”
- c. Tables 10-11: 2 residential Conversion Franchise Entities operating 6 outlets focused primarily on residential holiday lighting – “2 Residential Conversion

Franchisees”

- d. Tables 12-13: 1 commercial Conversion Franchise Entity operating 2 outlets focused primarily on commercial holiday lighting – “1 Commercial Conversion Franchisee”

The tables below exclude the 2 franchisees, each operating a single outlet, that had been operational for less than six months as of December 31, 2024.

In 2024, of these 22 franchisees, 4 operated 3 outlets as a single business entity, 7 operated 2 outlets as a single business entity, and the remaining 11 operated a single outlet.

The tables include 26 non-holiday light services (approximately 2% of total services) provided to 22 customers (approximately 2% of total customers) for \$137,725 in revenue (approximately 5% of total revenue), completed by 5 outlets and as detailed previously.

a. Residential System Performance for Revenue, Customers and Sales

TABLE 3 – 2024 REVENUE AND JOB METRICS¹
(21 Residential Franchisees)

<u>Metric</u>	<u>Average⁴</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Revenue	\$150,775 <i>7 (33%)</i>	\$105,126	\$417,502	\$15,554
Job Count	74 <i>8 (38%)</i>	62	192	8
Ticket Price³	\$2,223 <i>6 (29%)</i>	\$1,855	\$9,131	\$1,037

Notes for Table 3:

- Based on CRM entity level data for the 21 franchisees operating a total of 35 outlets providing predominantly residential holiday lighting services which opened their first location prior to calendar year 2024. The 21 franchisees include the 2 residential Conversion Franchise Entities, each operating 3 outlets. As noted above, some franchisees operate more than 1 outlet under the same legal entity. Therefore, these revenue, job count and ticket price numbers cannot be extrapolated to the potential operation of a single outlet.
- Ticket Price is the total revenue divided by the total job count.
- The number and corresponding percentage of franchisees which exceeded the average figures are shown in bold italics below each metric in this column.

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**TABLE 4 – AVERAGE REVENUE AND JOB METRICS BY MONTH
(OCTOBER – DECEMBER 2024)¹
(21 Residential Franchisees)**

<u>Revenue</u>			
	<u>October</u>	<u>November</u>	<u>December</u>
No. of Franchisees	17	21	21
Average	\$24,481	\$76,395	\$47,043
Median	\$9,399	\$52,393	\$39,370
High	\$222	\$8,535	\$5,989
Low	\$108,902	\$249,229	\$171,935

<u>Job Count</u>			
	<u>October</u>	<u>November</u>	<u>December</u>
No. of Franchisees	17	21	21
Average	15	39	23
Median	6	34	20
High	53	94	83
Low	1	5	1

Notes for Table 4:

1. Based on CRM entity level data for the 21 franchisees operating a total of 35 outlets providing predominantly residential holiday lighting services, which opened their first location prior to calendar year 2024. The 21 franchisees include the 2 residential Conversion Franchise Entities, each operating 3 outlets. As noted above, some franchisees operate more than 1 outlet under the same legal entity. Therefore, these revenue and job count numbers cannot be extrapolated to the potential operation of a single outlet.

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TABLE 5 – 2024 QUARTILE PERFORMANCE¹
(21 Residential Franchisees)

Revenue				
<u>Quartile</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Top Quartile	\$345,258	\$394,746	\$417,502	\$204,272
2 nd Quartile	\$139,587	\$127,207	\$180,334	\$112,678
3 rd Quartile	\$94,719	\$94,248	\$105,126	\$86,989
4 th Quartile	\$44,741	\$48,479	\$73,050	\$15,554

Job Count				
<u>Quartile</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Top Quartile	150	150	192	113
2 nd Quartile	83	80	108	70
3 rd Quartile	52	48	62	45
4 th Quartile	21	19	37	8

Ticket Price				
<u>Quartile</u>	<u>Average</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Top Quartile	\$3,877	\$2,776	\$9,131	\$2,291
2 nd Quartile	\$2,089	\$2,120	\$2,232	\$1,933
3 rd Quartile	\$1,731	\$1,813	\$1,855	\$1,570
4 th Quartile	\$1,364	\$1,381	\$1,558	\$1,037

Notes for Table 5:

1. Based on CRM entity level data for the 21 franchisees operating a total of 35 outlets providing predominantly residential holiday lighting services, which opened their first location prior to calendar year 2024. The 21 franchisees include the 2 residential Conversion Franchise Entities, each operating 3 outlets. As noted above, some franchisees operate more than 1 outlet under the same legal entity. Therefore, these revenue, job count and ticket price numbers cannot be extrapolated to the potential operation of a single outlet.

