

<b>Provision</b>	<b>Section in Franchise Agreement or Other Agreement</b>	<b>Summary</b>
k. “Transfer” by franchisee – defined	Section 15 of Franchise Agreement	Franchise Agreement: Includes transfer of contract or assets or ownership change
l. Franchisor approval of transfer by franchisee	Section 15 of Franchise Agreement	We have the right to approve all transfers
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.
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
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
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 Fencing Business.
s. Modification of the agreement	Sections 2.3, 7.3 & 20.11 of Franchise Agreement	Franchise Agreement: No modifications of Franchise Agreement during term generally, 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.

Written substantiation of the data used in preparing the financial performance representations included in this ITEM 19 will be made available to you upon reasonable request.

For purposes of this Item 19, the term “Gross Revenue” means the total of all receipts derived from all sales of products and services in connection with each franchisee’s Superior Fence & Rail 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 its franchised business or by means of the business conducted under its Franchise Agreement, whether the receipts are evidenced by cash, credit, checks, gift certificates, scrip, coupons, services, property or other means of exchange. Gross Revenues do not include: (i) the amount of any tax imposed by any federal, state, municipal or other governmental authority; and (ii) all customer refunds, valid discounts and coupons, and credits made by the franchisee.

The following tables below present financial information from 87 different franchise outlets that operated during the reporting period ending September 30, 2024. Excluded from this entire Item 19 are 5 licensees that are not required to provide, nor do we collect, the type of information reflected in this Item 19.

**A. Gross Revenues for Superior Fence & Rail Businesses for the Full 12 Months Ending September 30, 2024**

The following table presents Gross Revenue information realized by certain Superior Fence & Rail franchisees during the period between October 1, 2023 and September 30, 2024 (“Reporting Period”). The information provided in the table below was compiled from 87 Superior Fence & Rail franchisees (operating in 246 territories) that were operational during the Reporting Period. 59 of the 87 franchisees included in the table below operated more than one franchise territory but reported Gross Revenue as one location. There were 52 franchise territories that commenced operations during the Reporting Period. The data includes 6 of those 52 territories that commenced operations during the Reporting Period. Franchisees that operate multiple territories are required to provide aggregate data for all of their territories, and therefore, any of those existing businesses that acquired additional territories during the Reporting Period were included in the data. The data excludes 19 franchisees (operating in 46 territories) that commenced operations during the Reporting Period and 9 franchise territories that ceased operations during the Reporting Period.

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

	Number of Franchisees	Minimum	Maximum	Average	Median	# of Franchisees above average (and %)
More than \$4M	14	\$ 4,009,451	\$ 8,713,372	\$ 5,739,764	\$ 4,955,882	5 (36%)
more than \$3M - less than \$4M	14	\$ 3,016,941	\$ 3,632,982	\$ 3,328,999	\$ 3,291,297	6 (43%)
more than \$2M - less than \$3M	24	\$ 2,028,459	\$ 2,944,155	\$ 2,466,759	\$ 2,455,460	11 (46%)
more than \$1M - less than \$2M	23	\$ 1,077,388	\$ 1,989,399	\$ 1,550,774	\$ 1,563,538	12 (52%)
less than \$1M	12	\$ 274,772	\$ 972,283	\$ 661,243	\$ 636,521	5 (42%)
Total	87			\$ 2,641,007	\$ 2,312,770	37 (43%)

### A(2) Single-Territory Franchisees Only

	Number of Franchisees	Minimum	Maximum	Average	Median	# of Franchisees above average (and %)
Top Half	15	\$ 2,237,727	\$ 8,679,607	\$ 3,826,774	\$ 3,300,991	6 (40%)
Bottom Half	14	\$ 857,124	\$ 2,053,865	\$ 1,597,108	\$ 1,577,754	8 (57%)
Total	29			\$ 2,537,645	\$ 2,041,162	11 (38%)

