

PROVISION	SECTION IN FRANCHISE AGREEMENT	SUMMARY
u. Dispute resolution by arbitration or mediation	Section 32A(2)	Disputes must be submitted to nonbinding mediation.
v. Choice of forum	Section 32B	Subject to state law, you can only file suit where our principal offices are located, and we may file suit in the jurisdiction where our principal offices are located, where you reside or do business, where the Franchised Business is or was located or where the claim arose.
w. Choice of law	Section 32C	Subject to state law, Maryland law applies.

ITEM 18

PUBLIC FIGURES

We do not use any public figure to promote our 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. The financial performance representation is based on historical data concerning the franchise system’s outlets.

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Historical Financial Performance Representation for Select Franchised Businesses.

Presented below are the average total revenue, average total cost of goods, average total gross margin and average cost of labor, rent, repairs and maintenance and utilities data for 31 ZIPS Cleaners Businesses Plant Stores operated by franchisees during the period January 1, 2025 through December 31, 2025. All 31 Franchised Businesses were open and operating during the 12-month period January 1, 2025 to December 31, 2025. These Franchised Businesses are located in Florida, Illinois, Indiana, Maryland, Pennsylvania, Texas, and Virginia. One Franchised Business is not included in these calculations because it was a corporate location sold to franchisees in December 2025. Four Franchised Businesses are not included in these calculations because they did not provide financial detail for the entire year. We require all franchisees to submit their financials monthly in order to be compliant with their franchise agreement. Historically, obtaining timely financials has always been difficult. We use incentives to obtain the financials. Even with the incentives, some franchisees have failed to provide the financial detail required. This data was compiled from unaudited financial statements submitted to us by the Franchised Businesses.

FRANCHISED ZIPS CLEANERS BUSINESSES – PLANT STORES
Statement of Average Total Income, Total Cost of Goods,
Total Gross Profit and Total of Certain Costs
(During Period January 1, 2025 to December 31, 2025)

	High	Low	Median	Average	Percentage of Total Income	Percentage of Businesses Above Average	Number of Businesses Above Average
Revenue¹	\$2,378,792	\$379,088	\$1,052,703	\$1,123,997	100.0%	25.8%	8
Production Supplies²	\$237,152	\$5,094	\$89,035	\$99,910	8.9%	22.6%	7
Gross Margin³	\$2,141,640	\$337,721	\$982,218	\$1,026,686	91.3%	25.8%	8
Labor⁴	\$975,708	\$153,874	\$402,879	\$438,031	39.0%	19.4%	6
Rent⁵	\$262,140	\$69,092	\$106,408	\$125,090	11.1%	19.4%	6
Repairs and Maintenance⁶	\$55,892	\$4,060	\$22,934	\$23,139	2.1%	29.0%	9
Utilities⁷	\$119,382	\$20,423	\$43,982	\$49,285	4.4%	22.6%	7
Income Before General and Administrative Expenses⁸	\$944,854	\$(32,553)	\$361,555	\$391,141	34.8%	29.0%	9

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Historical Financial Performance Representation for Select Franchised Businesses.

Presented below are the average total revenue, average total cost of goods, average total gross margin and average cost of labor, rent, repairs and maintenance and utilities data for 12 ZIPS Cleaners Businesses Drop Stores operated by franchisees during the period January 1, 2025 through December 31, 2025. All 12 Franchised Businesses were open and operating during the 12-month period January 1, 2025 to December 31, 2025. These Franchised Businesses are located in Indiana, Maryland, Texas, and Virginia. One Franchised Business is not included in these calculations because it was a corporate location sold to franchisees in December 2025. One Franchised Business is not included in these calculations because they did not provide financial detail for the entire year. We require all franchisees to submit their financials monthly in order to be compliant with their franchise agreement. Historically, obtaining timely financials has always been difficult. We use incentives to obtain the financials. Even with the incentives, some franchisees have failed to provide the financial detail required. This data was compiled from unaudited financial statements submitted to us by the Franchised Businesses.

