

Provision	Section(s) in Area Development Agreement	Summary
		State of Minnesota generally do not apply to Tierra Encantada Centers located outside of Minnesota.

The provision of the Franchise Agreement or Area Development Agreement that provides for termination upon your bankruptcy may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

See Exhibit B, the State Specific Addendum, for special state disclosures.

#### **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.

We provide prospective franchisees with certain information regarding actual historical financial results of certain of our affiliate-owned and franchised Tierra Encantada Centers. Specifically, for Tierra Encantada Centers that were open for the entirety of the 2023 calendar year, we report a statement of historical gross sales, beginning with the year each outlet opened through 2023. Included in the summary of historical gross sales are nine affiliate-owned outlets and two franchised outlets, all of which were open during the entire 2023 calendar year. As no outlets opened or closed in 2023, these figures do not exclude any outlets that operated in 2023. Additionally, for all of these outlets, we also provide a second statement providing a more detailed summary of gross sales, expenses, and income for 2023, as well as certain average performance measures.

The information below about our affiliate-owned outlets is based on revenue and expense reports of those outlets for the years 2018 through 2023, which were not audited. For years prior to 2018, the gross sales information is taken from historical tax returns, which also were not audited. Prospective franchisees should be advised that no certified public accountant has audited these figures or expressed his/her opinion with regard to the content or form. The figures for the franchised outlets are derived from financial statements provided to us by our franchisees for the periods indicated, which have not been audited, but are believed to be reliable.

The Tierra Encantada Centers reported below offer substantially the same products and services as you will as a franchisee operating a franchised unit.

### **STATEMENT #1**

#### **Historical Gross Sales Information from Affiliate-Owned and Franchised Tierra Encantada Centers**

The tables below are grouped into two sets. The first set contains a summary of actual historical gross sales of the nine Tierra Encantada Centers operated by our affiliates that were open during the 2023 calendar year, beginning in the year the outlet first opened for business through 2023. The approximate number of months the outlet was open in its inaugural year of operations is denoted in the row corresponding to the first year of operations. Except for one outlet in Rochester, Minnesota, one outlet in Old Irving Park, Illinois, and one outlet in Addison, Texas, all of the outlets reported below are in the Twin Cities, Minnesota metropolitan area.

The second set of tables contains a summary of actual historical gross sales of the two Tierra Encantada Centers operated by franchisees that were open during the 2023 calendar year, beginning in the year the outlet first opened for business through 2023. The approximate number of months the outlet was open in its inaugural year of operations is denoted in the row corresponding to the first year of operations. The “Minnetonka” outlet is in the Twin Cities, Minnesota metropolitan area, and the “Ford” outlet is in Alexandria, Virginia.

All of our affiliate-owned outlets, as well as both franchised outlets reported below, offer various discounts on tuition to, for example, employees whose children are enrolled at a Tierra Encantada Center and families with more than one student enrolled at a Tierra Encantada Center. Franchisees are not required to offer these types of discounts.

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**Set #1 – Historical Gross Sales Information for Each Affiliate-Owned Outlet’s  
First Year of Operation Through 2023**

<b>Tierra Encantada – Eagan</b>	
	Gross Sales <sup>1</sup>
2013 (5 months)	\$78,765
2014	\$313,727
2015	\$571,539
2016	\$849,952
2017	\$1,164,663
2018	\$1,468,659
2019	\$1,671,178
2020	\$1,481,237
2021	\$1,570,020
2022	\$1,647,184
2023	\$1,782,210XXX

<b>Tierra Encantada – Bryant</b>	
	Gross Sales <sup>1</sup>
2016 (1 month)	\$66,149
2017	\$1,475,952
2018	\$1,879,636
2019	\$1,957,023
2020	\$1,865,583
2021	\$1,952,316
2022	\$2,025,254
2023	\$1,976,598

<b>Tierra Encantada – Windom</b>	
	Gross Sales <sup>1</sup>
2018 (6 months)	\$1,645,976
2019	\$3,515,376
2020	\$3,323,467
2021	\$3,484,467
2022	\$3,612,089
2023	\$4,065,810

Tierra Encantada – Seward	
	Gross Sales <sup>1</sup>
2019 (4 months)	\$496,270
2020	\$1,461,070
2021	\$1,666,582
2022	\$2,027,689
2023	\$2,227,709

Tierra Encantada – Hiawatha	
	Gross Sales <sup>1</sup>
2020 (6 months)	\$1,259,497
2021	\$3,334,185
2022	\$4,007,411
2023	\$4,561,799

Tierra Encantada – Rochester	
	Gross Sales <sup>1</sup>
2022 (11 months)	\$864,364
2023	\$1,470,383

Tierra Encantada – Dodd	
	Gross Sales <sup>1</sup>
2022 (10 months)	\$771,701
2023	\$1,607,101

Tierra Encantada – Addison	
	Gross Sales <sup>1</sup>
2022 (2 months)	\$44,627
2023	\$736,085

Tierra Encantada – Old Irving Park	
	Gross Sales <sup>1</sup>
2022 (6 months)	\$158,081
2023	\$1,087,101

