expenses. Interim appealed to the Texas Court of Appeals, and while that appeal was pending, the parties negotiated a Settlement and Transition Agreement ("TSA") in September 2024.

Under the TSA, the parties agreed to a process and terms to work together and for Falcon to exit the Interim franchise network over time and for Interim to provide Falcon a license and certain support for up to three years in exchange for payments. Interim has agreed to provide on-going support that mirrors its obligations under the franchise agreements and includes providing regulatory, licensing, operational and other support and Falcon will continue to operate its businesses under the Interim Healthcare name for a reasonable time during this three-year period until Falcon transitions to a new brand and the Falcon entities agreed to pay to Interim $17,062,294.09 through a onetime payment of $5,062,294.09 in September 2024 and monthly payments to Interim for an 18-month period beginning in April 2025 that total $12,000,000, resulting in a full sum of $17,062,294.09 being paid to Interim. To date, the Falcon entities have funded the account in compliance with the terms of the TSA.

Both sides dismissed all their remaining claims against any of the parties in the Florida and Texas actions as a condition of the TSA.

Litigation Involving our Affiliate Coverall North America, Inc.

United States of America v. Coverall North America, Inc. (Civil Action No. 94 C 1178). On March 18, 1994, a Consent Decree was entered in the United States District Court for the Northern District of Illinois. In voluntarily entering into the Consent Decree, Coverall North America, Inc. did not admit any liability for the alleged violations. The United States, on behalf of the Federal Trade Commission, alleged that Coverall North America, Inc. did not (i) make proper disclosures regarding its janitorial franchisees, (ii) should have included an earnings' claim disclosure in connection with the offer of customer contracts as part of the franchise package purchased by janitorial franchisees, and (iii) in some circumstances, did not wait the full ten (10) business days between furnishing an Offering Circular and executing a Franchise Agreement. Without admitting liability, Coverall North America, Inc. agreed to pay a civil penalty of $100,000 and to be enjoined from not complying with the FTC's franchise disclosure rule. Coverall North America, Inc. includes certain information in Item 19 as agreed with the FTC.

Other than the actions described above, no litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

No bankruptcy information is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Type of Fee	Amount	Date Due
Initial Franchise Fee: PCH & Staffing	$75,000	Upon execution of Franchise Agreement.
Initial Franchise Fee: With 10% Veteran Discount	$67,500	Upon execution of Franchise Agreement.
Additional Line of Business: Certified Home Health (Optional)	$60,000	Upon execution of Franchise Agreement Addendum.
Additional Line of Business: Certified Hospice (Optional)	$60,000	Upon execution of Franchise Agreement.
30-Day Reservation	$20,000	Upon signing of Option to Acquire
IFF – 2nd territory or more	$50,000	Upon execution of Franchise Agreement.
Incremental territory expansion	$5000 for each additional 10,000 in population.	Upon execution of Franchise Agreement Addendum
Conversion of existing business	$50,000	Upon execution of Franchise Agreement.

*All fees disclosed in the above table are deemed fully earned and non-refundable upon payment.

1. Initial Franchise Fee. The initial franchise fee is $75,000 ("Initial Franchise Fee") and applies to the Primary Services. If you qualify and wish to offer Home Health and/or Hospice Services, you must enter into our designated form of Addendum to the Franchise Agreement and pay us an additional franchise fee of $60,000 (the "Additional Service Franchise Fee") per service line added. For clarity, if you wish to offer Home Health Services and Hospice Services you must enter into both an Addendum to the Franchise Agreement to offer Home Health Services and an Addendum to the Franchise Agreement to offer Hospice Services, and you must pay us an Additional Franchise Fee of $120,000 ($60,000 per service line added).

   We offer a one-time discount of ten percent (10%) on the Initial Franchise Fee to honorably discharged veterans of the United States Armed Forces. The ten percent (10%) discount is only available on the initial franchise fee for the first franchise purchased. The discount will be applied to additional service lines (Home Healthcare and/or Hospice) that are purchased at the same time as the Primary Services.

