

## **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) Calendar Year – means, as to each respective year, the 12 month period commencing on January 1 and ending on December 31.
- (b) 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, or that is managed by us our affiliate or any person identified in Item 2.
- (c) Direct Gross Profit – means Gross Sales less Direct Labor Cost. Direct Gross Profit is not net profit or income and, except as to Direct Labor Cost, does not include the deduction of all other expenses incurred by a Home Halo Agency including, but not limited to, managerial labor and expenses, administrative labor and expenses, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (d) Direct Labor Cost – means the direct non-owner labor expenses incurred in the operations of the Outlet and for employees that directly perform or provide services resulting in Gross Sales, and includes wages, payroll taxes, and paid employee benefits, if any. Direct Labor Cost does not include compensation related to administrative labor or management labor.
- (e) Disclosed Expenses – means the following select expenses: marketing, insurance, rent, supplies, caregiver mileage reimbursement, care management system, telephone. During the 2024 Calendar Year, our Company Owned Outlet paid Royalty Fees to us as if it were a Franchise Outlet. As such, we report the actual Royalty Fees paid by our Company Owned Outlet in Disclosed Expenses during the 2024 Calendar Year.
- (f) Franchise Outlet – refers to a Home Halo Agency operated under a Franchise Agreement that is not a Company Owned Outlet.
- (g) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Brand Development Fund Fees, Technology Fees, and Franchisee Directed Local Marketing. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.
- (h) Gross Sales – means the total revenue derived by each Home Halo Agency, less sales tax, discounts, allowances, and returns.
- (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 2022, as to the 2022 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 2023 Calendar Year, it would qualify as an

Operational Company Owned Outlet during the 2023 Calendar Year.

(j) 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 2022, as to the 2022 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 2023 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2023 Calendar Year.

(k) Outlet – refers to a Home Halo Agency that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

(l) Unique Customer – mean each individual Home Halo customer that receives Approved Services and Products during a particular Calendar Year.

### **BASES AND ASSUMPTIONS**

The financial information was not prepared on a basis consistent with generally accepted accounting principles. We do not have any Franchise Outlets. Data for our Company Owned Outlet is based on information reported to us by our affiliate. 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**

During the 2023 Calendar Year we had one Operational Company Owned Outlet located in Urbandale, Iowa and no New Company Owned Outlets. During the 2024 Calendar Year we had one New Company Owned Outlet located in Albuquerque, New Mexico and one Operational Company Owned Outlet located in Urbandale, Iowa. Descriptions of our Company Owned Outlets are set forth in Table 1. Below in Table 2 and Table 3 we disclose select financial data regarding our one Operational Company Owned Outlet in Urbandale, Iowa for the 2023 and 2024 Calendar Years.

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 royalties and a brand development fund fee.

Table 1

Outlet Location	Description
Urbandale, Iowa	We began operations at our Urbandale, Iowa Company Owned Outlet located in Urbandale, Iowa in October 2022. This Company Owned Outlet is representative of the Franchised Business offered hereunder and has typically served mostly clients referred by and paid for through the Veterans Administration, which has reimbursement rates that vary depending on location. The market that this Company Owned Outlet services is comprised of a population of 500,000 people, which is the equivalent of two Territories. This Company Owned Outlet provides only Non-Medical Services. This Company Owned Outlet operated as a Home Halo Agency until December 31, 2024, at which time it was rebranded to a Home Halo Agency.
Albuquerque, New Mexico	We began operations at our Albuquerque, New Mexico Company Owned Outlet in May 2024. This Company Owned Outlet is representative of the Franchised Business offered hereunder and has typically served mostly clients referred by and paid for through the Veterans Administration, which has reimbursement rates that vary depending on location.