### A(3) Multi-Territory Franchisees Only

	Number of Franchisees	Minimum	Maximum	Average	Median	# of Franchisees above average (and %)
Top Third	20	\$ 2,874,633	\$ 8,713,372	\$ 4,368,091	\$ 3,535,151	6 (30%)
Middle Third	19	\$ 1,624,887	\$ 2,810,895	\$ 2,333,601	\$ 2,406,124	11 (58%)
Bottom Third	20	\$ 94,272	\$ 1,624,873	\$ 912,298	\$ 917,151	10 (50%)
Total	59			\$ 2,541,461	\$ 2,406,124	26 (44%)

“Median Gross Revenues” means the data point that is in the center of all Gross Revenues included in the calculation. That number is found by examining the total number of data points and finding the middle number in that set.

The information provided in the tables above also excludes the results of two company owned operations that operated in North Florida and Oviedo Florida and generated \$16,432,752 and \$8,405,746 of Gross Revenues during the Reporting Period respectively.

Company Owned Operation	Gross Revenues
North Florida	\$16,432,752
Oviedo Florida	\$8,405,746

### B. Gross Revenues of certain Superior Fence & Rail Businesses for the Full 12 Months ending September 30, 2024, 2023, 2022, 2021, 2020, and 2019

The following table presents information for Superior Fence & Rail franchisees that conducted their first full fiscal year of operations in 2019, 2020, 2021, 2022, 2023 or 2024. As of September 30, 2024, there were three franchisees that conducted their first full fiscal year of operations ending September 30, 2019, there were five franchisees that conducted their first full fiscal year of operations ending September 30, 2020, there were three franchisees that conducted their first full fiscal year of operations ending September 30, 2021, there were 19 franchisees that conducted their first full fiscal year of operations ending September 30, 2022, there were 15 franchisees that conducted their first full fiscal year of operations ending September 30, 2023, and there were 45 franchisees that conducted their first full fiscal year of operations ending September 30, 2024. The below table excludes 19 franchisees that had not conducted a full year of operations as of September 30, 2024.

Fiscal Year Basis	Number of Reporting Franchises	Average Sales - First Three Years			Average Sales - First Three Years			Median Sales - First Three Years			Maximum to Minimum Sales - First Three Years		
		First Year	Second Year	Third Year	First Year	Second Year	Third Year	First Year	Second Year	Third Year	First Year	Second Year	Third Year
2019 New Franchisees	3	\$ 1,574,993	\$ 2,152,964	\$ 3,503,916	2 (66%)	1 (33%)	2 (66%)	\$ 1,731,707	\$ 1,869,287	\$ 3,507,219	\$2,119,779 - 873,492	\$3,715,641 - 873,965	\$5,288,565 - 1,715,963
2020 New Franchisees	5	\$ 1,406,697	\$ 3,326,212	\$ 4,481,486	2 (40%)	2 (40%)	2 (40%)	\$ 987,303	\$ 2,122,218	\$ 3,378,586	\$2,569,690 - 440,255	\$6,162,867 - 1,062,197	\$9,460,550 - 975,384
2021 New Franchisees	3	\$ 924,351	\$ 1,524,262	\$ 1,510,516	2 (66%)	2 (66%)	1 (33%)	\$ 1,026,124	\$ 1,618,324	\$ 1,393,507	\$1,058,467 - 688,460	\$1,920,807 - 1,033,654	\$2,365,085 - 772,955
2022 New Franchisees	19	\$ 2,288,848	\$ 3,136,641	\$ 3,419,351	6 (32%)	7 (37%)	10 (52%)	\$ 1,950,226	\$ 2,849,333	\$ 3,437,320	\$6,379,377 - 508,988	\$7,558,861 - 305,852	\$8,713,372 - 613,881
2023 New Franchisees	15	\$ 1,816,858	\$ 2,821,144		7 (47%)	6 (40%)		\$ 1,656,849	\$ 2,731,630		\$4,018,393 - 378,902	\$5,111,549 - 857,124	
2024 New Franchisees	45	\$ 1,814,783			23 (49%)			\$ 1,654,651			\$3,420,248 - 274,772		

The Gross Revenue figures presented above represent the total dollar value of customer installation contracts sold during the respective calendar year by the Superior Fence franchisees identified above. The financial performance representations above do not reflect the costs of sales, royalties or operating expenses that must be deducted from the Gross Revenue figures to obtain a net income or owner's profit number. The best source of cost and expense data may be from current or former franchisees as listed in this disclosure document.

