

<u>PROVISION</u>	<u>SECTION IN FRANCHISE AGREEMENT</u>	<u>SUMMARY</u>
j. Assignment of contract by us	9.1	Fully transferable by us, however, no assignment will be made except to an assignee who, in good-faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement
k. "Transfer" by you – defined	9.2	All transfers require our approval
l. Our approval of transfer by you	9.2	Required
m. Conditions for our approval of transfer	9.2	Prior written approval
n. Our right of first refusal to acquire your business	9.3	For all third party <i>bona fide</i> offers
o. Our option to purchase your business	Not applicable	No specific provision
p. Your death or disability	9.2	Would be a transfer
q. Non-competition covenants during the term of the franchise	5	You may not have an interest in a competitive business while you are a franchisee
r. Non-competition covenants after the franchise is terminated or expires	11	Twenty-four (24) months within an area consisting of your Territory plus three (3) miles and a like area around any other Lapels® store
s. Modification of the agreement	13.16	Must be in writing
t. Integration / merger clause	13.18	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 the disclosure document and franchise agreement may not be enforceable. However, nothing in any franchise agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u. Dispute resolution by arbitration or mediation	13.12	All non-money issues except post-term use of the principal trademarks, subject to state law.
v. Choice of forum	13.14	Florida; however, this provision is subject to applicable state law
w. Choice of law	13.13	Florida; however, this provision is subject to applicable state law

Item 18

PUBLIC FIGURES

We currently do not use any public figures to promote franchises for Lapels Businesses.

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 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.

The following representation is an historic financial performance representation about our existing outlets that were in operation in calendar year 2025. As of December 31, 2025, we had 83 franchised outlets and no company-owned outlets operating in the Lapels System. The outlets included in this Item 19 are thirty-four (34) Plants, twenty-eight (28) Satellite Stores, and three (3) Lapels Delivers and two (2) Laundromat models. The financial performance representations included in this Item 19 are presented separately for our laundromat operations and our dry cleaning operations. We have elected to present this information in segmented formats because these services differ in several material respects that significantly impact financial performance. We have excluded information for one (1) Plant six (6) Satellite Stores, and nine (9) Lapels Delivers whose data was not available or were not operational for a period of at least one (1) year.

Written substantiation will be made available to you upon reasonable request.

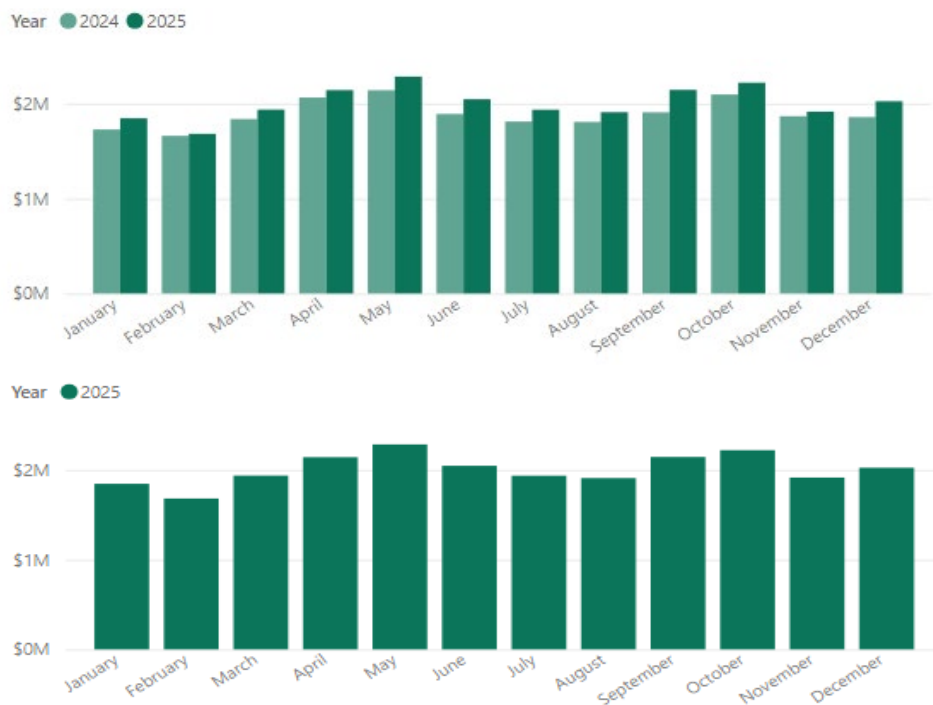
Some outlets have earned this amount. Your individual results may differ. There is no assurance that you'll earn as much.