**FRANCHISED ZIPS CLEANERS BUSINESSES – DROP STORES
Statement of Average Total Income, Total Cost of Goods,
Total Gross Profit and Total of Certain Costs
(During Period January 1, 2025 to December 31, 2025)**

	High	Low	Median	Average	Percentage of Total Income	Percentage of Businesses Above Average	Number of Businesses Above Average
Revenue¹	\$967,755	\$249,283	\$520,292	\$499,281	100.0%	58.3%	7
Production Supplies²	\$293,319	\$6,279	\$90,162	\$112,650	22.6%	41.7%	5
Gross Margin³	\$674,436	\$149,698	\$353,845	\$386,632	77.4%	41.7%	5
Labor⁴	\$231,946	\$56,799	\$107,383	\$116,135	23.3%	41.7%	5
Rent⁵	\$176,853	\$0	\$69,888	\$78,545	15.7%	33.3%	4
Repairs and Maintenance⁶	\$14,181	\$419	\$1,903	\$4,918	1.0%	41.7%	5
Utilities⁷	\$22,402	\$1,133	\$7,706	\$10,121	2.0%	41.7%	5
Income Before General and Administrative Expenses⁸	\$397,683	\$(4,696)	\$155,461	\$176,913	35.4%	41.7%	5

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

NOTES TO ITEM 19 TABLES:

1. **“Revenue”** – This figure is an average of all income and revenue from the sale of all services and products to customers less refunds to customers, discounts, and store value gift

cards and gift certificates. For 2025 the highest amount of revenue for a Plant Store Franchised Business was \$2,964,972 and the lowest amount of revenue for a Plant Store Franchised Business was \$379,088. For 2025, the highest amount of revenue for a Drop Store Franchised Business was \$967,755 and the lowest amount of revenue for a Drop Store Franchised Business was \$249,283.

2. **“Production Supplies”** – The average Production Supplies includes the total costs of all services and products sold at ZIPS Cleaners Businesses (such as alterations, supplies, leather costs, dry cleaning and laundry supplies, and waste disposal). These costs may vary from year to year, or within a year, due to fluctuations in the prices of supplies and/or materials, transportation costs and/or shipping costs.

3. **“Gross Margin”** – This figure represents the Revenue minus the Production Supplies.

4. **“Labor”** – The “Labor” includes salary, payroll taxes, wages, or benefits (including vacation pay) for management personnel and employees. Each ZIPS Cleaners Business compensates its managers differently and may use varied formulas. Franchisees may compensate managers differently or may compensate one or more individual owners in lieu of one or more managers. You will set and pay compensation (and any benefits) for owners and management personnel at your Franchised Business at a rate you determine. Your benefits package to employees may include some, all, or none of the expenses incurred by the ZIPS Cleaners Businesses covered in this Item 19. The total amount of salaries for your employees and managers at a particular location will vary according to local wages, the number of employees, and the number of hours that the Franchised Business is open for business. You must make labor, wage, and benefit determinations based on your market, experience, and other factors.

5. **“Rent”** – This includes rent, property taxes and miscellaneous items. Rent consists of minimum rents, percentage rents, common area maintenance charges, and any sales or other taxes. Property Taxes are real estate taxes and assessments levied against the property upon which the business is located. The amount or rate of taxation varies from jurisdiction to jurisdiction and you should consult with your tax advisors regarding the impact that these taxes will have on this analysis.

6. **“Repairs and Maintenance”** – This includes equipment and facility repair and maintenance.

7. **“Utilities”** – This includes trash/dumpster and charges for water, gas and electric. The charges for water and trash/dumpster are included in either the Utilities category or the Rent category, depending upon whether such charges are payable under the terms of the lease for the particular ZIPS Cleaners Business.

8. **“Income Before General and Administrative”** – This figure represents the Gross Margin minus Labor, Rent, Repairs and Maintenance, and Utilities as defined above.

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Written substantiation for the financial performance representations will be made available to you upon reasonable request. Please carefully read all of the information in these financial

performance representations, and all of the notes following the charts, in conjunction with your review of the historical data.

A franchisee will incur other expenses. For example, you will be required to pay certain fees to us including royalty fees and advertising fees. The additional categories of expenses which franchisees may incur include, but will not necessarily be limited to, the following: additional occupancy costs; franchisee compensation over and above that earned from the operations of the Franchised Business (such as a salary that a franchisee may pay to himself/herself); additional employee benefits; debt service; insurance; business and regulatory fees and licenses; ongoing and supplemental training expenses; recruitment expenses; and bookkeeping and other professional services.

Other than the preceding financial performance representation, we do 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 Michael Weisel, Chief Executive Officer, ZIPS Franchising, LLC, 8510 Corridor Road, Suite 200, Savage, Maryland 20763, (301) 318-0389, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1 – Systemwide Outlet Summary
For Years 2023 - 2025⁽¹⁾

Outlet Type	Year	Outlets at Start of Year	Outlets at End of Year	Net Change
Franchised Outlets	2023	63	66	+3
	2024	66	70	+4
	2025	70	52	-18
Company / Affiliate Owned Outlets ⁽²⁾	2023	3	3	0
	2024	3	2	-1
	2025	2	20	+18
Total Outlets	2023	66	69	+3
	2024	69	72	+3
	2025	72	72	0