### C. **Benchmarking Study for Superior Fence & Rail Businesses for the 12 Months Ending December 31, 2023**

In 2024, we conducted a financial Benchmarking Study for Superior Fence & Rail franchisees. The Benchmarking Study was conducted solely on a voluntary basis and was offered only to franchisees who had been operating their Superior Fence & Rail franchises at least twelve months at the time of the Benchmarking Study. Interested franchisees were required to submit their income statements for the year ending December 31, 2023 ("Benchmarking Reporting Period"). We then calculated certain financial metrics to allow participants to compare their financial performance against their peer group of Superior Fence & Rail franchisees. 54 eligible franchisees operating 118 Superior Fence & Rail franchised Territories as of December 31, 2023, participated in the Benchmarking Study ("Reporting Franchisees"). All of the 54 Superior Fence & Rail Reporting Franchisees were located in the United States. We have reviewed the composition of franchise participants and believe it contains a random, representative sampling of Superior Fence & Rail franchised Territories based on level of sales, years in the business and geography.

#### Part 1: Average Total Revenue Less Average COGS and Average Certain Expenses of Reporting Franchisees Operating for at Least Two Years and at Least Three Years as of December 31, 2023

While the information in Part 2 through 11 focus on expenses by the applicable Reporting Franchisees that had been open and operating throughout 20223, this Part 1 presents information for those 29 Reporting Franchisees operating in 61 territories that had been open and operating on a full-time basis for at least two full years as of December 31, 2023. 13 of the 29 reporting franchises contained in the chart below operate in multiple territories. The Chart below reflects the average revenues, certain costs, and expenses in the 2023 calendar year by these 29 Reporting Franchisees. 16 of these Reporting Franchisees operating in 39 territories had been open and operating on a full-time basis for at least two years as of December 31, 2023 ("Second Year Franchisees"). 13 of these Reporting Franchisees operating in 17 territories had been open and operating on a full-time basis for at least three years as of December 31, 2023 ("Three Years or More Franchisees").

	2 years of Operation		3 or more years of Operation	
<b>Total Revenue Less Cost of Revenues and certain disclosed operating expenses</b>	<b>Average</b>	<b>% of Revenue</b>	<b>Average</b>	<b>% of Revenue</b>
Revenues	3,226,945	100.0%	4,778,780	100.0%
Materials	1,241,715	38.5%	1,847,858	38.7%
Installation Labor	609,036	18.9%	829,987	17.4%
Vehicle Expense	54,673	1.7%	64,048	1.3%
Other costs of revenues	73,784	2.3%	103,827	2.2%
Total Cost of Revenues	1,979,208	61.3%	2,845,720	59.5%
<b>Gross Profit</b>	<b>1,247,737</b>	<b>38.7%</b>	<b>1,933,060</b>	<b>40.5%</b>
Royalties	181,347	5.6%	251,151	5.3%
National Brand Fund	32,269	1.0%	47,788	1.0%
Advertising and Marketing	96,466	3.0%	128,276	2.7%
Sales Commissions	168,423	5.2%	268,634	5.6%
Office and Warehouse Salaries, Wages, Payroll Taxes and Benefits	324,084	10.0%	386,482	8.1%
Merchant fees and financing costs	62,601	1.9%	90,549	1.9%
Rent and Utilities	74,556	2.3%	99,103	2.1%
Shop, Tools and Warehouse Expenses	39,177	1.2%	46,464	1.0%
Insurance	42,647	1.3%	61,694	1.3%
IT & Telephone	26,289	0.8%	44,806	0.9%
Other Operating Expenses	54,954	1.7%	91,153	1.9%
Operating Expenses	1,102,813	34.2%	1,516,101	31.7%
<b>Total Revenue Less Cost of Revenues and certain disclosed operating expenses</b>	<b>144,923</b>	<b>4.5%</b>	<b>416,959</b>	<b>8.7%</b>