You can reserve a specific territory for up to 30 days by paying a $20,000 non-refundable deposit and executing the Deposit Remittance Form attached to this Disclosure Document as Exhibit D. The deposit is fully earned upon receipt, in consideration of our reservation and removal of your territory from the market for 30 days and will be applied to your Initial Franchise Fee.

We may discount the Initial Franchise Fee for new franchisees who purchase multiple franchise markets simultaneously. Furthermore, you may be eligible for a $25,000 discount on the Initial Franchise Fee for the second and each additional franchise that you purchase ($50,000 each). To be eligible for this discount, you must pay the entire Initial Franchise Fee at the time you sign the franchise agreement for the additional franchise and must be in good standing. We may cancel or modify this discount policy at any time and the decision to sell multiple franchises is at Interim's discretion. The decision to grant additional territories is Interim's decision alone and there is no right of first refusal to acquire an additional franchise territory.

In addition to the Initial Franchise Fee, if we agree to expand the Area, you may be required to pay a fee of $5,000 for each additional 10,000 people added to your Area due to the expansion, as more fully explained in Item 12 below.

You must pay us the entire initial franchise fee when you sign the Franchise Agreement.

We may also reduce or waive the Initial Franchise Fee when the owner of an existing business that provides services similar to those authorized under the Interim HealthCare Franchise Program agrees to convert that business to an Interim HealthCare franchise.

Occasionally we may establish various franchise expansion programs, which are generally available only to existing franchise owners. These programs are intended to provide incentives for existing franchise owners to establish additional offices within their existing franchise territories, expand their existing franchise territories, acquire existing franchise operations from other franchise owners or expand into additional franchise territories. Under these programs, which are established and maintained at our sole discretion, initial franchise fees for additional franchise territories may be reduced, rebated or waived entirely, provided that the new franchise meets certain sales or other performance criteria. We do not currently offer any "standard" reduced-franchise fee incentives for new franchise owners.

ITEM 6
OTHER FEES

Type of Fee	Amount	Date Due	Remarks
Weekly Royalty	3.5% of palliative care sales; 4.5% of Medicare, Medicare Advantage	Friday of each week based on sales of previous week	See Note 1.

Type of Fee	Amount	Date Due	Remarks
Primary Services and Home Health Services (personalized care at home, staffing and Medicare home healthcare)	payers and Medicaid sales; 5.5% of all other sales; minimum weekly payment of $100		
Monthly Royalty Hospice Services	5.5% of all monthly sales	The second Friday of each calendar month, for sales which occurred in the previous calendar month	See Note 2.
National Marketing Fee	1% of weekly sales	Friday of each week based on sales of the previous week	See Note 3.
Technology Fee	$485 per month	Invoiced monthly beginning 90 days after the Franchise Agreement is signed	See Note 4.
Local Advertising	At least 1% of previous calendar year sales	During calendar year	You must spend, each calendar year, at least 1% of your total sales of the previous calendar year on local advertising.
Hireology (Applicant Tracking System)	Included in the National Marketing Fund fees.	Per NMF due dates.	You are required to use Hireology for applicant tracking services. Currently, fees due to Hireology for your use of their services are paid through your NMF contributions.
Polsinelli Online Solutions for Homecare (P.O.S.H.)	$1,000 per year	Annually, beginning within 90 days of signing the Franchise Agreement	Resource for federal and state regulatory updates.