**Set #2 – Historical Gross Sales Information for Each Franchised Outlet’s  
First Year of Operation Through 2023**

<b>Tierra Encantada – Minnetonka</b>	
	Gross Sales <sup>1</sup>
2021 (5 months)	\$533,788
2022	\$2,037,368
2023	\$2,302,371

<b>Tierra Encantada – Ford</b>	
	Gross Sales <sup>1</sup>
2022 (7 months)	\$673,290
2023	\$2,788,228

1. “Gross Sales” as used herein means the amount of sales of all products and merchandise sold or services rendered in, on, about or from the Tierra Encantada Center, together with any other revenues derived from the operation of the Tierra Encantada Center, whether for cash or on a charge, credit, barter or time basis, and whether collected or uncollected. Gross Sales excludes bona fide customer refunds up to 3% of Gross Sales, provided the related sales have previously been included in Gross Sales and sales taxes collected and paid to the proper authorities. This is the same definition we use in other items of this Franchise Disclosure Document, including the definition of Gross Sales from which we calculate your Royalty Fee.

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

**STATEMENT #2**

**2023 Actual Results and Select Average Performance Measures of  
Affiliate-Owned and Franchised Tierra Encantada Centers**

The second statement presents actual gross sales, expenses, and income information, including more detailed information about expenditures, for the 12 months ended December 31, 2023, of the nine Tierra Encantada Centers operated by our affiliates, and the two Tierra Encantada Centers operated by franchisees, that were open during all of 2023. These results are presented in three tables: The first two tables present the information about our affiliate-owned Centers and the third table presents the information about franchised Centers. The results of the affiliate-owned outlets have been adjusted, as described in the notes to the statements, to omit costs incurred by our affiliates that a

franchised outlet will not incur in the normal course, and to add costs that we reasonably expect a franchisee would incur. This second statement also includes a summary of select average performance information for all Tierra Encantada Centers that were open during the 2023 calendar year, namely, average gross sales, average EBITDA (earnings before interest, taxes, depreciation and amortization), and average EBITDA as a percentage of gross sales.

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### Summary of 2023 Actual Results for Each Affiliate Outlet (Set 1)

2023 Actuals <sup>1</sup>	Eagan Center	Bryant Center	Windom Center	Seward Center	Hiawatha Center
Location	Eagan, Minnesota	Minneapolis, Minnesota	Minneapolis, Minnesota	Minneapolis, Minnesota	Minneapolis, Minnesota
Date Center Opened	July 2013	November 2016	June 2018	August 2019	June 2020
Square Footage	6,998	7,411	16,750	12,164	22,236
Licensed Capacity	108	112	208	169	274
<b>Gross Sales<sup>2</sup></b>					
Gross Sales	\$1,782,210	\$1,976,598	\$4,065,810	\$2,227,709	\$4,561,799
<b>General Expenses<sup>3</sup></b>					
Payroll <sup>4</sup>	\$896,113	\$888,860	\$1,701,776	\$944,631	\$1,805,602
Employee Verification, Evaluation, & Training <sup>8</sup>	\$4,598	\$4,750	\$5,459	\$4,630	\$6,523
Childcare Enrichment, Contracted Services, & Licenses <sup>6</sup>	\$3,087	\$2,641	\$4,798	\$3,260	\$4,244
Educational Supplies	\$28,721	\$31,548	\$50,072	\$31,466	\$55,517
Culinary Program (Food & Kitchen Supplies)	\$64,574	\$72,798	\$112,409	\$68,410	\$113,631
Rent	\$192,960	\$318,570	\$516,026	\$373,226	\$761,182
Utilities	\$18,842	\$32,984	\$51,543	\$43,015	\$77,059
Facility Maintenance & Repairs	\$10,345	\$18,122	\$21,015	\$25,143	\$31,443
Professional Fees (Accounting, Legal, Etc.)	\$8,041	\$6,309	\$6,524	\$6,429	\$6,710
Business Insurance <sup>7</sup>	\$5,513	\$7,005	\$12,542	\$7,256	\$11,065
Office Supplies & Software	\$8,408	\$9,189	\$8,178	\$6,331	\$9,691
Bank Charges & Fees	\$1,374	\$865	\$790	\$919	\$1,175
Advertising, Promotion, & Marketing <sup>5</sup>	\$10,020.19	\$11,626.30	\$7,412.97	\$9,910.76	\$4,638.10
Miscellaneous Expenses	\$61	\$878	\$497	\$1,124	\$868
<b>Other Expenses Applicable to Franchisees<sup>9</sup></b>					
Royalty Fee	\$124,755	\$138,362	\$284,607	\$155,940	\$319,326
Advertising Fund Contribution	\$17,822	\$19,766	\$40,658	\$22,277	\$45,618
<b>Total Expenditures</b>	<b>\$1,395,234</b>	<b>\$1,564,274</b>	<b>\$2,824,306</b>	<b>\$1,703,969</b>	<b>\$3,254,290</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization (EBITDA)</b>	<b>\$386,975</b>	<b>\$412,325</b>	<b>\$1,241,504</b>	<b>\$523,740</b>	<b>\$1,307,509</b>