“Average” means the respective amount is equal to the average amount generated or incurred by the 16 Second Year Franchisees that were open and operating on a full-time basis for at least two years as of December 31, 2023, and the 13 Three Years or More Franchisees that were open and operating on a full-time basis for at least three years as of December 31, 2023. “% of Revenue” is calculated by taking the respective amount and dividing it by the average Revenue.

“Revenue” has the same general meaning as in the Franchise Agreement, which is defined in the Franchise Agreement as: the total of all receipts derived from all sales of products and services in connection with your Superior Fence & Rail, not including taxes or refunds. The median Revenue for Second Year Franchisees was \$2,857,064, with a high of \$7,460,627 and a low of \$1,960,296. Six of the 16 Reporting Franchisees (38%) met or exceeded the average. The median Revenue for the Three Years or More Franchisees was \$4,764,449, with a high of \$8,657,701 and a low of \$1,258,554. Five of the 13 Reporting Franchisees (38%) met or exceeded the average.

“Materials” includes all products utilized in the installation of a fence installation including, without limitation, posts, concrete, hardware fasteners and fence panel fabrications made of wood, vinyl, aluminum, steel or chain-link and other accessories. The median cost of Materials for Second Year Franchisees was \$1,119,687, and nine of the 16 Reporting Franchisees (or 56%) met or exceeded the average. The median cost of Materials for Three Years or More Franchisees was \$1,776,675, and five of the 13 Reporting Franchisees (or 38%) met or exceeded the average.

“Installation Labor” includes direct payroll and payroll taxes for employee fence installers. In addition, some franchisees hire subcontracted labor for fence installations and those costs are included in Installation Labor. Installation Labor does not include benefits or unemployment insurance. The median cost of Installation Labor for Second Year Franchisees was \$541,402, and nine of the 16 Reporting Franchisees (or 56%) met or exceeded the average. The median cost of Installation Labor for Three Years or More Franchisees was \$820,446, and six of the 13 Reporting Franchisees (or 46%) met or exceeded the average.

“Vehicle Expense” includes the cost of vehicle lease, fuel and maintenance costs for service vehicles. 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 for Second Year Franchisees was \$48,665, and eight of the 16 Reporting Franchisees (or 50%) met or exceeded the average. The median cost of Vehicle Expense for Three Years or More Franchisees was \$62,628, and seven of the 13 Reporting Franchisees (or 54%) met or exceeded the average.

“Other Costs of Revenue” includes supplies utilized by installers, dump fees, occasional equipment rental and building permits. The median cost of Other Costs of Revenue for Second Year Franchisees was \$66,588, and nine of the 16 Reporting Franchisees (or 56%) met or exceeded the average. The median cost of Other Costs of Revenue for Three Years or More Franchisees was \$84,509, and five of the 13 Reporting Franchisees (or 38%) met or exceeded the average.

“Royalties” was calculated by first determining the amount of Monthly Branding Royalty that each of the 29 Reporting Franchisees would have paid under this FDD, and then taking the total average of such amount. The median cost of Royalties for Second year Franchisees was \$162,853, and six of the 16 Reporting Franchisees (or 38%) met or exceeded the average. The median cost of Royalties for Three Years and More Franchisees was \$250,578, and six of the 13 Reporting Franchisees (or 46%) 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 29 Reporting Franchisees would have paid under this FDD. However, some of the 29 Reporting Franchisees are entitled to pay a lower National Branding & Marketing Fee under their older form of franchise agreement. The median National Brand Marketing Fund Investment for Second Year Franchisees was \$28,571, and six of the 16 Reporting Franchisees (or 38%) met or exceeded the average. The median National Brand Marketing Fund Investment for Three Years or More Franchisees was \$47,644, and six of the 13 Reporting Franchisees (or 46%) met or exceeded the average.

