

Provision	Section in Franchise Agreement ⁽¹⁾	Summary
t. Integration/merger clause	Section 15.3	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the Franchise Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 10	All disputes are first subject to arbitration in Cleveland, Bradley County, Tennessee
v. Choice of forum ⁽³⁾	Section 15.12	Arbitration must be in Cleveland, Bradley County, Tennessee
w. Choice of law ⁽³⁾	Section 15.11	The governing law will be the law of the state of Tennessee.

Notes:

- (1) This state may have statutes and court decisions that may supersede the provisions of the Franchise Agreement in your relationship with us including the areas of termination, a limitation on the post termination noncompetition covenant and renewal of your franchise.
- (2) Provisions of your Franchise Agreement giving Lil' Angels the right to terminate in the event of your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Sec. 101, et seq.).
- (3) The Franchise Agreement requires binding arbitration. The arbitration will occur at Cleveland, Tennessee with the costs being borne by the losing party. Further, the Franchise Agreement requires application of the laws of the state of Tennessee. However, Minnesota Statutes, Section 80C.21, and Minnesota Rule 2860.4400(J) prohibit the Franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the Franchise Owner to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Public Offering Statement or Franchise Agreement can abrogate or reduce any of the Franchise Owner's rights as provided for in Minnesota Statutes, Chapter 80C, or Franchise Owner's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

Item 18: Public Figures.

Lil' Angels does not use any public figure to promote this 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 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.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 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 Paul Kimball, 550 Industrial Drive SW, Cleveland, Tennessee 37311, (423) 432-5957, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchise Owner Information.

With respect to the information in the following tables, references to 2022, 2023, and 2024 calendar years relate to the periods ending December 31, 2022, December 31, 2023, and December 31, 2024.

Table No. 1
System wide Outlet Summary
For years 2022-2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net change
Franchised	2022	43	41	-2
	2023	41	40	-1
	2024	40	38	-2
Company Owned	2022	2	2	0
	2023	2	2	0
	2024	2	2	0
Total Outlets	2022	45	43	-2
	2023	43	42	-1
	2024	42	40	-2

Table 2
Transfers of Outlets from Franchisees to new Owners (other than the Franchisor)
For Years 2022-2024

State	Year	Number of Transfers
TN	2022	0
	2023	0
	2024	1
TX	2022	1
	2023	0
	2024	0
Total	2022	1
	2023	0
	2024	1

Table 3
Status of Franchised Outlets
For Years 2022-2024

State	Year	Outlets at start of Year	Outlets Opened	Terminations	Non-renewals	Reacquired by Franchisor	Ceased Operations- Other Reasons	Outlets at End of the Year
CA	2022	2	0	0	0	0	0	2
	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2