

<u>PROVISION</u>	<u>SECTION IN FRANCHISE AGREEMENT</u>	<u>SUMMARY</u>
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.

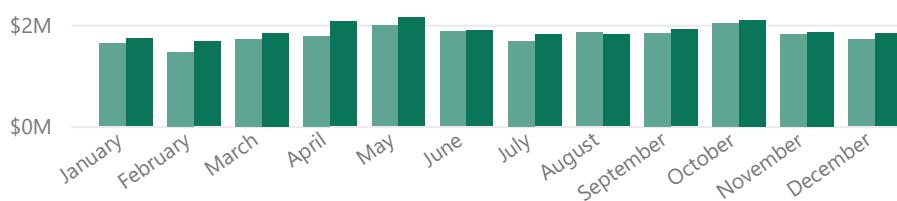
The following representation is an historic financial performance representation about our existing outlets that were in operation in calendar year 2024. As of December 31, 2024, we had 81 franchised outlets and no company-owned outlets operating in the Lapels System. The outlets included in this Item 19 are thirty-three (33) Plants, twenty-eight (28) Satellite Stores, and three (3) Lapels Delivers. We have excluded information for one (1) Plant, two (2) Satellite Stores, and two (2) Lapels Delivers that did not use our POS System and whose data was not available.

Item 19 - Financial Performance Presentation

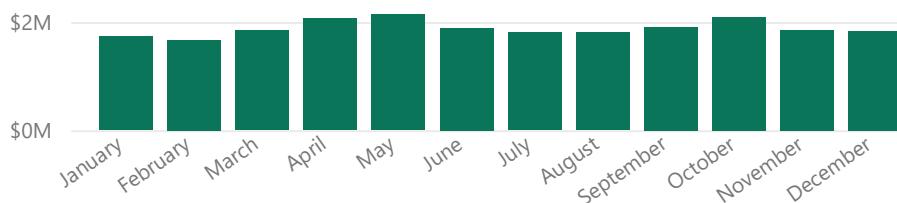
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Inbound Net Total by Month

Year ● 2023 ● 2024



Year ● 2024



The adjacent chart displays the Inbound Net Total Revenue by month and year. It is comprised of data from 33 Plant units, 28 Satellites units, and 3 Delivery Only units that first opened before 1/1/2023 and operating as of 12/31/24. The chart excludes data for 1 Plant unit, 2 Satellite units, and 2 Delivery Only, as these units did not use our standard point of sale system and data was not available.

Sales Metrics

Plant Plus Satellite

1,841,613.90	812,377.05	688,694.33	503,056.22	9
Top Annual Sales	Average Annual Sales	Median Annual Sales	Lowest Annual Sales	Enterprises Reporting

Plant Only

1,197,109.29	422,081.54	404,844.77	96,664.49	33
Top Annual Sales	Average Annual Sales	Median Annual Sales	Lowest Annual Sales	Locations Reporting

Satellite Only

644,504.61	308,489.91	280,522.84	78,847.27	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. For purposes of this table, an "Enterprise" is defined as one or more than one franchised outlet owned by a single individual, group, or business entity.