2. The 21 franchisees are divided into quartiles as follows: Top Quartile – 5 franchisees (4 operating 3 outlets, 1 operating 2 outlets), 2nd Quartile – 5 franchisees (4 operating 2 outlets, 1 operating a single outlet), 3rd Quartile – 5 franchisees (1 operating 2 outlets, 4 operating a single outlet), and 4th Quartile – 6 franchisees (6 operating a single outlet).
3. Ticket Price is the total revenue divided by the total job count.

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**TABLE 6 – CUSTOMER SALES PERFORMANCE
(CALENDAR YEAR 2024)
(21 Residential Franchisees)**

<u>Metric Tracked</u>	<u>Question/Answer</u>	<u>Notes</u>
1. Lead to Quote Conversion Rate	What was the lead to quote conversion rate? 2,698 of the 5,029 leads received a quote in 2024 for a 54% lead to quote conversion rate.	1
2. Quote to Job Scheduled Conversion Rate	What was the quote to job scheduled conversion rate? 863 of the 2,698 quotes provided to prospective customers were accepted in 2024 for a 32% quote to job scheduled conversion rate.	1
3. Lead to Job Scheduled Conversion Rate	What was the lead to job scheduled conversion rate? 863 of the 5,029 leads received were converted to jobs scheduled in 2024 for a 17% lead to job scheduled conversion rate.	1
4. Customer Retention Rate	What was the year over year customer retention rate? The retention rate of prior year customers in 2024 was 71%.	1

Notes for Table 6:

1. Based on CRM entity level data and Tableau analytics data for the 21 franchisees operating 35 outlets providing predominantly residential holiday lighting services, who were opened prior to December 31, 2024. The 21 franchisees include the 2 residential Conversion Franchise Entities, each operating 3 outlets. As noted above, some franchisees operate more than 1 outlet under the same legal entity.

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**b. Residential System Performance for Revenue, Customers and Sales
(Excluding residential Conversion Franchise Entities)**

**TABLE 7 – 2024 REVENUE AND JOB METRICS¹
(19 Residential Non-Conversion Franchisees)**

<u>Metric</u>	<u>Average⁴</u>	<u>Median</u>	<u>High</u>	<u>Low</u>
Revenue	\$123,349 <i>6 (32%)</i>	\$100,063	\$394,746	\$15,554
Job Count	64 <i>8 (42%)</i>	58	192	8
Ticket Price³	\$2,187 <i>5 (26%)</i>	\$1,837	\$9,131	\$1,037

Notes for Table 7:

1. Based on CRM entity level data for the 19 franchisees operating a total of 29 outlets providing predominantly residential holiday lighting services which opened their first location prior to calendar year 2024. These 19 franchisees exclude the 2 residential Conversion Franchise Entities, each operating 3 outlets. As noted above, some franchisees operate more than 1 outlet under the same legal entity. Therefore, these revenue, job count and ticket price numbers cannot be extrapolated to the potential operation of a single outlet.
2. Ticket Price is the total revenue divided by the total job count.
3. The number and corresponding percentage of franchisees which exceeded the average figures are shown in bold italics below each metric in this column.

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**TABLE 8 – AVERAGE REVENUE AND JOB METRICS BY MONTH
(OCTOBER – DECEMBER 2024)¹
(19 Residential Non-Conversion Franchisees)**

<u>Revenue</u>			
	<u>October</u>	<u>November</u>	<u>December</u>
No. of Franchisees	15	19	19
Average	\$18,877	60,616	40,782
Median	\$8,610	47,578	30,809
High	\$108,902	161,619	114,773
Low	\$22	\$8,535	\$5,989

<u>Job Count</u>			
	<u>October</u>	<u>November</u>	<u>December</u>
No. of Franchisees	15	19	19
Average	13	34	20
Median	6	30	11
High	53	93	53
Low	1	5	1

Notes for Table 8:

1. Based on CRM entity level data for the 19 franchisees operating a total of 29 outlets providing predominantly residential holiday lighting services, which opened their first location prior to calendar year 2024. These 19 franchisees exclude the 2 residential Conversion Franchise Entities, each operating 3 outlets. As noted above, some franchisees operate more than 1 outlet under the same legal entity. Therefore, these revenue and job count numbers cannot be extrapolated to the potential operation of a single outlet.

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