

Provision	Section in Franchise Agreement or Other Agreement	Summary
m. Conditions for franchisor approval of transfer	Section 15 of Franchise Agreement	Franchise Agreement: New franchisee qualifies, Transfer Fee paid, purchase agreement approved, training arranged, release signed by you and current agreement signed by new franchisee, subject to state law.
n. Franchisor's right of first refusal to acquire your business	Section 16 of Franchise Agreement	We can match any offer for your business
o. Franchisor's option to purchase franchisee's business	Section 16 of Franchise Agreement	We may, but are not required to, purchase your inventory and equipment at fair market value if your franchise is terminated for any reason, subject to state law.
p. Death or disability of franchisee	Section 15.9 of Franchise Agreement	Your estate or legal representative must apply to us for the right to transfer to the next of kin within one hundred twenty days
q. Non-competition covenants during the term of the franchise	Section 14 of Franchise Agreement	No involvement in Competitive Business, subject to state law. A "Competitive Business" is any business which offers repair, maintenance, service, design and construction of irrigation systems for residential and commercial customers with an emphasis on water conservation.
r. Non-competition covenants after the franchise is terminated or expires	Sections 14, 17 of Franchise Agreement	Franchise Agreement: No Competitive Business for 2 years (i) in the Territory or any other Franchisee's Territory; (ii) 10 miles of the Territory or any other Franchisee's Territory or (iii) 10 miles of any of our or our affiliate owned Irrigation Business, subject to state law.
s. Modification of the agreement	Sections 2.3, 7.3 & 20.11 of Franchise Agreement	Franchise Agreement: No modifications of Franchise Agreement during term, but Operating Manual subject to change. Modifications permitted on renewal.
t. Integration/merger clause	Section 20.5 of Franchise Agreement	Only the terms of the franchise agreement are binding (subject to state law). Any representations or promises outside of the disclosure document, franchise agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 19 of Franchise Agreement	Except for certain claims, all disputes must first be submitted to non-binding mediation, and if unsuccessful, then arbitrated in Virginia, subject to state law.
v. Choice of forum	Sections 19.1 & 20.1	Mediation and arbitration must be in Virginia, subject to state law
w. Choice of law	Sections 19.1 & 20.1 of Franchise Agreement	Virginia law applies, subject to state law.

ITEM 18 PUBLIC FIGURES

We do not currently use any public figure 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 licensed, 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.

SECTION I

A. Gross Revenues Received by Franchisees during Fiscal Year ending September 30, 2024

The information provided in Section A below presents Gross Revenue derived by certain Conserva Irrigation franchisees during the period between October 1, 2023 and September 30, 2024 (“2024 Fiscal Year Reporting Period”). The information provided in the table below was compiled from 68 franchisees that were operational during the entire 2024 Fiscal Year Reporting Period. These franchisees operated 172 franchise territories during the 2024 Fiscal Year Reporting Period. 53 of these 68 franchisees operated in more than one territory under multiple franchise agreements during the entire 2024 Reporting Period as follows: 26 of the franchisees operated in 2 territories, 15 franchisees operated 3 territories, 7 franchisees operated 4 territories, 3 franchisees operated 5 territories, 1 franchisee operated 8 territories, and 1 franchisee operated 9 territories. Conserva Irrigation franchisees report Gross Revenues to us for all of their territories on the same report. As a result, for the purposes of this Item 19, each of the 68 franchisees were considered to be one franchise even though some operate in more than one territory. The data excludes 13 franchise territories that commenced operations during the 2024 Fiscal Year Reporting Period, 10 franchise territories that transferred ownership during the Fiscal Year Reporting Period (partial year operations), 6 franchise territories that ceased operations during the 2024 Fiscal Year Reporting Period, and 7 franchise territories that did not report sales during the entire 2024 Fiscal Year Reporting Period.