Type of Fee	Amount	Date Due	Remarks
Indemnification	Will vary under circumstances	Upon demand	When Interim Healthcare is named as a party, you must reimburse us for all losses and expenses resulting from certain of your acts or omissions.
Renewal Fee	$10,000	Upon renewal	You must pay a renewal fee equal to $10,000 for each Franchise Agreement you own (regardless of the number of service lines covered under the agreement) and satisfy various other conditions set forth in the Franchise Agreement to exercise your option to renew your Franchise Agreement.
Transfer Fee	One-third of then-current initial franchise fee, currently $25,000, not to exceed $30,000	Upon transfer	The transfer fee is a one-time fee for the transfer of a single franchise territory, regardless of the number of lines of business covered by the Franchise Agreement. We have the right to condition any proposed sale or transfer upon your payment of a transfer fee equal to one-third of our standard initial franchise fee at the time of the transfer, as well as various other transfer conditions set forth in the Franchise Agreement.
HealthStream (Learning for Interim Franchise Excellence (L.I.F.E).	Included in Technology Fee: Basic platform currently includes learning management, education content, CEU access, and	Upon signing or transfer.	Optional additional services including CE Unlimited and other add on services available for a fee.

Type of Fee	Amount	Date Due	Remarks
	competencies, Policy Manager		
Interest Charges for Late Payment	1 ½% for payment not received within 30 days of the due date.		See Note 1 and 2. Interest is applied in addition to any applicable late fees.
Late Fee	$250.00	On demand	Applied to any payment not received within 5 days of the due date.
Non-Compliance Fee	2% of all weekly sales	On demand, following your failure to cure a default	If you are in default of your Franchise Agreement and you fail to timely cure the default, we may, at our option, charge a Non-Compliance Fee in the amount of 2% of your total sales, payable to us in the same manner as the Weekly Royalty. The Non-Compliance Fee will continue until the default is cured.
Sales Quota Deficiency	Will vary	Within thirty days after we provide you written notice	See Note 5
Annual Conference	$2000	March 1 of each year.	We may, but are not required to hold, an annual conference and require you to attend the conference and to pay our then-current registration fee. All expenses, including transportation and lodging, meals, and salaries during the event, are your sole responsibility.

Notes:

Except as otherwise stated above, we impose and collect all fees. All fees are nonrefundable. Fees are uniformly imposed, except as referenced in Item 5 or below.

1. Interim Healthcare Franchise (Primary Services and Certified Home Health Services). Beginning ninety days after you initially open the Franchise Business, and for the entire term of the franchise agreement, you must pay us a weekly royalty equal to 3.25% of palliative care sales, 4.5% of Medicare and Medicaid sales (as defined in Note 2 below); and 5.5% of all other Primary Services and Home Healthcare sales, provided that the minimum weekly royalty payment is $100. For clarity: the royalty rate for Staffing, private pay, commercial insurance and all governmental and Veterans Administration payers (other than Medicare Medicaid, and Medicare Advantage plans) are charged at the 5.5% rate.

   As used in this Disclosure Document, "sales" means the U.S. Dollar equivalent of all billings (whether collected or not) to customers for the services and products you provide, including liquidated damages that customers pay in connection with the hiring of employees that you provide, but excluding sales taxes or other taxes which you may be required by law to collect from customers. The term "palliative care sales" means sales related to a program in conjunction with hospice or home healthcare in which services are performed by a physician or advance practice nurse, in collaboration with the primary care physician and other specialists and billed through Medicare Part B or other commercial or government payers. "Medicaid sales" means the amount submitted by you for reimbursement or other payment for services provided pursuant to any state Medicaid program, and the term "Medicare sales" means the amount submitted by you for reimbursement or other payment for services provided pursuant to the Medicare program (in each case as subsequently adjusted by the respective programs). If you are authorized to offer Home Health Services and/or Hospice Services, we do not anticipate that you will seek Medicare home healthcare or hospice certification until the Franchise Business has been firmly established.

   You are not required to pay these fees on sales which occur during the period ending 90 days after the earlier of: (a) the date by which you must open the office described in Section 8.1 of the Franchise Agreement; or (b) the date obtain the minimum licensure necessary to provide one or more of the Primary Services, whichever first occurs.