Other than the preceding financial performance representation, Next Step Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may choose to provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Kevin DuBois, CEO, Next Step Franchising, LLC, 711 5th Avenue South, Suite 210, Naples, Florida, 34102, or 781-499-6992, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 19 - Financial Performance Presentation

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 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.

Inbound Net Total by Month



The adjacent chart displays the Inbound Net Total Revenue by month and year. It is comprised of data from 34 Plant units, 28 Satellite units, and 3 Lapels Delivers

Only units that have been open a minimum of 1 year as of December 31st, 2025. The chart excludes data for 1 Plant, 6 Satellite units, and 9 Lapels Delivers units whose data was not available or were not operational for a period of at least one (1) year.

Sales Metrics

Plant

\$988,972.08	\$422,994.33	\$388,992.80	\$147,833.38	34
Top Annual Sales	Average Annual Sales	Median Annual Sales	Lowest Annual Sales	Locations Reporting

Satellite

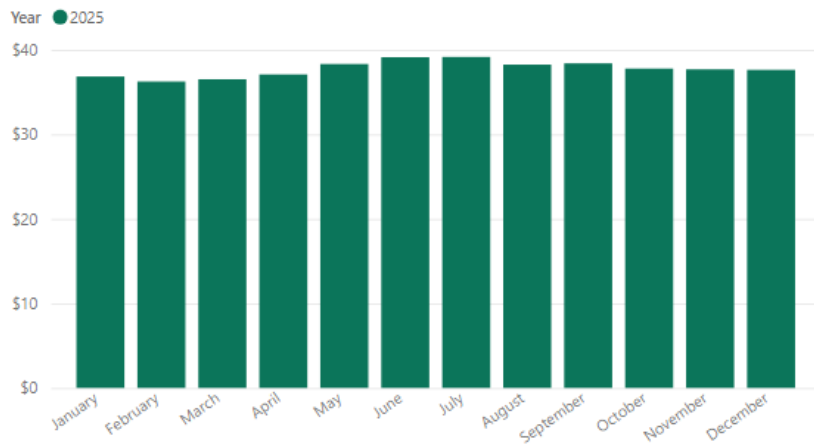
\$742,913.16	\$325,839.28	\$301,401.30	\$42,464.43	28
Top Annual Sales	Average Annual Sales	Median Annual Sales	Lowest Annual Sales	Locations Reporting

The above table reflects the Top, Average, Median, and Lowest Gross Sales of certain franchised outlets. Plant includes 34 plant units which have been open a minimum of 1 year as of December 31st, 2025. 14/34 Plant stores exceeded Average Annual Net Sales. Satellite includes 28 satellite units which have been open a minimum of 1 year as of December 31st, 2025.

10/28 Satellite stores exceeded Average Annual Net Sales. The table excludes data for 1 Plant, 6 Satellite units, and 9 Lapels Delivers units whose data was not available or were not operational for a period of at least one (1) year.