A(1) Combined Multi-Territory and Single-Territory Franchisees

TOTAL REVENUE								
	Avg. Years in Business	#	Min	Max	Median	Average	#above average	% above average
Greater than \$1.1M	4.7	13	1,100,056	4,677,021	1,397,192	1,760,153	5	38%
\$550K - \$1.1M	4.7	16	551,819	1,079,412	716,702	749,476	7	44%
\$300K - \$550K	2.5	14	295,185	522,302	394,331	406,548	6	43%
\$175K - \$300K	3.4	12	189,306	295,185	267,786	250,167	8	67%
Less than \$175K	2.5	13	91,348	173,020	153,906	144,302	9	69%
Total		68			439,503	671,826	24	35%

Of the 13 franchisees with Gross Revenues greater than \$1,100,000, 12 (92%) operated more than one territory. Of the 16 franchisees with Gross Revenue between \$550,000 and \$1,100,000, 13 (81%) operated more than one territory. Of the 14 franchisees with Gross Revenues between \$300,000 and \$550,000, 13 (93%) operated more than one territory. Of the 12 franchisees with revenue between \$175,000 than \$300,000, 7 (58%) operated more than one territory. Of the 13 franchisees with revenue less than \$175,000, 8 (62%) operated more than one territory.

A(2) Multi-Territory Franchisees Only

TOTAL REVENUE						
	#	Min	Max	Median	Average	#above average
Top Quarter	13	1,079,412	4,677,021	1,397,192	1,752,206	5
Upper Middle Quarter	13	522,302	922,475	676,615	678,499	5
Lower Middle Quarter	13	292,860	504,871	380,909	393,652	6
Bottom Quarter	14	114,663	286,520	164,395	189,237	6

A(3) Single-Territory Franchisees Only

TOTAL REVENUE						
	#	Min	Max	Median	Average	#above average
Single Territory Franchisees	15	91,348	1,182,722	266,731	421,213	5

The term “Revenues” has the same general meaning as in the Franchise Agreement as “Gross Revenue”, which is defined in the Franchise Agreement as: the total of all receipts derived from all sales of products and services in connection with the Irrigation Business, including, without limitation, labor, insurance claims for lost profits to the extent a claim is paid by the insurer, and all other products and services sold or performed by or for the franchisee or its Irrigation Business or by means of the business conducted under the Franchise Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Revenues do not include:

- (ii) the amount of any tax imposed by any federal, state, municipal or other governmental authority directly on sales and collected from customers, provided that the amount of any such tax is shown separately and in fact paid by you to the appropriate governmental authority; and
- (ii) all customer refunds, valid discounts and coupons, and credits made by the Irrigation Business (exclusions will not include any reductions for credit card user fees, financing program fees, returned checks or reserves for bad credit or doubtful accounts).

SECTION II

The information provided below was compiled from 56 franchisees operating in 149 territories that were operational for all of the 2023 calendar year and reported to us at least one of the following: (A) an annual Profit and Loss statement (“P&L”); or (B) detailed customer reports from the customer relationship management (“CRM”) software; Conserva Irrigation franchisees report Gross Sales to us for all of their territories on the same report. As a result, for the purposes of this Item 19, each of the 56 franchisees were considered to be one franchise even though some operate in more than one territory. The information contained in this Section II reflects the most current information available to us as of the issuance date of this disclosure document because we typically are unable to collect this information from our franchisees until April of each year.

The information below excludes 17 franchisees operating in 41 territories that either began operations after January 1, 2023, operated the business as a part-time business or as an ancillary business with another business or did not report a detailed annual P&L or CRM reports for a complete 2023 year operations. The Reporting Franchisees also exclude information for 3 operators that operated 9 territories that terminated operations in 2023.

B. Average Total Revenue Less Average COGS and Average Certain Expenses of Reporting Franchisees Operating for at Least Two Years as of December 31, 2023.