   A late fee of $250.00 is assessed for payments made more than five days after they are due. In addition to the late fee, any payment which is not received by us within 30 days after the date such payment is due shall accrue interest from the date such payment is due until the date such payment is received by us, at the lesser of (i) 1.5% per month, or (ii) the maximum interest rate allowed by applicable law.

   All amounts which you owe to us for weekly royalties, goods or services purchased from us or for any other reason, must be paid via electronic funds transfer ("EFT"). You must execute an EFT authorization in a form acceptable to your bank and to us, and such other documents as may be requested by us, the purpose of which will be to enable us to collect any amounts payable by you to us from your designated account via EFT. You must make deposits into the designated account sufficient to cover all amounts which you owe to us. You must notify us if there is a change to the account, including closure of the account.

   You must submit weekly royalty reports to us throughout the term of the Franchise Agreement, and any extension of the Franchise Agreement (including the 90-day period

following the opening of your office, even though you will not be making royalty payments during that time; see Note 3). Occasionally we implement incentive or other programs which may reduce the amount of your royalty payment. We may change these programs at any time in our sole discretion.

2. Royalties for Hospice Services. Except as otherwise stated above, we impose and collect all fees. All fees are non-refundable. Fees are uniformly imposed, except as referenced in Item 5 or below.

You must submit weekly royalty reports to us for Hospice Sales throughout the term of the Franchise Agreement, and any extension of the Franchise Agreement (from the date you first receive a license to operate, open an office or begin making sales (whichever first occurs), even though you may be excused from paying royalties during an abatement period), as defined below.

No royalties will be due on the first $200,000.00 of Hospice Sales. The term "Hospice Sales" means sales derived in connection with the offer and sale of Hospice Services. This royalty waiver on the first $200,000.00 in sales is a one-time, non-recurring waiver. On all Hospice Sales after the first $200,000.00, and for the entire term of the franchise, you must pay us a monthly royalty equal to 5.50% of all your Hospice Sales.

A late fee of $250.00 is assessed for payments made more than five days after they are due. In addition to the late fee, if any payment which is not received by us within 30 days after the date such payment is due, shall accrue interest from the date such payment is due until the date such payment is received by us, at the lesser of (i) 1.5% per month, or (ii) the maximum interest rate allowed by applicable law.

All amounts which you owe to us for royalties, goods or services purchased from us or for any other reason, must be paid via electronic funds transfer ("EFT"). You must execute an EFT authorization in a form acceptable to your bank and to us, and such other documents as may be requested by us, the purpose of which will be to enable us to collect any amounts payable by you to us from your designated account via EFT. You must make deposits into the designated account sufficient to cover all amounts which you owe to us. You must notify us if there is a change to the account, including closure of the account.

We may grant you a credit for royalties which you have paid on sales which are ultimately deemed to be uncollectible in the prior 24-month period, provided you timely provide us with all required information and documentation regarding such uncollectible accounts as required by the Franchise Agreement. You must submit weekly royalty reports to us throughout the term of the Franchise Agreement, and any extension of the Franchise Agreement. Occasionally we implement incentive or other programs which may reduce the amount of your royalty payment. We may change these programs at any time in our sole discretion.

3. National Marketing Fee. You must pay us a weekly national marketing fee equal to 1% of all sales. The National Marketing Fee shall be used solely to manage, staff, administrate,

purchase, rent, or otherwise acquire marketing services, technology, creative product, media space or time for such marketing and promotional purposes, not limited to any medium.

4. Technology Fee. You must pay us a monthly technology fee equal to $485.00. We do not currently charge you a separate fee for standard level services, which currently include email, access to Interim systems such as Connect and ORCA (Interim's proprietary intranet resources), network data (Power BI), and related IT support for Interim systems, including cloud infrastructure, cybersecurity, Microsoft Teams, Website development and technical support and Help Desk Support. The Technology Fee will be used to fund business related functionality, as we determine appropriate in our sole discretion, and may, without limitation, include functions such as obtaining home healthcare and hospice data used to create network reports included on platforms such as PowerBI, access to the Interim learning management system's required minimum service package, ongoing technical and vendor evaluation and support to address evolving network needs for software applications relevant to the business (for example, DocuSign). The Technology Fee also covers the basic level of HealthStream (L.I.F.E.) services required of all new franchisees.

