

## Special Risks to Consider About *This Franchise*

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation or litigation only in the state where we have our principal place of business (currently Maryland). Out-of-state mediation or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate or litigate with the franchisor in the state where we have our principal place of business (currently Maryland) than in your own state.
2. **Financial Condition.** The franchisor’s financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor’s financial ability to provide services and support to you.
3. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you also may experience delays in opening your own outlet.
4. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.

TOTAL EXPENSES	\$922,996	88.6%	\$686,100	65.8%	\$575,400	55.2%
NET INCOME	<u><u>-74,947</u></u>	-7.2%	<u><u>\$161,949</u></u>	15.5%	<u><u>\$272,649</u></u>	26.2%

**The figures in the center and right columns of the chart above are only estimates of what we think you, as an owner of a Center, may sell and the estimated net income that may be generated. There is no assurance that you will sell or earn as much.**

*Explanations and Notes for Chart 19-B*

1. Chart 19-B presents historical information for the one franchised Town Square Business that was in operation as of December 31, 2023, and had been in operation for more than 18 months at the beginning of 2023. This Town Square Business is a Legacy Model consisting of approximately 11,580 square feet. To avoid any skewing of data due to seasonality, revenues that may be generated from grand opening advertising or promotion, or effects (positive or negative) from start-up operations, the sample includes the only franchisee who was operating during the entire 2023 calendar year and who was also operating for at least 18 months as of January 1, 2023. As a result, the data in the table above includes a total of one franchised business. Chart 19-B excludes four franchised Town Square Businesses because they either opened in 2023 or didn't have a minimum operational history of at least 18 months.

2. "Gross Revenue": Gross Revenue is the actual revenue, or "Gross Sales," received by the franchised business in the sample for the period January 1, 2023 to December 31, 2023, as reported by our franchisees to us as "Gross Sales." Included in Gross Revenue are all revenues from the offer and sales of all services (and products) to customers and clients of each franchised business in the sample. The Gross Revenue figures are reported to us by franchisees, and we compile these figures from the franchisee supplied reports. We have not audited or verified the reports, nor have franchisees confirmed that their reports are prepared in accordance with generally accepted accounting principles.

3. "Caregiver Staffing Wages and Taxes": This total represents the hourly wages and taxes associated with employing direct caregivers according to our model. This is a variable expense and will increase or decrease based on the number of Members the Center is serving.

4. "Client Meal Expense": This total consists of the costs of serving our members' lunch. Meals are catered for and not prepared on site. This is a variable expense and will increase or decrease based on the number of members the Center is serving.

5. "Advertising and Marketing": This total consists of contributions to the marketing fund, print advertising, digital marketing, and sponsorships. Under the Franchise Agreement, a franchisee must pay 1% of Gross Sales into the Marketing Fund. The Center in 19-B was not required to contribute to the Marketing Fund but expended approximately 11% of its Gross Sales on marketing, advertising, and promotion. Consequently, an expenditure of 1% under the Franchise Agreement would be within this expenditure amount.

6. "Internal Wages and Taxes": This expense consists of the wages of the three employees running the center: Center Administrator, Director of Business Development and Activities Director. This