

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, as to each respective year, 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, or that is managed by us our affiliate or any person identified in Item 2.
- (d) Direct Cost of Goods Sold – means the direct non-managerial and non-administrative cost of goods sold by an Outlet in directly providing the Approved Services and Products, comprised of the cost of materials. Direct Cost of Goods Sold does not include Direct Labor Cost, managerial labor and expenses, administrative labor and expenses, Service Vehicle Cost, marketing expenses, insurance expenses, operating expenses, general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (e) Direct Gross Profit – means Gross Sales less Direct Cost of Goods Sold, Direct Labor Cost, and Service Vehicle Cost. Direct Gross Profit is not net profit or income and, except as to Direct Cost of Goods Sold, Direct Labor Cost, and Service Vehicle Cost, does not include the deduction of all other expenses incurred by a Deer Solution Business including, but not limited to, managerial labor and expenses, administrative labor and expenses, marketing expenses, insurance expenses, operating expenses, general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.
- (f) 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, workers' compensation, and paid employee benefits, if any. Direct Labor Cost does not include compensation related to administrative labor or management labor and does not include labor cost related to providing estimates and the sales process.
- (g) Disclosed Expenses – means the following select expenses: marketing expenses, insurance, credit card processing, rent, supplies, professional services, and utilities and internet.
- (h) Franchise Outlet – refers to a Deer Solution Business operated under a Franchise Agreement that is not a Company Owned Outlet.
- (i) Franchise Related Expenses – means the following select fees currently required under the Franchise

Agreements: Royalty Fees, Brand Development Fund Fees, Technology Fees, Sales and Support Center Fees, and local marketing expenditures. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

- (j) Gross Sales – means the total revenue derived by each Deer Solution Business less sales tax, discounts, allowances and returns.
- (k) 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.
- (l) New Account – refers to an account which was acquired during the 2024 Calendar Year.
- (m) 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.
- (n) 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.
- (o) Outlet – refers to a Deer Solution Business that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.
- (p) Renewed Account – refers to an account which was serviced prior to the 2024 Calendar Year and continued to be serviced during the 2024 Calendar Year.
- (q) Service Vehicle Cost – means the cost incurred by an Outlet for finance or lease installment payments, if any, for the service vehicles used by the Outlet in providing the Approved Services and Products. Service Vehicle Cost also includes fuel expenses, service vehicle maintenance, and service vehicle insurance. Service Vehicle Cost does not include the purchase price of a service vehicle or the prior acquisition cost or depreciation cost of a service vehicle if it is owned by an Outlet and is not subject to lease finance charges or installment payments during the Calendar Year period for which financial information is provided in this Item 19.
- (r) Service Visit – means an on-site visit at a customer location where the Approved Services and Products are provided from a Service Vehicle at a customer home. Service Visits do not include visits to prepare and provide estimates for the Approved Services and Products.
- (s) Targeted Household – means a single-family dwelling that is occupied by individuals or families that have an annual household income of at least \$125,000.
- (t) Total Accounts – means the sum of New Accounts and Renewed Accounts.

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 and data for our Operational Franchise Outlets is based on 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 Company Owned Outlet with an office based in Fairfield, New Jersey. Our Company Owned Outlet commenced operations in June 1981 and operates within an Operating Territory that, in total, includes approximately 423,743 Targeted Households, which is the equivalent of 10 Territories. In the table below we provide a summary of the 10 Territories comprising the Operating Territory of our Company Owned Outlet.

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 fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees.