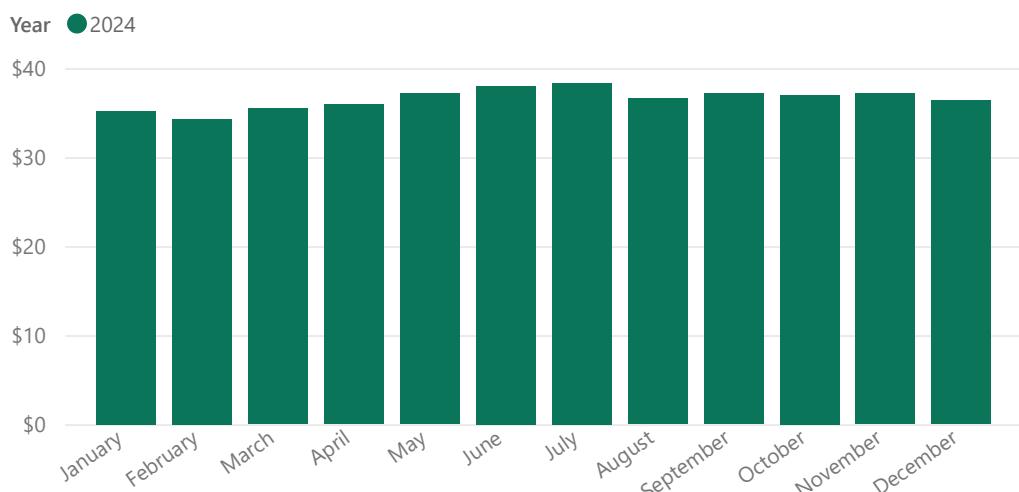
Plant Plus Satellite includes 8 enterprises with a single plant and a single satellite unit both that have been open 2 years as of December 31st 2024 who report using our standard Point of Sale software. 3/9 Enterprises exceed Average Annual Net Sales. 25 Plant units, 21 Satellite units and 5 Delivery Only units have been excluded due to not fitting the criteria stated.

Plant Only includes 33 plant units which have been open 2 years as of December 31st 2024 who report using our standard Point of Sale software. 14/33 Plant stores exceeded Average Annual Net Sales. 1 Plant unit, 30 Satellite units and 5 Delivery Only units have been excluded due to not fitting the criteria stated.

Satellite Only includes 28 satellite units which have been open 2 years as of December 31st 2024 who report using our standard Point of Sale software. 10/28 Satellite stores exceeded Average Annual Net Sales. 34 Plant Units, 2 Satellite units and 5 Delivery Only units have been excluded due to not fitting the criteria stated.