“Advertising and Marketing” means the amount spent on advertising and marketing activities within their territories. The median Advertising and Marketing investment for Second year Franchisees was \$77,608, and seven of the 16 Reporting Franchisees (or 44%) met or exceeded the average. The median Advertising and Marketing investment for Three Years or More Franchisees was \$134,066, and eight of the 13 Reporting Franchisees (or 62%) met or exceeded the average.

“Sales Commissions” means the amount of commission wages paid to certain employees involved in the sales of fencing and railing products and services. The median Sales Commissions for Second Year Franchisees was \$172,047, and 10 of the 16 Reporting Franchisees (or 63%) met or exceeded the average. The median Sales Commissions for Three Years and More Franchisees was \$270,140, and eight of the 13 Reporting Franchisees (or 62%) met or exceeded the average.

“Office and Warehouse Salaries, Wages, Payroll Taxes and Benefits” 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. Additionally, warehouse staff manages inventory and stocks vehicles for daily fence installations. Benefit costs include health, dental or other benefit programs for all staff. The median Office and Warehouse Salaries, Wages, Payroll Taxes and Benefit Costs for Second Year Franchisees was \$295,707, and nine of the 16 Reporting Franchisees (or 56%) met or exceeded the average. The median Office and Warehouse Salaries, Wages, Payroll Taxes and Benefit Costs for Three Years or More Franchisees was \$379,904, and

nine of the 13 Reporting Franchisees (or 69%) 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.

“Merchant Fees and Financing Costs” means customary fees associated with maintaining a local banking relationship and accepting payment from customers via credit cards or consumer financing programs. The median Merchant Fees and Financing Costs for Second Year Franchisees was \$57,905, and 12 of the 16 Reporting Franchisees (or 75%) met or exceeded the average. The median Merchant Fees and Financing Costs for Three Years or More Franchisees was \$102,757, and seven of the 13 Reporting Franchisees (or 54%) met or exceeded the average.

“Rent and Utilities” includes the cost of rent and utilities for power, water and gas for offices, warehouse and storage facilities. The median cost of Rent and Utilities for Second Year Franchisees was \$63,158, and eight of the 16 Reporting Franchisees (or 50%) met or exceeded the average. The median cost of Rent and Utilities for Three years or More Franchisees was \$86,887, and five of the 13 Reporting Franchisees (or 38%) met or exceeded the average.

“Shop, Tools and Warehouse Expenses” includes the costs of forklifts, installation tools and equipment, shop fabrication tools and supplies, equipment and facilities repairs and maintenance, and uniforms. The median cost of Shop, Tools and Warehouse Expenses for Second Year Franchisees was \$26,542, and six of the 16 Reporting Franchisees (or 38%) met or exceeded the average. The median cost of Shop, Tools and Warehouse Expenses for Three Years or More Franchisees was \$41,710, and six of the 13 Reporting Franchisees (or 46%) met or exceeded the average.

“Insurance” means the amount spent on insurance coverage policies required under this FDD. The median cost Insurance for Second year Franchisees was \$35,862, and eight of the 16 Reporting Franchisees (or 50%) met or exceeded the average. The median cost Insurance for Three Years or More Franchisees was \$63,229, and eight of the 13 Reporting Franchisees (or 62%) 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 of IT & Telephone for Second Year Franchisees was \$23,937, and 10 of the 16 Reporting Franchisees (or 63%) met or exceeded the average. The median cost of IT & Telephone for Three Years or More Franchisees was \$40,176, and six of the 13 Reporting Franchisees (or 46%) met or exceeded the average.

“Other Operating Expenses” includes bad debt, business licenses and permits, office expenses, professional fees, training expenses, travel, meals and entertainment expenses and rebates earned from credit card purchases. The median cost of Other Operating Expenses for Second Year Franchisees was \$39,435, and 6 of the 16 Reporting Franchisees (or 38%) met or exceeded the average. The median cost of Other Operating Expenses for Three Years or More Franchisees was \$72,621, and four of the 13 Reporting Franchisees (or 31%) met or exceeded the average.