Company Owned Outlet	
Territory	Territory Description
North New Jersey 1	We began operations in the North New Jersey 1 Territory in June 1981. This Territory is comprised of approximately 42,100 Targeted Households and qualifies as one Territory.
North New Jersey 2	We began operations in the North New Jersey 2 Territory in June 1981. This Territory is comprised of approximately 43,136 Targeted Households and qualifies as one Territory.
North New Jersey 3	We began operations in the North New Jersey 3 Territory in June 1981. This Territory is comprised of approximately 43,671 Targeted Households and qualifies as one Territory.
North New Jersey 4	We began operations in the North New Jersey 4 Territory in June 1981. This Territory is comprised of approximately 45,176 Targeted Households and qualifies as one Territory.
North New Jersey 5	We began operations in the North New Jersey 5 Territory in June 1981. This Territory is comprised of approximately 44,501 Targeted Households and qualifies as one Territory.
North New Jersey 6	We began operations in the North New Jersey 6 Territory in June 1981. This Territory is comprised of approximately 40,862 Targeted Households and qualifies as one Territory.
North New Jersey 7	We began operations in the North New Jersey 7 Territory in June 1981. This Territory is comprised of approximately 44,372 Targeted Households and qualifies as one Territory.
North New Jersey 8	We began operations in the North New Jersey 8 Territory in June 1981. This Territory is comprised of approximately 40,381 Targeted Households and qualifies as one Territory.
North New Jersey 9	We began operations in the North New Jersey 9 Territory in June 1981. This Territory is comprised of approximately 39,170 Targeted Households and qualifies as one Territory.
North New Jersey 10	We began operations in the North New Jersey 10 Territory in June 1981. This Territory is comprised of approximately 40,374 Targeted Households and qualifies as one Territory.

Table 1

Company Owned Outlet Gross Sales and Disclosed Expenses Data for 2024 Calendar Year		
	Total	% ¹
Gross Sales	\$2,872,319	100.0%
Less:		
Direct Cost of Goods Sold	(\$282,770)	9.8%
Direct Labor Cost	(\$583,787)	20.3%
Service Vehicle Cost	(\$260,577)	9.1%
Direct Gross Profit	\$1,745,185	60.8%
Less: Disclosed Expenses		
Marketing Expenses	(\$113,138)	3.9%
Professional Referral Fees	(\$82,650)	2.9%
Insurance	(\$42,780)	1.5%
Credit Card Processing	(\$64,351)	2.2%
Rent	(\$37,194)	1.3%
Supplies	(\$21,249)	0.7%
Professional Services	(\$4,617)	0.2%
Utilities and Internet	(\$11,668)	0.4%
Direct Gross Profit Less Disclosed Expenses	\$1,367,539	47.6%
Less: Adjustments for Franchise Related Expenses		
Royalty Fee ²	(\$229,786)	8.0%
Brand Development Fund Fee ³	(\$57,446)	2.0%
Technology Fee ⁴	N/A	0.0%
Sales and Support Center Fee ⁵	(\$186,701)	6.5%
Local Marketing ⁶	N/A	0.0%
Direct Gross Profit Less Disclosed Expenses and Select Franchise Related Expenses	\$893,606	31.1%
<p><u>Notes to Table:</u></p> <p>¹ “%” represents the percentage of Gross Sales.</p> <p>² The Royalty Fee is equal to 8% of Gross Sales.</p> <p>³ The Brand Development Fund Fee is currently 2% of Gross Sales but may be increased to 3% of Gross Sales.</p> <p>⁴ Currently we do not charge a Technology Fee, but we reserve the right to implement one at any time in the future.</p> <p>⁵ The Sales and Support Center Fee is equal to 6.5% of Gross Sales but may be increased to 8.5% of Gross Sales.</p> <p>⁶ On an on-going annual basis, you must spend not less than \$10,000 per Territory per year on the local marketing of your Deer Solution Business. This adjustment reflects the difference between the local marketing requirement in <u>Item 6</u> of this Disclosure Document and the marketing expenses of the Company Owned Outlet disclosed in Disclosed Expenses.</p>		