Item 19 - Financial Performance Presentation

Average Visit Price by Month



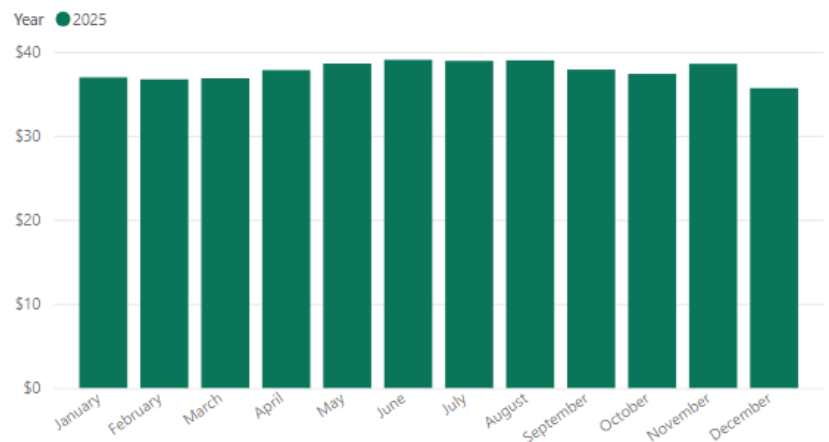
The adjacent chart displays the Average Monthly Price per Visit by month and year. It is comprised of data from 34 Plant units, 28 Satellite units, 3 Lapels Delivers units that have been open a minimum of 1 year as of December 31st, 2025. The chart excludes data for 1 Plant, 6 Satellite units, and 9 Lapels Delivers units whose data was not available or were not operational for a period of at least one (1) year.

Outlets that Achieved or Exceeded the Average Visit Price by Month

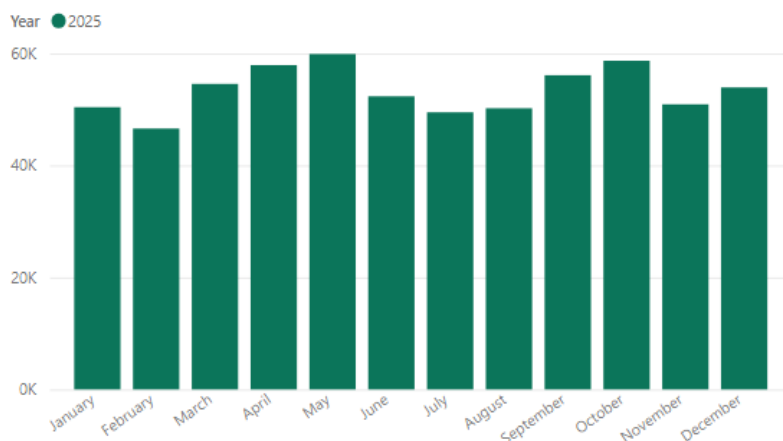
Month	Jan.	Feb.	March	April	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
# of Outlets	33	33	34	34	34	32	30	33	32	32	35	30
% of Outlets	51%	51%	52%	52%	52%	49%	46%	51%	49%	49%	54%	46%

The adjacent chart displays the Median of the Average Monthly Price per Visit for each outlet by month and year. It is comprised of data from 34 Plant units, 28 Satellite units, 3 Lapels Delivers units that have been open a minimum of 1 year as of December 31st, 2025. The chart excludes data for 1 Plant, 6 Satellite units, and 9 Lapels Delivers units whose data was not available or were not operational for a period of at least one (1) year.