5. Quotas. We will determine the "Market Quota" applicable to the franchise. The annual sales quota of your franchise will be calculated as a percentage of the Market Quota.

   The Market Quota will range between: (a) $1,250,000 to $1,500,000 for the Primary Services; (b) $1,250,000 to $1,500,000 for Certified Home Health Services; and (c) $1,250,000 to $1,500,000 for Hospice Services; as determined on a case-by-case basis prior to execution of the Franchise Agreement, and will be based on such factors as the age and net worth demographics of the Area, number of households, number of healthcare facilities within the Area (including hospitals and nursing facilities), the number of physicians practicing within the Area, estimated payor source reimbursement rates, the number of competitors providing like services within the Area, the approximate number of hospital beds contained in the Area, and the number of health care facilities located within the Area. Your sales quotas shall be as follows:

   First Calendar Year beginning after the Opening Date: 10% of the Market Quota
   Second Calendar Year beginning after the Opening Date: 20% of the Market Quota
   Third Calendar Year beginning after the Opening Date: 30% of the Market Quota
   Fourth Calendar Year beginning after the Opening Date: 40% of the Market Quota
   Fifth Calendar Year beginning after the Opening Date: 50% of the Market Quota
   Sixth Calendar Year beginning after the Opening Date: 60% of the Market Quota
   Seventh Calendar Year beginning after the Opening Date: 70% of the Market Quota
   Eighth Calendar Year beginning after the Opening Date: 80% of the Market Quota
   Ninth Calendar Year beginning after the Opening Date: 90% of the Market Quota
   Tenth Calendar Year beginning after the Opening Date: 100% of the Market Quota

   If the Franchise Agreement provides that the Franchise Business must be established prior to July 1st, we may establish prorated sales quotas for the first partial calendar year of your operation of the Franchise Business.

The annual sales quotas must be attained or surpassed during each calendar year. If you do not attain your sales quota in any calendar year, you must pay us an amount equal to the product of the amount by which your actual sales during the calendar year fell short of your sales quota for the same calendar year, you shall pay to Interim a sum equal to the difference between your gross sales for such calendar year and the designated sales quota for such calendar year, multiplied by a blended royalty rate. The blended royalty rate is calculated by applying the royalty rate you paid on your reported sales. Payment is due within 30 days after we mail you the written notice of the amount due, and your failure to pay the amount due in a timely manner constitutes a default under the Franchise Agreement.

ITEM 7
ESTIMATED INITIAL INVESTMENT

A. The following chart estimates your initial investment for a single Interim HealthCare Franchise Business offering Primary Services. Please review these charts together with the notes that follow.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (notes 1, 15)	$75,000	Lump Sum	Upon Execution of Franchise Agreement	Us
Lease/Real Property (notes 2, 14)	$6,000 to $15,000	6 months	As Arranged	Lessor directly, or us as sub-lessor
Leasehold Improvements, Furniture, Fixtures (notes 3, 14, 15)	$2,000 to $5,000	As Arranged	As Incurred	Contractor, Suppliers
Equipment (notes 4, 14, 15)	$2,500 to $3,500	As Arranged	Before Opening	Approved Suppliers
Opening Marketing (notes 5, 13)	$3,000 to $4,500	As Arranged	Before Opening	Suppliers
Vehicle Wrap Marketing Program, including auto lease/payment (note 7)	$2,500 to $5,000	As Arranged	As Incurred	Approved Suppliers
Training Expenses (note 6)	$0 to $2,500	As Arranged	As Arranged	Suppliers
Start-up Supplies (notes 8, 14, 15)	$1,000 to $1,500	As Arranged	As Incurred	Suppliers