

v.	Choice of forum	Section 22(A)	Except for our right to seek injunctive relief in any court of competent jurisdiction, all claims and causes of action arising out of the Development Agreement must be initiated and litigated to conclusion (unless settled) in the state court of general jurisdiction that is closest to Arlington, VA or, if appropriate, the USDC for the Eastern District of Virginia. (subject to state law).
w.	Choice of law	Section 21(A)	The Development Agreement is governed by the laws of the Commonwealth of Virginia, without reference to this state's conflict of laws principles. (subject to state law).

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to use one in the future.

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.

BACKGROUND

In this Item 19, we disclose certain historical performance information reported to us by six (6) of our affiliate-owned locations (each an "Affiliate-Owned Business") that were open and operating for the entirety of the 2024 calendar year (the "2024 Measurement Period"). We excluded two (2) affiliate-owned locations that opened in the middle of the 2024 Measurement Period, and, as such, (i) have not been in operation for at least twelve (12) months, and (b) were not open during the entirety of the 2024 Measurement Period. We also disclose in this Item 19 certain historical financial performance information of our one (1) franchised outlet (the "Reporting Franchised Outlet") located in Charleston, South Carolina that commenced operating in April 2024 and was open for a twelve-month period ended March 31, 2025 (the "Franchisee Measurement Period").

The Affiliate-Owned Businesses and the Reporting Franchised Outlet each operates under the Proprietary Mark PLAYFUL PACK and otherwise in a manner that is substantially similar to how you will be required and expected to operate the Franchised Business offered in this Disclosure Document. The figures below were reported to us by the owners of the Affiliate-Owned Businesses and the Reporting Franchised Outlet and are based on actual/historical performance during their respective measurement periods.

Table 1 of this Item 19 discloses the Gross Sales generated by each of the Affiliate-Owned Businesses during the 2024 Measurement Period, as well as the opening dates of such businesses. Table 2 of this Item 19 discloses the average of certain operating costs and expenses incurred by the Affiliate-Owned Businesses

during the 2024 Measurement Period, and associated data, expressed as a percentage of such businesses' total Gross Sales. Table 3 of this Item 19 discloses the Gross Sales of the Reporting Franchised Outlet during the Franchisee Measurement Period.

Written substantiation of the data used in preparing this information will be made available upon reasonable request. We have not audited this information or independently verified this information.

**Table 1 – Total Gross Sales for Affiliate-Owned Businesses during the 2024 Measurement Period
(1/1/2024 – 12/31/2024)**

	Annapolis	Fairfax Station	McLean	Alexandria	Rosslyn	Leesburg	Rockville
<i>Month/Year of Opening</i>	<i>December 2017</i>	<i>November 2019</i>	<i>May 2021</i>	<i>March 2022</i>	<i>June 2022</i>	<i>August 2022</i>	<i>Feb 2023</i>
Gross Sales¹	\$1,251,064	\$684,486	\$676,702	\$610,747	\$559,397	\$625,362	\$473,266

**Table 2 – Average Disclosed Expenses of Affiliate-Owned Businesses, Expressed as a Percentage, During the 2024 Measurement Period
(1/1/2024 – 12/31/2024)**

	Average	Highest in Set	Lowest in Set	Median in Set	# (%) that Met or Exceeded the Average
Cost of Goods (COGs) - Daycare and Boarding Supplies ²	1.27%	3.28%	0.66%	2.23%	4 of 7 (57.14%)
Total Labor ³	41.41%	48.18%	38.08%	41.76%	3 of 7 (42.85%)
Lease-Related Costs ⁴	19.83%	22.05%	18.8%	20.13%	3 of 7 (42.85%)
Advertising and Marketing ⁵	1.48%	2.9%	1.1%	1.85%	3 of 7 (42.85%)
Insurance ⁶	1.16%	2.6%	0.43%	1.33%	2 of 7 (28.57%)
Merchant Processing and Banking Transactional Fees ⁷	2.67%	3.34%	2.48%	2.79%	2 of 7 (28.57%)
Computer, Software and Internet-Related Expenses ⁸	0.44%	1.1%	0.04%	0.45%	2 of 7 (28.57%)
Office Supplies ⁹					