Median of Average Visit Price for Each Outlet by Month



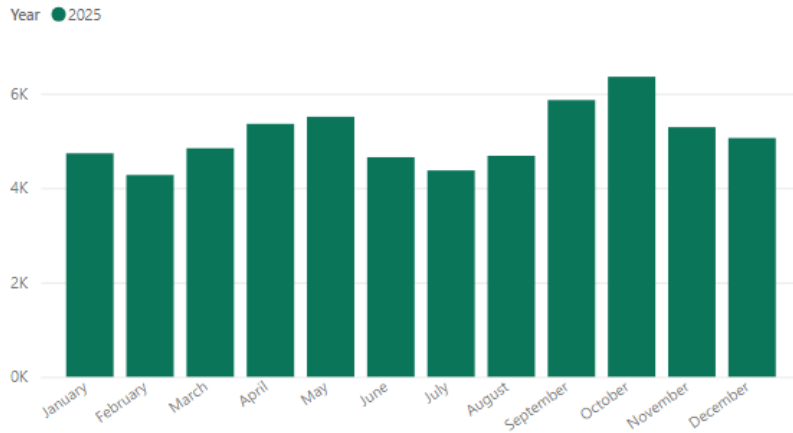
Number of Visits by Month



The adjacent chart displays the total Number of Visits by month and year for all included franchisees combined. It is composed of data from 34 Plant units, 28 Satellite units, 3 Lapels Delivers units that have been open a minimum of 1 year as of December 31st, 2025. The chart excludes data for 1 Plant, 6 Satellite units, and 9 Lapels Delivers units whose data was not available or were not operational for a period of at least one (1) year.

Item 19 - Financial Performance Presentation

New Clients by Month



The adjacent chart displays the total count of New Clients by month and year for all included franchisees combined. It is composed of data from 34 Plant units, 28 Satellite units, 3 Lapels Delivers units that have been open a minimum of 1 year as of December 31st, 2025. The chart excludes data for 1 Plant, 6 Satellite units, and 9 Lapels Delivers units whose data was not available or were not operational for a period of at least one (1) year.

Average Controllable Expenses

Payroll incl taxes and benefits	Cost of Goods	Insurance	Marketing	Maintenance	Utilities	Net Controllable Income
40.81%	5.72%	1.68%	1.71%	2.41%	3.08%	44.59%

The above table shows the average percentage that certain expenses are of gross income and the resulting net controllable income percentage for 9 Enterprises comprised of 9 Plant units, and 9 Satellite units open as of December 31st, 2025. 5/9 Enterprises exceed the average Net Controllable Income. This data is self reported by franchisees in a standardized format. All such self reported data available at the time this document was finalized is included in the calculated values in the table. This table excludes 26 Plant units, 25 Satellite units, and 12 Lapels Delivers units as data was not available.

Median Controllable Expenses

Payroll incl taxes and benefits	Cost of Goods	Insurance	Marketing	Maintenance	Utilities	Net Controllable Income
36.40%	5.52%	2.10%	1.05%	2.03%	2.72%	50.18%

The above table shows the median percentage that certain expenses are of gross income and the resulting net controllable income percentage for 9 Enterprises comprised of 9 Plant units, and 9 Satellite units open as of December 31st, 2025. 4/9 Enterprises exceed the median Net Controllable Income. This data is self reported by franchisees in a standardized format. All such self reported data available at the time this document was finalized is included in the calculated values in the table. This table excludes 26 Plant units, 25 Satellite units, and 12 Lapels Delivers units as data was not available.