While the information in Section C through L focus on revenues and expenses by the applicable Reporting Franchisees that had been open and operating throughout 2023, this Section B presents information for those 38 Reporting Franchisees operating in 107 territories that had been open and operating on a full-time basis for at least two full years as of December 31, 2023. 31 of the 38 Reporting Franchisees contained in the chart below operate multiple territories. The below chart reflects the average revenues, certain costs, and expenses in the 2023 calendar year by these 38 Reporting Franchisees.

REVENUE MINUS COGS AND CERTAIN MARKETING & OPERATING EXPENSES

	Average	% of Revenue
Revenue	808,674	100.0%
Cost of Goods Sold		
Labor	210,762	26.1%
Material	136,332	16.9%
Equipment Rental	8,338	1.0%
Gross Profit Margin	453,242	56.0%
Certain Marketing & Operating Expenses		
Royalties	61,607	7.6%
Local Marketing Investments	60,797	7.5%
National Brand Marketing Fund Investments	12,130	1.5%
Office Manager Compensation	31,401	3.9%
Small Tools, Equipment & Uniform Expense	4,798	0.6%
Vehicle Expense	51,387	6.4%
Bank Service Charges & Merchant Fees	19,395	2.4%
Insurance	25,732	3.2%
Licenses & Permits	2,462	0.3%
IT & Telephone	18,993	2.3%
Total Revenue Less Cost of Goods Sold and Certain Required Marketing & Operating Expenses	164,538	20.3%

*NOTE: Royalties & NBMF shown at the actual rates based on 2023 FDD (higher than the avg/median of the cohort).

“Average” means the respective amount is equal to the average amount generated or incurred by the 38 Reporting Franchisees that were open and operating on a full-time basis for at least two years as of December 31, 20023. “% of Revenue” is calculated by taking the respective amount and dividing it by the average Revenue.

The term “Revenues” has the same meaning as described above. The Gross Revenues figures above do not reflect other fixed and variable costs and expenses associated with operating an Irrigation Business,

including the cost of sales, Monthly Branding Royalties, National Branding & Marketing Fees, salaries, automobile expenses, insurance costs and advertising and marketing expenses, which must be deducted from the Gross Revenues to obtain your net income or profit. You should conduct an independent investigation of your potential Gross Revenues and the costs and expenses you will incur in operating your Irrigation Business. The franchisees listed in this disclosure document may be a valuable source of some of this information.

The median Revenue was \$561,598, with a high of \$3,922,504 and a low of \$147,575. 14 of the 38 Reporting Franchisees (or 37%) met or exceeded the average.

“Labor” is all director labor costs including direct payroll and payroll taxes for employee technicians providing irrigation repair and maintenance services but does not include Officer Manager Compensation (as defined below). In addition, some franchisees hire subcontracted labor primarily for the installation of new irrigation systems and those costs are included in Cost of Labor. The Cost of Labor does not include benefits or unemployment insurance. The median cost of Labor was \$157,380, and 21 of the 38 Reporting Franchisees (or 55%) met or exceeded the average.

“Materials” includes all products utilized in repairing and installing irrigation or drainage systems including points of connection, valves, wiring, spray nozzles, spray heads, rotating nozzles, controllers, irrigation pipes, and other accessories. The median cost of Materials was \$97,567, and 22 of the 38 Reporting Franchisees (or 58%) met or exceeded the average.

“Equipment Rental” means any trenching equipment or air compressors rented on a temporary basis. The median cost of Equipment Rental was \$3,148, and 13 of the 38 Reporting Franchisees (or 34%) met or exceeded the average.

“Royalties” was calculated by first determining the amount of Monthly Branding Royalty that each of the 38 Reporting Franchisees would have paid under this FDD, and then taking the total average of such amount. The median cost of Royalties was \$44,312, and 15 of the 38 Reporting Franchisees (or 39%) met or exceeded the average.