	0.33%	0.83%	0.14%	0.35%	3 of 7 (42.85%)
Other Disclosed Operating Costs and Expenses ¹⁰	1.03%	1.36%	0.73%	1.02%	2 of 7 (28.57%)
<i>Royalt (Imputed)¹¹</i>	6%	6%	6%	6%	
<i>Fund Contribution (Imputed)¹²</i>	1%	1%	1%	1%	
Gross Sales Less Total Disclosed Operating Costs and Expenses Above (Expressed as a %)¹³	23.54%	26.27%	16.47%	21.39%	4 of 7 (57.14%)

Table 3 – Gross Sales of One (1) Reporting Franchised Outlet During the Franchisee Measurement Period

(4/1/2024 – 3/31/2025)

	Charleston
<i>Month/Year of Opening</i>	<i>April 2024</i>
Gross Sales¹	\$543,154

Explanatory Notes to Above Tables:

1. **Gross Sales.** The term “Gross Sales” means the total revenue generated by that business over the applicable measurement period, including all revenue generated from the provision of Approved Products and Approved Services provided at or through the business, Gross Sales does not include the sale of products or services for which refunds have been made, the sale of equipment used in the operation of the business, or the amount of any sales tax collected from customers of the business. All amounts shown are rounded to the nearest dollar.
2. **COGS - Daycare and Boarding Supplies.** The term “Cost of Goods – Daycare and Boarding Supplies” means the total amounts incurred (expressed as a percentage of Gross Sales) in connection with that Affiliate-Owned Business’s operation over the 2024 Measurement Period, as reported to us by the owner of said Business, in connection with: (i) the equipment, toys, supplies and other items necessary to provide the approved daycare services; and (ii) the equipment, supplies, and other items necessary to provide the approved boarding services from the Business premises.
3. **Labor.** The term “Total Labor” means the total amounts incurred (expressed as a percentage of Gross Sales) in connection with the following labor-related operating costs over the 2024 Measurement Period: (i) payroll salaries, including salaries for managers and directors of the Affiliate-Owned Business; and (ii) the costs for any temporary employees hired by the Affiliate-Owned Business.

4. **Lease-Related Costs.** The term “Lease-Related Costs” means the amount (expressed as a percentage of Gross Sales) that Affiliate-Owned Business expended over the 2024 Measurement Period on rent, CAM and other amounts due under on in connection with the lease for that Business’s premises.
5. **Advertising and Marketing.** The term “Advertising and Marketing” means all amounts that the owner of that Affiliate-Owned Business expended (expressed as a percentage of Gross Sales) on advertising, marketing and promotional activities over the 2024 Measurement Period.
6. **Insurance.** The term “Insurance” means the insurance premiums and other amounts that the Affiliate-Owned Business expended (expressed as a percentage of Gross Sales) on insurance coverage(s) over the 2024 Measurement Period. The coverages maintained in connection with the operation of the Affiliate-Owned Businesses above may differ from the insurance policies that System franchisees are currently required to maintain.
7. **Merchant Processing Fees.** The term “Merchant Processing Fees” means the amounts that the owner of that Affiliate-Owned Business expended (expressed as a percentage of Gross Sales) over the 2024 Measurement Period on: (i) third-party merchant processing fees; (ii) any reported bank fees; and (iii) if applicable, any required business license(s) used in connection with the Business operations.
8. **Computer, Software, and Internet-Related Expenses.** The term “Computer, Software and Internet-Related Expenses” means all amounts reported by the owner of that Affiliate-Owned Business that were expended (expressed as a percentage of Gross Sales) over the 2024 Measurement Period on: (i) any computer hardware updates; (ii) third-party software licenses; and (iii) monthly charges for Internet connectivity and access at the Premises of that Business.
9. **Office Supplies.** The term “Office Supplies” means that amounts that Affiliate-Owned Business incurred (expressed as a percentage of Gross Sales) during the 2024 Measurement Period in connection with office-related supplies and maintenance.
10. **Other Disclosed Operating Costs and Expenses.** For each Affiliate-Owned Business, this term means the amount (expressed as a percentage of Gross Sales) that the owner of that Business, reported to us as incurred or otherwise expended on the following items and/or services over the 2024 Measurement Period: (i) cleaning and other janitorial costs; (ii) telephone service; (iii) uniforms; (iv) temporary staffing/labor; (v) utilities, and (vi) veterinary services.

