

w. Choice of law	18.F.	Alabama law will govern. However, this provision is subject to state law and as otherwise disclosed in <u>Exhibit H</u> to this Disclosure Document.
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ITEM 18

PUBLIC FIGURES

We do not currently use any public figure to promote our franchise. No public figure is currently involved in our management.

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) 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.

DEFINITIONS

- (a) Average – means the sum of all data points in a set, divided by the number of data points in that set.
- (b) Brick and Mortar Plus Outlet – refers to a Frios Outlet that has a brick-and-mortar location within an Operating Territory. A Brick and Mortar Plus Outlet also has the right to operate a Sweet Ride Truck and/or mobile Frios Cart within the Operating Territory. Not all Brick and Mortar Plus Outlets operate a Sweet Ride Truck and/or Frios Cart within the Operating Territory. For purposes of this Item 19, if an Outlet has a brick-and-mortar location and a Frios Cart and/or Sweet Ride Truck, the Outlet shall be categorized as a Brick and Mortar Plus Outlet only.
- (c) Calendar Year – means, as to each respective year, the 12-month period commencing on January 1 and ending on December 31.
- (d) Cart Only Outlet – refers to a Frios Outlet that operates one or more Frios Carts within an Operating Territory. A Cart Only Outlet does not have a brick-and-mortar location and/or a Sweet Ride Truck.
- (e) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate or any person identified in Item 2 of this Disclosure Document, or that is managed by us our affiliate or any person identified in Item 2.
- (f) Franchise Outlet – refers to a Frios Outlet operated under a Franchise Agreement that is not a Company Owned Outlet.
- (g) Full Year Outlet – refers to a Frios Outlet that is open for at least 15 hours per week during the peak season of April through September and derives more than 20% of its Gross Sales for the Calendar Year

during the off season of October through March.

- (h) Gross Sales – means the total revenue derived by each Frios Outlet less sales tax, discounts, allowances, and returns.
- (i) Median – means the data point that is in the center of all data points used. That number is found by examining the total number of data points and finding the middle number in that set. In the event the number of data points is an odd number, the median will be the center number. If the dataset contains an even number of data points, the median is reached by taking the two numbers in the middle, adding them together, and dividing by two.
- (j) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.
- (k) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise Outlet. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.
- (l) Outlet – refers to a Frios Outlet that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.
- (m) Seasonal Outlet – refers to a Frios Outlet derives more than 80% of its Gross Sales for the Calendar Year during the peak season of April through September.
- (n) Sweet Ride Truck Plus Outlet – refers to a Frios Outlet that operates one or more Sweet Ride Trucks within an Operating Territory. A Sweet Ride Truck Plus Outlet also has the right to operate a Frios Cart within the Operating Territory. Not all Sweet Ride Truck Plus Outlets operate a Frios Cart within the Operating Territory. For purposes of this Item 19, if an Outlet operates a Sweet Ride Truck and a Frios Cart but does not have a brick and mortar location, the Outlet shall be categorized as a Sweet Ride Truck Plus Outlet only.
- (o) Very Part Time Outlet – refers to a Frios Outlet that is open for less than 15 hours per week during the peak season of April through September.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Company Owned Outlet is based on information reported to us by our affiliate. Data for our Operational Franchise Outlets is based on information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance.

COMPANY OWNED OUTLET

We have one Company Owned Outlet located in Mobile, Alabama and our Company Owned Outlet has been operating in this market since 2018. Our Company Owned Outlet operates in an Operating Territory comprised of approximately 212,736 people, which is the equivalent of one Territory. Our Company Owned Outlet operates as a Sweet Ride Truck Plus Outlet and a Full Year Outlet. Our Company Owned Outlet operates one Sweet Ride Truck and four Frios Carts within the Operating Territory. Our Company Owned Outlet was an Operational Company Owned Outlet for the 2024 Calendar Year.

Material financial and operational characteristics that are reasonably anticipated to differ from future operational franchise outlets include: (a) managerial skill and efficiency experienced by our Company Owned Outlet as a result of our extensively experienced management team; (b) brand recognition within the local market in which our Company Owned Outlet operates; and (c) no obligation to pay ongoing fees that a franchisee will pay to us, such as Royalty Fees and Brand Development Fund Fees.