“Local Marketing Investments” means the amount spent on advertising and marketing activities within their territories. It also includes the Digital Marketing Fee and Technology Fee. Some of the 38 Reporting Franchisees are entitled to spend less on Local Marketing Investments under their older form of franchise agreement. The median Local Marketing Investment was \$33,967, and 15 of the 38 Reporting Franchisees (or 39%) met or exceeded the average.

“National Brand Marketing Fund Investments” has the same general meaning as the National Branding & Marketing Fees as described in this FDD. The amount shown was calculated by determining the amount that the 38 Reporting Franchisees would have paid under this FDD. However, some of the 38 Reporting Franchisees are entitled to pay a lower National Branding & Marketing Fee under their older form of franchise agreement. The actual median National Brand Marketing Fund Investment of these 38 Reporting Franchisees was \$8,424, and 14 of the 38 Reporting Franchisees (or 37%) met or exceeded the average.

“Office Manager Compensation” means compensation paid to either part-time or full-time office administration staff to answer phones, respond to new customer inquiries, assist in scheduling, help maintain data in the field services IT platform, and sometimes light bookkeeping. Of the 38 Reporting Franchisees, five Franchisees had more than one full-time office manager staff, twelve Franchisees had no office manager staff, and the other 21 Franchisees employed a mix of part-time and full-time office administrative support. The median Office Manager Compensation was \$23,393, and 16 of the 38 Reporting Franchisees (or 42%) met or exceeded the average. You are solely responsible for determining the levels of compensation and benefits you give to your employees and office managers.

“Small Tools, Equipment & Uniform Expense” means all usual and customary irrigation hand tools, electronic diagnostic equipment such as multi-meters and wire or valve locators, and branded apparel. The median cost of Small Tools, Equipment & Uniform Expense was \$1,696, and 11 of the 38 Reporting Franchisees (or 29%) met or exceeded the average.

“Vehicle Expense” is reported vehicle related expenses including costs associated with operating service vehicles utilized by technicians to provide irrigation repair and maintenance services, the cost of vehicle leases, fuel and vehicle maintenance. It does not include automobile insurance costs and if the Reporting Franchisees own the vehicle, it does not include depreciation expense associated with the vehicle. The median cost of Vehicle Expense was \$32,190, and 15 of the 38 Reporting Franchisees (or 39%) met or exceeded the average.

“Bank Service Charges & Merchant Fees” means customary fees associated with maintaining a local banking relationship and accepting payment from customers via credit cards. The median cost Bank Service Charges & Merchant Fees was \$13,411, and 19 of the 38 Reporting Franchisees (or 50%) met or exceeded the average.

“Insurance” means the amount spent on insurance coverage policies required under this FDD. The median cost Insurance was \$16,774, and 19 of the 38 Reporting Franchisees (or 50%) met or exceeded the average.

“License & Permits” means the amount spent on maintaining required licenses and permits in order to operate their Irrigation Business during their second or subsequent full year of operations. The median cost License & Permits was \$1,143, and 15 of the 38 Reporting Franchisees (or 39%) met or exceeded the average.

“IT & Telephone” means the amount spent on licensing the field services technology platform for office and field devices and maintaining a VOIP phone system. The median cost IT & Telephone was \$9,939, and 13 of the 38 Reporting Franchisees (or 34%) met or exceeded the average.

“Total Revenue Less Cost of Goods Sold and Certain Required Marketing & Operating Expenses” means the average total Revenue minus Labor, Materials, Equipment Rental, Royalties, Local Marketing Investments, National Brand Marketing Fund Investments, Office Manager Compensation, Small Tools, Equipment & Uniform Expense, Vehicle Expense, Bank Service Charges & Merchant Fees, Insurance, License & Permits, and IT & Telephone. This amount does not equal the average gross profit of the 38 Reporting Franchisees that had been open and operating on a full-time basis for at least two years as of December 31, 2023, as they each incurred additional costs and expenses that are not reflected in this Section B.