This category does not include any of the following, which are not accounted for in this Item 19: (i) legal, accounting or other professional fees; (ii) repairs and maintenance; (iii) debt services; (iv) depreciation and/or amortization; (v) any amounts paid by a given Business to a corporate officer or entity manager as compensation; (vi) charitable contributions; (vii) state, local, property and CAT taxes; and/or (viii) automobile allowances.

11. **Royalty (Imputed).** “Royalty (Imputed)” means the Royalty Fee that the Affiliate-Owned Businesses would have had to pay us over the measurement period if the Affiliate-Owned Businesses were owned by a System franchisee and governed by our current form of Franchise Agreement. The current Royalty fee is six (6) percent of Gross Sales.

12. **Fund Contribution (Imputed).** “Fund Contribution (Imputed)” means the Fund Contribution that each Affiliate-Owned Business would have had to pay us over the measurement period if: (i) the Businesses were owned by a System franchisee; and (ii) the Business operations were governed by our current form of Franchise Agreement. Our current required Fund Contribution is one (1) percent of Gross Sales.
13. **Gross Sales Less Total Disclosed Operating Costs and Expenses Above (Expressed as a %.** The term “Gross Sales Less Total Disclosed Operating Costs and Expenses Above (Expressed as a %” is calculated by: (i) taking the Gross Sales generated by that Business; and (ii) subtracting the percentages reported for COGS, Labor, Occupancy, Advertising, Insurance and all other disclosed Operating Costs and Expenses – as well as the imputed fees described in Note Nos. 11 and 12 above – for that Business over the 2024 Measurement Period.

General Notes to this Item 19

1. **Some outlets have achieved these amounts. Your individual results may differ. There is no assurance that you will achieve as much.**
2. **Affiliate Business Management.** Certain of the Affiliate-Owned Businesses are managed on a day-to-day basis by a Designated Manager. You may determine to engage a Designated Manager or, with regards to at least your first location, determine to serve as the owner/operator (or operating principal) that primarily handles all day-to-day management of your Franchised Business.
3. **Affiliate Business Location and Existing Brand Awareness.** Please note that the Affiliate-Owned Businesses are located in Virginia and Maryland and, over the years since the first Affiliate-Owned Business opened and commenced operations, have garnered goodwill and reputation in the Proprietary Marks and Approved Services, which may not be as strong or yet exist in the region/area where you determine to locate your Franchised Business.
4. **Occupancy-Lease Costs.** Similar to each Affiliate-Owned Business, we expect and assume that you will lease the approved Premises for your Franchised Business operations.
5. **Mature Operations.** Certain of the Affiliate-Owned Businesses in this Item were already open and operating for some time as of the commencement of the 2024 Measurement Period. As such, these locations are more mature than a new Franchised Business and these locations did not have certain start-up costs and expenses that you will or might incur in connection with your Franchised Business during its initial period of operations.
6. **Operating Costs and Expenses Generally.** Expenses and costs, as well as the actual accounting and operational methods employed by a franchisee, may significantly impact profits realized by any particular business. The revenues and expenses of your business will be directly affected by many factors, such as: (a) your DMA’s geographic location and population demographics; (b) advertising effectiveness based on market saturation; (c) whether you operate the business personally or hire a Designated Manager; (d) your product and service pricing; (e) vendor prices on materials, supplies and inventory; (f) employee salaries and benefits (life and health insurance, etc.); (g) insurance costs; (h) weather conditions; (i) ability to generate customers; (j) customer loyalty; and (k) employment conditions in the market.

Other than the preceding financial performance representation, Playful Pack 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 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 Scott Parker, c/o Playful Pack Franchising, LLC, 888 North Quincy Street, Suite 1604, Arlington VA 22203, or (571) 722-0075, 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	0	0	0
	2023	0	0	0
	2024	0	1	+1
Company-Owned	2022	3	6	+3
	2023	6	8	+2
	2024	8	8	0
Total Outlets	2022	3	6	+3
	2023	6	8	+2
	2024	8	9	+1

Table No. 2
Transfers of Outlets from Franchisees to New Owners
(other than the Franchisor)
For Years 2022 to 2024

State	Year	Number of Transfers
Total	2022	0
	2023	0
	2024	0