Notes to All Financial Performance Representations

1. "Gross Annual Sales" include all revenue earned from sales entered into the Outlet's standard point-of-sale system as well as all other revenue derived from operating the Outlet, including wholesale processing, whether it comes from cash, checks, credit or debit cards, bartering, trade credit, or other credit transactions, but excludes all federal, state, or municipal sales, use, or service taxes collected from customers and paid to the appropriate tax authority.
2. "Net Inbound Total Sales" are defined as Gross Sales less any documented refunds, credits, coupons, manager-authorized or loyalty program discounts, allowances, and chargebacks given to customers by the Outlet in good faith ("Discounts"). The average monthly Discount rate represents the average discounts as a percentage of the average gross sales.
3. "Plant" refers to a franchised outlet engaging in on site, primarily high volume laundry and garment services that may or may not be servicing one or more satellite locations.
4. "Satellite" refers to a franchised outlet serving as a collection point for the drop off and pick up of garments by the customer to be processed at a plant.
5. "Visit" refers to a number of garments brought in at once, resulting in one or more invoices with a number of items each.
6. "New Clients" are customers who have not previously done business with a particular franchise location.
7. "Payroll incl taxes and benefits" Indicates the compensation, inclusive of salary or wages, employee benefits (if applicable), and associated payroll and other taxes for personnel employed at the Outlets.
8. "Cost of Goods" Does not include costs labor. Include detergents, solvents, spotting agents, and packaging supplies including hangers and poly.
9. "Insurance" Includes workers comp, business auto, and liability.
10. "Marketing" Represents the amounts that the Outlets spent on advertising, marketing and promotional activities and includes each Outlet's contributions to the Advertising and Development Fund.
11. "Maintenance" Represents amounts for repairs, maintenance and replacement parts on the Outlets' equipment.
12. "Utilities" Denotes the expenses related to electricity, gas, sewer, water, telephone/DSL/Cable connectivity, and other utilities associated with each Outlet. Please note that utility costs may significantly differ across various markets.
13. "Net Controllable Income" The controllable expenses, represented as a percentage, are calculated by deducting the percentages of all controllable expenses listed in the tables from 100% of Net Sales. It is important to note that the controllable expenses in the tables do not encompass all cost and expense categories associated with the Outlets or those incurred in operating your Outlet. Additional costs may include rent, real estate taxes, common area maintenance charges, and other property-related expenses, such as utility and insurance payments made to the landlord under the lease; legal, accounting, and other professional fees; interest and other debt service costs; taxes (excluding employment-related taxes included in Labor Costs and Taxes), depreciation, and amortization. Furthermore, the controllable expense does not account for any return or compensation for a franchisee owning an Outlet, unless the franchisee serves as a general manager or assistant manager and reports their compensation as part of Labor Costs and Taxes.

Other than the preceding financial performance representations, Next Step Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any other representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income other than as we provide above, you should report it to the franchisor's management by contacting Kevin DuBois at 711 5 Avenue South Suite 210, Naples Florida 34102 or 781-499-6992, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 19 - Financial Performance Presentation (Laundromat)

OVERVIEW

As of the date of this Disclosure Document, we have two franchised locations (n=2):

- Location A (Franchised) – Opened August 2025
- Location B (Franchised) – Opened November 2025

Because these locations opened at different times, we present performance data in three sections:

- Comparable Period Results (both locations operating)
- Initial Ramp-Up Results (by location)
- Additional Historical Information

SECTION A - COMPARABLE PERIOD RESULTS

The comparable period results are intended to provide a consistent basis for comparison between locations.

The following charts present certain operating results for both franchised locations during the period December 1, 2025 through February 28, 2026, during which both locations were open and operating.

Because these locations were in their initial stages of operation, these results may not reflect the performance of a mature laundromat.

Chart 1 – Average Turns per Machine per Day and Revenue Metrics – Comparable Period

Metric	Location A	Location B	Average
Washer Turns per Machine per Day	3.5	4.1	3.8
Dryer Turns per Pocket per Day	3.9	4.4	4.2
Monthly Revenue per Machine	\$ 778	\$ 563	\$ 670
Monthly Store Revenue	\$ 48,238	\$ 33,188	\$ 40,713

"Turns" has the meaning set forth in the Definitions section below.

"Average" represents the arithmetic average of the results for the two franchised locations during the comparable period.

The chart above presents certain historical operating results for the two franchised locations during the comparable period. Revenue per machine includes all revenue generated by the location, including self-service, wash and fold, dry cleaning, products and wholesale services.

Chart 2 - Revenue Mix by Service Category – Comparable Period

The information is provided to illustrate the composition of revenue for these locations during the comparable period. The results reflect the performance of two franchised locations and may not be representative of the performance of other locations.

Because these locations were in their initial stages of operation, the revenue mix may change over time as operations mature. We do not guarantee that you will achieve the same or similar results.