C. Gross Profit Margin for 2023 Calendar Year

This section presents Gross Profit Margin (as defined below) information reported by certain Reporting Franchisees during 2023. The information provided in the table below was compiled from 56 Reporting Franchisees operating 149 territories.

C(1) Combined Multi-Territory and Single-Territory Franchisees

GROSS PROFIT MARGIN						
	#	Min	Max	Median	Average	#above average
						% above average
Top Third	19	57.6%	93.4%	62.5%	65.5%	6
Middle Third	18	48.9%	57.3%	52.3%	52.2%	9
Bottom Third	19	26.5%	48.1%	42.1%	41.1%	12
Total	56	26.5%	93.4%	52.3%	53.0%	24
						43%

C(2) Multi-Territory Franchisees Only

GROSS PROFIT MARGIN						
	#	Min	Max	Median	Average	#above average
						% above average
Top Third	15	55.9%	84.0%	60.4%	62.4%	6
Middle Third	16	47.6%	54.2%	50.6%	50.9%	8
Bottom Third	15	26.5%	47.1%	41.4%	39.9%	9

C(3) Single-Territory Franchisees Only

GROSS PROFIT MARGIN						
	#	Min	Max	Median	Average	#above average
						% above average
Top Half	5	62.4%	93.4%	65.8%	71.7%	1
Bottom Half	5	42.1%	61.4%	52.4%	51.8%	3

The Gross Profit Margin is defined as “Adjusted Gross Profit” divided by the Gross Revenues of the operation for the full year of 2023. Adjusted Gross Profit is equal to Gross Revenue less the Cost of Materials (defined in Section D below), Cost of Labor (defined in Section E below) and the cost of renting equipment like trenchers and compressors.

D. Cost of Materials as a Percentage of Gross Revenue

This section presents the Cost of Materials as a percent of Gross Revenue for certain Reporting Franchisees during 2023 (as defined below). The information provided in the table below was compiled from 56 Reporting Franchisees operating 149 territories.

D(1) Combined Multi-Territory and Single-Territory Franchisees

COST OF MATERIALS AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	19	6.6%	16.2%	13.9%	12.8%
Middle Third	18	16.3%	19.7%	18.3%	18.2%
Bottom Third	19	19.8%	34.2%	21.3%	23.1%

D(2) Multi-Territory Franchisees Only

COST OF MATERIALS AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	15	6.9%	15.9%	12.4%	12.7%
Middle Third	16	16.1%	20.2%	17.9%	17.9%
Bottom Third	15	20.2%	29.0%	21.8%	22.9%

D(3) Single-Territory Franchisees Only

COST OF MATERIALS AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Half	5	6.6%	19.1%	16.9%	14.8%
Bottom Half	5	19.5%	34.2%	19.7%	22.9%

The Cost of Materials as a Percentage of Gross Revenue is calculated by taking all “Cost of Materials” divided by the total Gross Revenues. Cost of Materials includes all products utilized in repairing and installing irrigation systems including spray nozzles, spray heads, rotating nozzles, controllers, irrigation pipes, and other accessories.

E. Cost of Labor as a Percentage of Gross Revenue

This section presents the Cost of Labor as a percent of Gross Revenue for certain Reporting Franchisees during 2023 (as defined below). The information provided in the table below was compiled from 56 Reporting Franchisees operating 149 territories.