“Total Revenue Less Cost of Revenues and Certain disclosed operating expenses” means the average total Revenue minus the average Materials, Installation Labor, Vehicle Expenses, Other Costs of revenues, Royalties, National Brand Marketing Fund Investments, Advertising and Marketing, Sales Commissions, Office and Warehouse Salaries, Wages, Payroll Taxes and benefits, Merchant Fees and Financing Costs, Rent and Utilities, Shop Tools and Warehouse Expenses, Insurance, IT & Telephone expenses and Other Operating Expenses. This amount does not equal the average gross profit of the 16 Second Year Franchisees or the 13 Three Years or More 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 Part I.

Part 2 through 11 presented below presents information for those 54 Reporting Franchisees operating in 118 territories that had been open and operating on a full-time basis for the 12 months ending December 31, 2023. 27 of the 54 reporting franchises contained in the chart below operate in multiple territories.

## Part 2: Gross Profit Margin for 2023 Calendar Year

This Part 2 presents Gross Profit Margin information reported by the Reporting Franchisees during the 2023 calendar year.

<u>Gross Profit Margin</u>							
	#	Min	Max	Median	Average	# above average	% above average
Top Third	18	42.7%	61.6%	46.2%	48.6%	6	33.3%
Middle Third	18	38.3%	42.6%	39.9%	40.2%	8	44.4%
Bottom Third	18	20.9%	38.2%	34.5%	32.9%	13	72.2%

The Gross Profit Margin is defined as “Gross Profit” divided by the Gross Revenues of the operation for the full year of 2023. Gross Profit is equal to Gross Revenue less the cost of Materials (defined in Part 3 below), cost of Installation Labor (defined in Part 4 below), cost of Vehicle Expenses (defined in Part 5 below), and Other Costs of Revenue (defined in Part 6 below).

## Part 3: Cost of Material as a Percentage of Gross Revenue for the 2023 Calendar Year

This Part 3 presents the Cost of Materials as a percent of Gross Revenue (as defined below) for the Reporting Franchisees during the 2023 calendar year.

<u>Cost of Materials Percentage of Revenue</u>					
	#	Min	Max	Median	Average
Top Third	18	25.8%	35.2%	33.5%	32.9%
Middle Third	18	35.4%	39.5%	37.3%	37.5%
Bottom Third	18	40.3%	57.2%	42.2%	43.6%

“Cost of Materials as a percentage of Gross Revenue” is calculated by taking the cost of Materials divided by the total Gross Revenues. “Materials” includes all products utilized in the installation of a fence installation including, without limitation, posts, concrete, hardware fasteners and fence panel fabrications made of wood, vinyl, aluminum, steel or chain-link and other accessories.



Part 4: Cost of Installation Labor as a Percentage of Gross Revenue for the 2023 Calendar Year

This Part 4 presents the Cost of Installation labor as a percentage of Gross Revenue (as defined below) for the Reporting Franchisees during the 2023 calendar year.

Installation Labor Costs Percentage of Revenue					
	#	Min	Max	Median	Average
Top Third	18	0.3%	16.7%	14.8%	12.5%
Middle Third	18	16.8%	19.9%	18.2%	18.2%
Bottom Third	18	20.2%	25.2%	21.6%	22.0%

“Cost of Installation Labor as a percentage of Gross Revenue” is calculated by taking the cost of Installation labor divided by the total Gross Revenues. “Cost of Installation Labor” includes direct payroll and payroll taxes for employee fence installers. In addition, some franchisees hire subcontracted labor for fence installations and those costs are included in Cost of Labor. The Cost of Labor does not include benefits or unemployment insurance.

Part 5: Cost of Vehicle Expenses as a Percentage of Gross Revenue for the 2023 Calendar Year

This Part 5 presents the “Cost of Vehicle Expenses as a percentage of Gross Revenue” (as defined below) for the Reporting Franchisees during 2023.