Table 1

Operational Company Owned Outlet Number of Pops Purchased for the 2024 Calendar Year	
Number of Pops Purchased	25,848

OPERATIONAL FRANCHISE OUTLETS

During the 2024 Calendar Year we had a total of 65 Franchise Outlets. Of the 65 Franchise Outlets, 50 Outlets constitute Operational Franchise Outlets, 13 Outlets constitute New Franchise Outlets, and two Outlets were excluded from this Item 19 because they ceased operating their Frios Business during the Calendar Year but did not officially terminate their Franchise Agreement. In this Item 19, we exclude data for our New Franchise Outlets. In this Item 19 we include data for Operational Franchise Outlets that operated in 79 Territories.

During the 2024 Calendar Year our Operational Franchise Outlets operated in Operating Territories ranging from approximately 50,000 people to approximately 700,000 people, which is the equivalent of one to four Territories. Some Operational Franchise Outlets disclosed in this Item 19 operate under a Franchise Agreement that includes a different territory structure than currently offered in this Disclosure Document, however, the information presented is representative of the Franchised Business.

Of our 50 Operational Franchise Outlets, 40 Outlets operated as a Sweet Ride Truck Plus Outlet, five Outlets operated as a Brick and Mortar Plus Outlet, and five Outlets operated as a Cart Only Outlet. Of our 50 Operational Franchise Outlets, 23 Outlets operated as a Full Year Outlet, 19 Outlets operated as a Seasonal Outlet, and eight Outlets operated as a Very Part Time Outlet.

Table 2

Operational Franchise Outlets Number of Pops Purchased by Number of Territories for the 2024 Calendar Year					
Number of Territories	Average	Number of Outlets Above/Below Average	Median	Low	High
1	27,928	13 (41.9%) / 18 (58.1%)	26,496	2,016	99,024
2	24,140	6 (50.0%) / 6 (50.0%)	23,256	10,800	52,128
3	53,580	1 (25.0%) / 3 (75.0%)	51,264	41,760	70,032
4	42,944	1 (33.3%) / 2 (66.7%)	37,200	23,184	68,448
Total	29,972	21 (42.0%) / 29 (58.0%)	26,592	2,016	99,024

Table 3

Operational Franchise Outlets Number of Pops Purchased by Time Commitment for the 2024 Calendar Year					
Time Commitment	Average	Number of Outlets Above/Below Average	Median	Low	High
Very Part Time	11,094	4 (50.0%) / 4 (50.0%)	10,416	2,016	19,296
Seasonal	29,250	9 (47.4%) / 10 (52.6%)	27,696	13,104	52,128
Full Year	37,135	9 (39.1%) / 14 (60.9%)	34,368	10,512	99,024
Total	29,972	21 (42.0%) / 29 (58.0%)	26,592	2,016	99,024

Table 4

Operational Franchise Outlets Number of Pops Purchased by Outlet Type for the 2024 Calendar Year					
Outlet Type	Average	Number of Outlets Above/Below Average	Median	Low	High
Cart Only Outlet	26,102	3 (60.0%) / 2 (40.0%)	27,696	9,072	43,008
Brick and Mortar Plus Outlet	43,162	1 (20.0%) / 4 (80.0%)	35,952	14,544	99,024
Sweet Ride Truck Plus Outlet	28,807	17 (42.5%) / 23 (57.5%)	24,840	2,016	70,032
Total	29,972	21 (42.0%) / 29 (58.0%)	26,592	2,016	99,024

Some Outlets have purchased this amount. Your individual results may differ. There is no assurance that you'll purchase as much.

Written substantiation of the data used in preparing these purchase figures will be made available to you upon reasonable request.

Other than the preceding financial performance representation, Frios Franchising Company, LLC does 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 Cliff Kennedy, Frios Franchising Company, LLC, 1201 West I-65 Service Road North, Mobile, Alabama 36618, and (817) 675-6882, the Federal Trade Commission, and the appropriate state regulatory agencies.

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ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

TABLE NO. 1
SYSTEMWIDE 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	53	59	+6
	2023	59	89	+30
	2024	89	108	+19
Company Owned	2022	1	1	0
	2023	1	1	0
	2024	1	1	0
Total Outlets	2022	54	60	+6
	2023	60	90	+30
	2024	90	109	+19

TABLE NO. 2
TRANSFER OF OUTLETS FROM FRANCHISEES TO NEW OWNERS
(OTHER THAN THE FRANCHISOR)
FOR YEARS 2022 to 2024

State	Year	Number of Transfers
Alabama	2022	0
	2023	1
	2024	0
Arizona	2022	0
	2023	0
	2024	1
Florida	2022	1
	2023	1
	2024	1
North Carolina	2022	0
	2023	0
	2024	2
Oklahoma	2022	0
	2023	1
	2024	0