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Table 2

Company Owned Outlet ¹ Gross Sales by Territory for 2024 Calendar Year	
Territory	2024 Calendar Year Gross Sales
North New Jersey 1	\$127,056
North New Jersey 2	\$180,488
North New Jersey 3	\$78,175
North New Jersey 4	\$601,167
North New Jersey 5	\$683,411
North New Jersey 6	\$380,639
North New Jersey 7	\$148,344
North New Jersey 8	\$85,211
North New Jersey 9	\$263,993
North New Jersey 10	\$323,836
Total	\$2,872,319
<p><u>Note to Table:</u></p> <p>¹ This Company Owned Outlet operates within the equivalent of 10 Territories comprising a geographic area that includes approximately 423,743 Targeted Households. The approximate number of households located within the geographic area comprising each Territory is: 42,100 Targeted Households in the North New Jersey 1 Territory; 43,136 Targeted Households in the North New Jersey 2 Territory; 43,671 Targeted Households in the North New Jersey 3 Territory; 45,176 Targeted Households in the North New Jersey 4 Territory; 44,501 Targeted Households in the North New Jersey 5 Territory; 40,862 Targeted Households in the North New Jersey 6 Territory; 44,372 Targeted Households in the North New Jersey 7 Territory; 40,381 Targeted Households in the North New Jersey 8 Territory; 39,170 Targeted Households in the North New Jersey 9 Territory; and 40,374 Targeted Households in the North New Jersey 10 Territory.</p>	

Table 3

Company Owned Outlet Underlying Transaction Data by Territory for 2024 Calendar Year				
Territory	New Accounts	Renewed Accounts	Total Accounts	Number of Service Visits
North New Jersey 1	10	100	110	1,169
North New Jersey 2	20	128	148	1,635
North New Jersey 3	12	56	68	714
North New Jersey 4	118	354	472	4,980
North New Jersey 5	125	372	497	5,799
North New Jersey 6	69	195	264	3,105
North New Jersey 7	19	73	92	1,074
North New Jersey 8	11	56	67	797
North New Jersey 9	31	175	206	2,227
North New Jersey 10	51	215	266	2,975
Total	466	1,724	2,190	24,475

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Table 4

Company Owned Outlet Gross Sales and Service Visit Data for 2024 Calendar Year		
Gross Sales	Number of Service Visits	Gross Sales Per Service Visit
\$2,872,319	24,475	\$117.36

ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2024 Calendar Year we had a total of three Operational Franchise Outlets. In the table below we provide a summary of the Operational Franchise Outlets.

Operational Franchise Outlet Summary	
Outlet	Outlet Description
Central New Jersey	The Central New Jersey Outlet is located in New Jersey and began operations in May 2022. This Outlet is comprised of approximately 224,405 Targeted Households and qualifies as a multi-territory Outlet comprised of five Territories.
Main Line	The Main Line Outlet is located in Pennsylvania and began operations in April 2023. This Outlet is comprised of approximately 124,034 Targeted Households and qualifies as a multi-territory Outlet comprised of three Territories.
Lowcountry	The Lowcountry Outlet is located in South Carolina and began operations in May 2023. This Outlet is comprised of approximately 93,104 Targeted Households and qualifies as a multi-territory Outlet comprised of two Territories. The Lowcountry Outlet was transferred to a new franchisee in December 2024 and, prior to that, this Outlet did not spend any amount on local marketing for the Franchised Business. The Outlet did not operate in a way that is representative of the Franchised Business and, as such, we exclude financial performance representations for this Outlet from <u>Item 19</u> .

Table 5

Operational Franchise Outlets Gross Sales for the 2024 Calendar Year	
Territory	2024 Calendar Year Gross Sales
Central New Jersey	\$306,458
Main Line	\$145,109

Table 6

Operational Franchise Outlets Underlying Transaction Data for 2024 Calendar Year				
Territory	New Accounts	Renewed Accounts	Total Accounts	Number of Service Visits
Central New Jersey	74	200	274	2,638
Main Line	74	68	142	1,332
Total	148	268	416	3,970

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, Deer Solution Franchising LLC does 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 Kristopher Goodrich, Deer Solution Franchising LLC at 1 Gatehall Drive, Suite 300, Parsippany, New Jersey 07054 and (888) 928-4148, the Federal Trade Commission, and the appropriate state regulatory agencies.

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	2	+2
	2023	2	4	+2
	2024	4	3	-1
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	3	+2
Total Outlets	2022	1	3	+2
	2023	3	5	+2
	2024	5	6	+1

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
South Carolina	2022	0
	2023	0
	2024	1
Total	2022	0
	2023	0
	2024	1

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