

	Provision	Franchise Agreement	Summary
o.	ProSource's option to purchase Your business	None	
p.	Your death or disability	Section 12.1F	Franchise must be sold by estate within 6 months, in compliance with the provisions of the franchise agreement.
q.	Non-competition covenants during the term of the franchise	Section 16.1	No involvement in competing business within 25 mile radius of any current or prior ProSource Showroom, no solicitation of customers, no association with a competing franchise system, supplier or distributor of floorcovering products or K&B Products.
r.	Non-competition covenants after the franchise is terminated or expires	Section 16.1	No involvement in competing business for 12 months within 25 mile radius of any current or prior ProSource Showroom (including after assignment), no solicitation of customers.
s.	Modification of the agreement	Section 18.11	Modifications must be signed by both parties.
t.	Integration/merger clause	Section 18.11	Only the terms of the franchise agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of this Disclosure Document and the Franchise Agreement may not be enforceable.
u.	Dispute resolution by arbitration or mediation	None	
v.	Choice of forum	Section 18.2	Litigation must be in state or federal court in St. Louis County, Missouri (see Addendum to Franchise Agreement, if applicable) (subject to applicable state law).
w.	Choice of law	Section 18.2	Missouri law applies (see Addendum to Franchise Agreement, if applicable) (subject to applicable state law).

ITEM 18. PUBLIC FIGURES

ProSource does not currently plan to use any public figure or spokesperson to promote its franchise or the business of the franchisees.

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 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.

The ProSource Actual Sales Table is shown below. The ProSource Actual Sales Table presents the actual Gross Sales for all ProSource Comparable Showrooms (defined below) for each time period shown as well as other specified information. All ProSource-owned Showrooms (which include all Showrooms owned by ProSource and any affiliate of ProSource) are not included in the results specified in the table below. The ProSource Actual Sales Table sets forth in tabular form the Gross Sales for all Comparable Showrooms for each of the three preceding fiscal years. For purposes of the table below, “Gross Sales” is as defined in the Franchise Agreement, which means it includes the total sum of all amounts invoiced or otherwise charged by You for all goods and services sold by You, and the value of all goods and merchandise received by You in trade for services or goods and merchandise sold by You but not reflected in the amounts invoiced or charged by You. Gross Sales are reduced by the amount of all refunds, and do not include sales or use taxes or member referral fees.

Also included below is certain additional information which ProSource has calculated from the total actual Gross Sales figures and other information provided to ProSource by its franchisees. Please refer to the explanations set forth following the Table for the definitions of the terms used in the Table and certain additional information regarding the actual performance of ProSource Showrooms.

Beginning in the spring of 2013, all new Showrooms were required to sell K&B Products. Prior to the spring of 2013, the sale of K&B Products in new Showrooms was optional. Thus, there are now 5 Showrooms reflected in the ProSource Actual Sales Table that do not sell K&B Products. Otherwise, the characteristics of the Showrooms used in the Financial Performance Representation below do not materially differ from the characteristics of a Showroom of a new franchisee.

Written substantiation of the data used in preparing the following table will be made available to any prospective franchisee upon reasonable request.

PROSOURCE ACTUAL SALES TABLE OF COMPARABLE SHOWROOMS

FY is October 1-September 30 Year indicated is the year the period ends.	FY 2024 (12 Months)	FY 2023 (12 Months)	FY 2022 (12 Months)
TOTAL SALES OF COMPARABLE SHOWROOMS	\$847,009,736	\$908,033,928	\$920,207,727
NUMBER OF COMPARABLE SHOWROOMS	139	139	138
AVERAGE ANNUAL SALES FOR COMPARABLE SHOWROOMS	\$6,093,595	\$6,532,618	\$6,668,172
MEDIAN SALES FOR COMPARABLE SHOWROOMS	\$4,669,738	\$5,027,745	\$5,271,360
AVERAGE GROSS MARGIN	32.7%	32.5%	31.8%
MEDIAN GROSS MARGIN	32.6%	32.3%	32.0%
AVERAGE TICKET PRICE	\$2,359	\$2,424	\$2,305

MEDIAN TICKET PRICE	\$2,499	\$2,562	\$2,399
AVERAGE ACCOUNT MANAGER SALES	\$1,691,219	\$1,777,152	\$1,800,769

Some Showrooms have sold these amounts. Your individual results may differ. There is no assurance that You will sell as much.

FY = ProSource's Fiscal Year (October 1 to September 30). The year noted after "FY" is the year in which the period ends. For example, "FY 2024" shall mean the period from October 1, 2023 to September 30, 2024.