	The market that this Company Owned Outlet services is comprised of a population of 500,000 people, which is the equivalent of two Territories. This Company Owned Outlet provides only Non-Medical Services. This Company Outlet does not qualify as an Operational Company Owned Outlet because was not open during the entire 2024 Calendar Year. As such, we do not disclose data regarding this Company Owned Outlet in this <u>Item 19</u> . This Company Owned Outlet operated as a Home Halo Agency until December 31, 2024, at which time it was rebranded to a Home Halo Agency.
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Table 2

Company Owned Outlet: Urbandale, Iowa			
	2023 Calendar Year	2024 Calendar Year	
Total	% <sup>1</sup>	Total	% <sup>1</sup>
<b>Gross Sales</b>			
Less:			
Direct Labor Costs			
<b>Direct Gross Profit</b>			
Less: Disclosed Expenses			
Marketing			
Insurance			
Rent			
Supplies			
Caregiver Mileage Reimbursement			
Care Management System			
Phone			
<b>Direct Gross Profit After Disclosed Expenses</b>			
Less: Adjustments for Franchisee Related Expenses			
R royalty Fee <sup>2</sup>			
Brand Development Fund Fee <sup>3</sup>			
Technology Fee <sup>4</sup>			
Franchisee Directed Local Marketing <sup>5</sup>			
Contact Center Fees <sup>6</sup>			
<b>Direct Gross Profit After Disclosed Expenses and Franchisee Related Expenses</b>			
<b>Notes to Table:</b>			
Footnote <sup>1</sup> – “%” represents the percentage of Total Gross Sales.			
Footnote <sup>2</sup> – The Royalty Fee is equal to the greater of 5% of Gross Sales or the Minimum Weekly Royalty Fee Requirement as set forth in <u>Item 6</u> of this Disclosure Document. During the 2023 Calendar year, given the Gross Sales achieved, our Company Owned Outlet would have been required to pay 5.00% of Gross Sales and, as such, this table shows an adjustment is for that amount for the 2023 Calendar Year. During the 2024 Calendar Year, our Company Owned Outlet paid Royalty Fees to us as if it were a Franchise Outlet. As such, we report the Actual Royalty Fees paid by our Company Owned Outlet in Disclosed Expenses during the 2024 Calendar Year.			
Footnote <sup>3</sup> – The Brand Development Fund Fee is currently 2% of Gross Sales.			
Footnote <sup>4</sup> – The Technology Fee is equal to \$250, but may be increased to \$750 per month.			
Footnote <sup>5</sup> – The franchisee directed local marketing requirement is currently 2% of Gross Sales, but not less than \$1,000 per Territory per month. Our Company Owned Outlet operates in the equivalent of two Territories, which would equate to a minimum local marketing requirement of \$24,000 per year. This adjustment represents the difference between the franchisee directed local marketing requirement and the marketing expense actually incurred by our Company Owned Outlet during the 2023 Calendar Year, as disclosed in Disclosed Expenses.			
Footnote <sup>6</sup> – We may charge a Contact Center Fee of up to 5% of Gross Sales if we institute a Contact Center. We do not currently charge a Contact Center Fee.			

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Table 3

Company Owned Outlet: Urbandale, Iowa <sup>1</sup> Number of Unique Customers Served; Total Hours Per Client, Per Week; Hours Per Caregiver, Per Week; 2023 and 2024 Calendar Years		
Data Type	2023 Calendar Year Total	2024 Calendar Year Total
Number of Unique Customers served	39	96
Number of hours per Caregiver per week	16	16
Number of hours per Client per week	8	8
Total hours of Client care	7,054	14,797

Notes:

<sup>1</sup> This Company Owned Outlet operates within the equivalent of two Territories, comprising a geographic area that includes approximately 500,000 people.

**Some Outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.**

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

Other than the preceding financial performance representation, Home Halo Franchising, LLC does not make any financial 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 Daniel Deak, Home Halo Franchising, LLC at 8400 E. Prentice Avenue, Suite 1500, Greenwood Village, Colorado 80111 and (800) 779-3312, the Federal Trade Commission, and the appropriate state regulatory agencies.

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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	0	0
	2024	0	0	0
Company Owned	2022	0	1	+1
	2023	1	1	0
	2024	1	2	+1
Total Outlets	2022	0	1	+1
	2023	1	1	0
	2024	1	2	+2

**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

**TABLE NO. 3**  
**STATUS OF FRANCHISED OUTLETS**  
**FOR YEARS 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations for Other Reasons	Outlets at End of Year
Totals	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0

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