Item 19 - Financial Performance Presentation

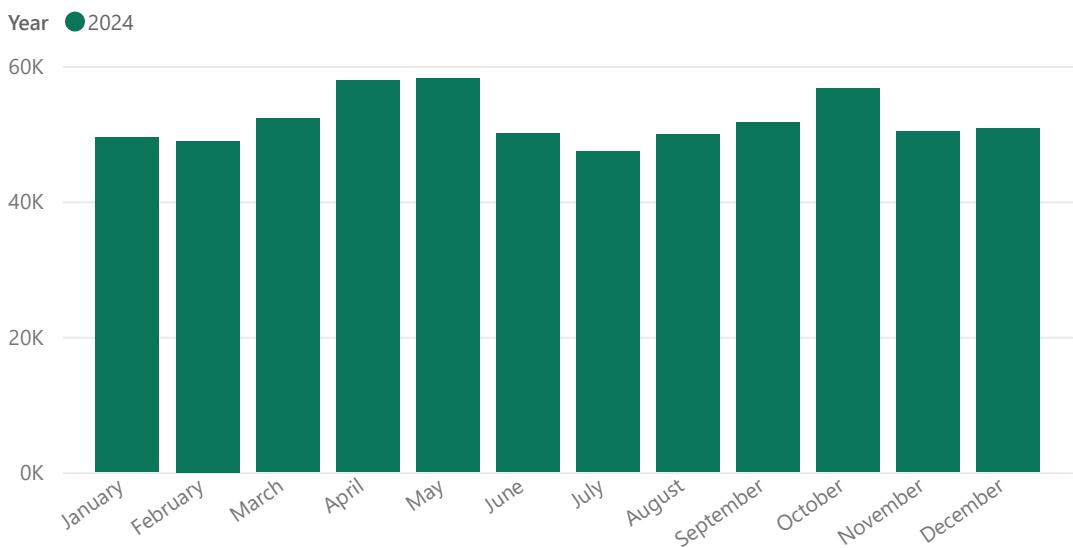
Average Visit Price by Month



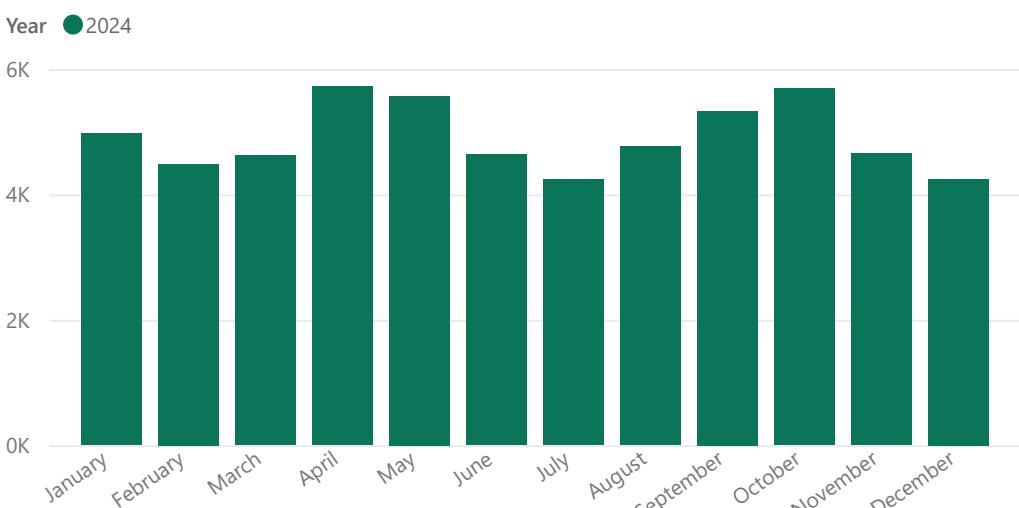
The adjacent chart displays the Average Monthly Price per Visit by month and year. It is comprised of data from 33 Plant units, 28 Satellite units, 3 Delivery Only units that first opened before 1/1/2023 and are operating as of 12/31/24. The chart excludes data for 1 Plant unit, 2 Satellite units, and 2 Delivery Only units as these units did not use our standard point of sale system and data was not available.

The adjacent chart displays the Number of Visits by month and year. It is comprised of data from 33 Plant units, 28 Satellite units, 3 Delivery Only units that first opened before 1/1/2023 and are operating as of 12/31/24. The chart excludes data for 1 Plant unit, 2 Satellite units, and 2 Delivery Only units as these units did not use our standard point of sale system and data was not available.

Number of Visits by Month



New Clients by Month



The adjacent chart displays the total count of New Clients by month and year. It is comprised of data from 33 Plant units, 28 Satellite units, 3 Delivery Only units that first opened before 1/1/2023 and are operating as of 12/31/24. The chart excludes data for 1 Plant unit, 2 Satellite units, and 2 Delivery Only units as these units did not use our standard point of sale system and data was not available.

Item 19 - Financial Performance Presentation

Controllable Expenses

Payroll incl taxes and benefits	Cost of Goods	Insurance	Marketing	Maintenance	Utilities	Net Controllable Income
41.71%	5.77%	1.64%	1.79%	1.94%	3.00%	44.15%

The above table shows the average percentage that certain expenses are of gross income and the resulting net controllable income percentage for 13 Enterprises comprised of 12 Plant units, and 15 Satellite units open as of December 31st, 2024. 7/13 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 22 Plant units, 15 Satellite units, and 5 Delivery Only 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, 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.

Notes to All Financial Performance Representations Continued

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.

14. Some Lapels Cleaners Outlets have earned this much. Your individual results may differ. There is no assurance that you will earn as much.

Other than the preceding financial performance representations, we do not make any financial performance representations. We also do not authorize our employees or representatives to make any other representations either orally or inwriting. 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.

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

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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 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

System-wide Outlet Summary For years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	81	83	+2
	2023	83	83	0
	2024	83	81	-2
Company Owned	2022	0	0	0
	2023	0	0	0
	2024	0	0	0
Total Outlets	2022	81	83	+2
	2023	83	83	0
	2024	83	81	-2

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than Franchisor) For years 2022 to 2024

State	Year	Number of Transfers
Arizona	2022	0
	2023	1