49 Showrooms (35%) exceeded the Average Annual Sales for FY2024; 50 Showrooms (36%) exceeded the Average Annual Sales for FY2023; and 49 Showrooms (36%) exceeded the Average Annual Sales for FY2022.

Explanatory Information:

Information in this table for Gross Sales is provided to ProSource by its franchisees for franchisee owned Showrooms. Average Gross Margin, Average Ticket Price and Average Account Manager Sales are each calculated by ProSource based on information provided by franchisees for franchisee owned Showrooms.

TOTAL SALES OF COMPARABLE SHOWROOMS – shall mean the total Gross Sales of all Comparable Showrooms during the time period shown.

NUMBER OF COMPARABLE SHOWROOMS – shall mean the total number of ProSource Showrooms which were open as of the end of the time period shown and that were also open at the beginning of the time period. (For example, for a Showroom to be a Comparable Showroom for FY2024, such Showroom had to be open from October 1, 2023 through September 30, 2024.) So long as a Showroom was open for such time period, transfers during said time period had no effect on whether a Showroom meets the definition of a Comparable Showroom.

AVERAGE ANNUAL SALES FOR COMPARABLE SHOWROOMS – shall mean the average Gross Sales for all Comparable Showrooms for the relevant time period. The amount shown was calculated by dividing the total Gross Sales for Comparable Showrooms for the relevant time period by the total number of Comparable Showrooms for the same period. For FY 2024 the high was \$27,358,864 and the low was \$659,283; For FY 2023 the high was \$31,924,727 and the low was \$1,020,914; and for FY 2022 the high was \$28,519,859 and the low was \$1,089,587.

AVERAGE GROSS MARGIN – shall mean the amount calculated by subtracting Cost of Goods Sold from Gross Sales and dividing the result by Gross Sales resulting in Gross Margin being shown as a percentage of Gross Sales. In calculating Average Gross Margin, rebates received by a Showroom from ProSource Cooperative, Inc. are added to Gross Sales and payment discounts are subtracted from Cost of Goods Sold. The amount of payment discounts that are subtracted from Cost of Goods Sold is based on data from three St. Louis based ProSource owned Showrooms.

AVERAGE TICKET PRICE – shall mean the amount calculated when dividing Total Sales for Comparable Showrooms in the relevant period by the number of transactions for all Comparable

Showrooms in the same period.

AVERAGE ACCOUNT MANAGER SALES – shall mean the average delivered line sales of assigned territory for any Account Manager who has at least 12 months of tenure with Franchisee in such position prior to the beginning of the applicable reporting period.

ProSource calculated Average Gross Margin, Average Ticket Price and Average Account Manager Sales from information received for 139 Showrooms for FY2024, 139 Showrooms for FY2023, and 138 Showrooms for FY 2022, as shown in the table. ProSource owned Showrooms are not included in this table. 139 Showrooms constitutes 100% of all Comparable Showrooms for FY2024, 138 Showrooms constitutes 100% of all Comparable Showrooms for FY2023 and 137 Showrooms constitutes 100% of all Comparable Showrooms for FY2022.

Other than the preceding financial performance representation, ProSource does not make any financial performance representations. ProSource also does not authorize its employees or representatives to make any such representations either orally or in writing. If You are purchasing an existing Showroom, however, ProSource may provide You with the actual records of that Showroom. If you receive any other financial performance information or projections of Your future income, You should report it to ProSource’s management by contacting Mr. Andrew Shulklapper, 4301 Earth City Expressway, St. Louis, Missouri 63045-1334, (314) 506-0000, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20. SHOWROOMS AND FRANCHISEE INFORMATION

Systemwide Showroom Summary for Years 2022 to 2024 (Table 1)

Showroom Type	Year	Showrooms at Start of Year	Showrooms at End of Year	Net Change
Franchised	2022	146	146	0
	2023	146	145	-1
	2024	145	146	1
Company-Owned	2022	3	3	0
	2023	3	3	0
	2024	3	3	0
Total Outlets	2022	149	149	0
	2023	149	148	-1
	2024	148	149	1

Calendar years noted above refer to ProSource’s Fiscal Year (October 1 to September 30). The year noted is the year in which the period ends. For example, “FY 2024” shall mean the period from October 1, 2023 to September 30, 2024.

“Company-Owned” Showrooms include Showrooms owned by ProSource, as well as Showrooms owned by affiliates of ProSource.