Vehicle Expenses Percentage of Revenue					
	#	Min	Max	Median	Average
Top Third	18	0.1%	1.2%	0.9%	0.9%
Middle Third	18	1.3%	2.0%	1.6%	1.6%
Bottom Third	18	2.0%	4.5%	2.5%	2.8%

“Vehicle Expenses as a percentage of Gross Revenue” is calculated by taking the Vehicle Expenses divided by the total Gross Revenues. “Cost of Vehicle Expenses” includes the cost of vehicle lease, fuel and maintenance costs for service vehicles. 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.

Part 6: Other Direct Cost of Revenue as a Percentage of Gross Revenue for the 2023 Calendar Year

This Part 6 presents the “Other Direct Cost of Revenue as a percentage of Gross Revenue” (as defined below) for the Reporting Franchisees during 2023.

Other Direct Costs of Revenue Percentage of Revenue					
	#	Min	Max	Median	Average
Top Third	18	0.0%	1.5%	0.8%	0.8%
Middle Third	18	1.5%	2.5%	1.9%	2.0%
Bottom Third	18	2.6%	6.8%	3.5%	3.6%

“Other Direct Costs of Revenue as a percentage of Gross Revenue” is calculated by taking Other Direct Cost of Revenue divided by the total Gross Revenues. “Other Costs of Revenue” includes supplies utilized by installers, dump fees, occasional equipment rental and building permits.

**Part 7: Advertising and Marketing as a Percentage of Gross Revenue for the 2023 Calendar Year**

This Part 7 presents “Advertising and Marketing as a percentage of Gross Revenue” (as defined below) for the Reporting Franchisees during the 2023 calendar year.

Advertising and Marketing Percentage of Revenue					
	#	Min	Max	Median	Average
Top Third	18	0.6%	2.7%	1.9%	1.9%
Middle Third	18	2.8%	4.0%	3.4%	3.4%
Bottom Third	18	4.1%	7.5%	5.5%	5.6%

“Advertising and Marketing as a percentage of Gross Revenue” is calculated by taking the Advertising and Marketing divided by the total Gross Revenues. “Advertising and Marketing” means the amount spent on advertising and marketing activities within their territories.

**Part 8: Rent and Utilities Expense as a Percentage of Gross Revenue for the 20223 Calendar Year**

This Part 8 presents “Rent and Utilities Expense as a percentage of Gross Revenue” (as defined below) for the Reporting Franchisees during the 2023 calendar year.

Rent and Utilities Percentage of Revenue					
	#	Min	Max	Median	Average
Top Third	18	0.0%	1.8%	1.3%	1.2%
Middle Third	18	1.9%	3.5%	2.5%	2.6%
Bottom Third	18	3.6%	10.3%	4.7%	5.3%

“Rent and Utilities Expense as a percentage of Gross Revenue” is calculated by taking the Rent and Utilities Expense divided by the total Gross Revenues. “Rent and utilities” includes the cost of rent and utilities for power, water and gas for offices, warehouse and storage facilities.

**D. Average Sale per Project, Annual Number of Jobs and Customer Leads during 12 Months Ending September 30, 2024**

The information provided below was compiled from 88 Superior Fence & Rail franchisees (operating in 244 territories) that were operational for the full fiscal year ending September 30, 2024 (the “Reporting Period”) and reported to us an annual Profit and Loss statement (“P&L”) and Job and Lead data maintained in our proprietary customer relationship management (“CRM”) software used by Superior Fence & Rail franchisees to operate their franchise. They are the same 87 Superior Fence & Rail franchisees included in Part A above. There were 52 franchise territories that commenced operations during the Reporting Period. The data includes 6 of those 52 territories that commenced operations during the Reporting Period. Franchisees that operate multiple territories are required to provide aggregate data for all of their territories, and therefore, any of those existing businesses that acquired additional territories during the Reporting Period were included in the data. The data excludes 19 franchisees (operating in 46 territories)