E(1) Combined Multi-Territory and Single-Territory Franchisees

COST OF LABOR AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	19	0.0%	25.6%	17.5%	17.3%
Middle Third	18	25.6%	31.1%	28.5%	28.5%
Bottom Third	19	31.2%	49.1%	35.8%	38.1%

E(2) Multi-Territory Franchisees Only

COST OF LABOR AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	15	4.1%	26.2%	24.6%	20.7%
Middle Third	16	27.6%	32.0%	30.4%	29.8%
Bottom Third	15	32.2%	49.1%	38.6%	39.5%

E(3) Single-Territory Franchisees Only

COST OF LABOR AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Half	5	0.0%	15.1%	10.6%	9.8%
Bottom Half	5	23.7%	35.8%	24.5%	27.2%

The Cost of Labor as a Percentage of Gross Revenue is calculated by taking “Cost of Labor” divided by the total Gross Revenues. Cost of Labor is all director labor costs including direct payroll and payroll taxes for employee technicians providing irrigation repair and maintenance services. In addition, some franchisees hire subcontracted labor primarily for the installation of new irrigation systems and those costs are included in Cost of Labor. The Cost of Labor does not include benefits or unemployment insurance.

F. Marketing & Advertising as a Percentage of Gross Revenue

This section presents Marketing and Advertising costs as a percent of Gross Revenue for certain Reporting Franchisees during 2023 (as defined below). The information provided in the table below was compiled from 56 Reporting Franchisees operating 149 territories.

F(1) Combined Multi-Territory and Single-Territory Franchisees

MARKETING & ADVERTISING AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	19	0.7%	6.0%	4.4%	4.1%
Middle Third	18	6.1%	10.4%	9.4%	8.6%
Bottom Third	19	10.4%	45.5%	14.8%	16.4%

F(2) Multi-Territory Franchisees Only

MARKETING & ADVERTISING AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	15	1.9%	6.0%	4.4%	4.3%
Middle Third	16	6.1%	10.0%	9.0%	8.4%
Bottom Third	15	10.4%	45.5%	13.6%	15.7%

F(3) Single-Territory Franchisees Only

MARKETING & ADVERTISING AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Half	5	0.7%	10.2%	4.4%	4.9%
Bottom Half	5	12.0%	21.7%	18.4%	17.5%

Marketing and Advertising as a Percentage of Gross Revenue is calculated by taking the cost of Marketing and Advertising divided by the total Gross Revenues. Marketing and Advertising is all direct costs to advertise and market the Irrigation Business in a franchisee's local market including radio and print advertising, direct mail, internet Pay-per-click advertising and search engine optimization services, public relations, yard signs and other related services. Marketing and Advertising does include amounts credited towards the Individual Advertising Investment but does not include the National Branding & Marketing Fee or Digital Marketing Fee.

G. Vehicle Expense as a Percent of Gross Revenue

This section presents the Vehicle Expense as a percent of Gross Revenue for certain Reporting Franchisees during 2023 (as defined below). The information provided in the table below was compiled from 56 Reporting Franchisees operating 149 territories.

G(1) Combined Multi-Territory and Single-Territory Franchisees

VEHICLE EXPENSE AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	19	1.4%	5.5%	4.0%	4.0%
Middle Third	18	5.7%	8.0%	6.8%	6.8%
Bottom Third	19	8.1%	25.1%	11.0%	12.0%

G(2) Multi-Territory Franchisees Only

VEHICLE EXPENSE AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Third	15	1.4%	5.1%	4.0%	3.9%
Middle Third	16	5.5%	7.9%	6.4%	6.6%
Bottom Third	15	8.0%	25.1%	10.1%	11.8%

G(3) Single-Territory Franchisees Only

VEHICLE EXPENSE AS A PERCENTAGE OF REVENUE					
	#	Min	Max	Median	Average
Top Half	5	3.4%	7.9%	4.3%	5.5%
Bottom Half	5	9.0%	16.7%	11.0%	11.7%

The Vehicle as a Percentage of Gross Revenue is calculated by taking the Vehicle Expense divided by the total Gross Revenues. Vehicle Expense is all reported vehicle related expenses including costs associated with operating service vehicles utilized by technicians to provide irrigation repair and maintenance services, the cost of vehicle leases, fuel and vehicle maintenance. It does not include automobile insurance costs and if the Reporting Franchisees own the vehicle, it does not include depreciation expense associated with the vehicle.