Item 19 - Financial Performance Presentation (Laundromat)

Revenue Category	Location A	Location B	Average
Self-Service Laundry	78.4%	71.9%	75.8%
Wash & Fold	4.2%	19.6%	10.4%
Dry Cleaning	12.9%	6.1%	10.1%
Commercial	4.3%	1.9%	3.3%
Products	0.2%	0.5%	0.4%
Total	100.0%	100.0%	100.0%

“Revenue Mix” represents the percentage of total gross revenue generated by each service category during the reporting period.

SECTION B – INITIAL RAMP-UP RESULTS

The results below reflect each location’s performance during its initial months of operation and illustrate the ramp-up of operations over time.

Location A – August 2025 Opening

Month	Turns	Revenue/Machine	Store Revenue
Aug-25	1.6	\$ 161	\$ 9,961
Sep-25	2.8	\$ 590	\$ 36,591
Oct-25	3.0	\$ 688	\$ 42,645
Nov-25	3.6	\$ 768	\$ 47,633
Dec-25	3.7	\$ 777	\$ 48,189
Jan-26	3.5	\$ 785	\$ 48,686
Feb-26	3.8	\$ 772	\$ 47,839

This table presents monthly operating results for Location A from its opening through February 2026.

Location B – November 2025 Opening

Month	Turns	Revenue/Machine	Store Revenue
Nov-25	2.7	\$ 273	\$ 16,112
Dec-25	3.7	\$ 502	\$ 29,603
Jan-26	4.2	\$ 550	\$ 32,461
Feb-26	4.8	\$ 636	\$ 37,500

This table presents monthly operating results for Location B from its opening through February 2026.

The results above reflect each location’s performance during its initial operating period. Results during the initial months of operation may not be indicative of long-term performance.

“Turns” has the meaning set forth in the Definitions section below.

Item 19 - Financial Performance Presentation (Laundromat)

SECTION C – ADDITIONAL HISTORICAL INFORMATION

Time to Break-Even

Location	Opening Date	Month Break-Even Achieved	Months to Break-Even
Location A	Aug-25	Nov-25	3
Location B	Nov-25	Feb-26	3

“Break-even” is defined as the point at which monthly operating revenue equals operating expenses, excluding debt service, owner compensation, and initial investment costs. Break-even results are influenced by a variety of factors, including operating costs, labor, pricing, and market conditions, which may vary significantly by location.

The data presented reflects results from two franchised locations and may not be representative of other locations. Because these locations are in their initial stages of operation, and because operating costs and expenses vary by location, the time required to achieve break-even may differ significantly for other franchisees. These results are based on a limited number of locations. We do not guarantee that you will achieve similar results.

DEFINITIONS

- Turns means turns per machine per day.
- Turns per Machine per Day = total paid cycles ÷ machines ÷ days
- Revenue per Machine = total gross revenue (all services) ÷ machines
- Store Revenue = total monthly gross revenue

The data presented in this Item 19 is based on results reported by franchised locations. We do not independently audit or verify this information, although we may review it for consistency. Your individual results may differ. We do not guarantee that you will achieve the same or similar results.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
System-wide Outlet Summary for years 2023 to 2025**

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised	2023	83	83	0
	2024	83	81	-2
	2025	81	83	2
Company	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Total Outlets	2023	83	83	0
	2024	83	81	-2
	2025	81	83	2

**Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than Franchisor)
For years 2023 to 2025**

State	Year	Number of Transfers
Arizona	2023	1
	2024	0
	2025	0
Colorado	2023	0
	2024	0
	2025	1
Florida	2023	1
	2024	0
	2025	0
Georgia	2023	2
	2024	0
	2025	0
Mississippi	2023	0
	2024	0
	2025	4
South Carolina	2023	4
	2024	0
	2025	0
Total	2023	8
	2024	0