## Summary of 2023 Actual Results for Each Affiliate Outlet (Set 2)

2023 Actuals <sup>1</sup>	Rochester Center	Dodd Center	Old Irving Park Center	Addison Center
Location	Rochester, Minnesota	Eagan, Minnesota	Chicago, Illinois	Addison, Texas
Date Center Opened	February 2022	February 2022	August 2022	October 2022
Square Footage	10,679	8,759	13,372	10,641
Licensed Capacity	157	132	174	157
<b>Gross Sales<sup>2</sup></b>				
Gross Sales	\$1,470,383	\$1,607,101	\$1,087,101	\$736,085
<b>General Expenses<sup>3</sup></b>				
Payroll <sup>4</sup>	\$784,759	\$733,794	\$549,803	\$446,410
Employee Verification, Evaluation, & Training <sup>8</sup>	\$3,383	\$4,156	\$1,941	\$4,915
Childcare Enrichment, Contracted Services, & Licenses <sup>6</sup>	\$2,740	\$3,395	\$2,220	\$1,692
Educational Supplies	\$24,696	\$25,724	\$13,209	\$12,765
Culinary Program (Food & Kitchen Supplies)	\$43,565	\$52,008	\$33,779	\$26,220
Rent	\$382,900	\$253,550	\$358,989	\$424,073
Utilities	\$25,303	\$22,810	\$20,758	\$37,234
Facility Maintenance & Repairs	\$4,468	\$5,177	\$9,389	\$11,156
Professional Fees (Accounting, Legal, Etc.)	\$6,226	\$6,161	\$6,048	\$6,325
Business Insurance <sup>7</sup>	\$6,527	\$5,984	\$5,761	\$6,520
Office Supplies & Software	\$6,222	\$8,475	\$5,427	\$5,937
Bank Charges & Fees	\$1,786	\$1,826	\$1,194	\$899
Advertising, Promotion, & Marketing <sup>5</sup>	\$36,860	\$39,866	\$49,517	\$59,018
Miscellaneous Expenses	\$50	\$12	\$89	\$1,109
<b>Other Expenses Applicable to Franchisees<sup>9</sup></b>				
Royalty Fee	\$102,927	\$112,497	\$76,097	\$51,526
Advertising Fund Contribution	\$14,704	\$16,071	\$10,871	\$7,361
<b>Total Expenditures</b>	<b>\$1,447,117</b>	<b>\$1,291,508</b>	<b>\$1,145,091</b>	<b>\$1,103,160</b>
<b>Earnings Before Interest, Taxes, Depreciation &amp; Amortization (EBITDA)</b>	<b>\$23,265</b>	<b>\$315,593</b>	<b>-\$57,991</b>	<b>-\$367,075</b>

## Summary of 2023 Actual Results for Each Franchised Outlet

2023 Actuals <sup>1</sup>	Minnetonka Center	Ford Center
Location	Minnetonka, Minnesota	Alexandria, Virginia
Date Center Opened	August 2021	July 2022
Square Footage	11,743	10,187
Licensed Capacity	166	170
<b>Gross Sales<sup>2</sup></b>		
Gross Sales	\$2,788,228	\$2,302,371
<b>General Expenses<sup>3</sup></b>		
Payroll <sup>4</sup>	\$1,348,038	\$1,032,231
Employee Verification, Evaluation, & Training <sup>8</sup>	\$4,911	\$6,445
Childcare Enrichment, Contracted Services, & Licenses <sup>6</sup>	\$4,744	\$900
Educational Supplies	\$34,149	\$20,853
Culinary Program (Food & Kitchen Supplies)	\$74,988	\$91,856
Rent	\$399,794	\$609,763
Utilities	\$6,287	\$7,344
Facility Maintenance & Repairs	\$11,426	\$9,134
Professional Fees (Accounting, Legal, Etc.)	\$15,227	\$14,405
Business Insurance <sup>7</sup>	\$11,697	\$12,316
Office Supplies & Software	\$14,281	\$27,283
Bank Charges & Fees	\$2,250	\$345
Advertising, Promotion, & Marketing <sup>5</sup>	\$24,931	\$95,625
Miscellaneous Expenses	\$8,225	\$5,243
Royalty Fee	\$195,176	\$161,166
Advertising Fund Contribution	\$27,882	\$23,024
<b>Total Expenditures</b>	<b>\$2,184,007</b>	<b>\$2,117,933</b>
<b><u>Earnings Before Interest, Taxes, Depreciation &amp; Amortization (EBITDA)</u></b>	<b>\$604,221</b>	<b>\$184,439</b>

1. The financial performance figures and expenses above are based on the performance of our nine affiliate-owned outlets, which may be referred to as corporate outlets, that were open for all of 2023, as well as the two franchised

locations that were open for all of 2023. As no Tierra Encantada Centers opened or closed in 2023, these figures do not exclude any outlets that operated in 2023.

2. “Gross Sales” as used herein means the amount of sales of all products and merchandise sold or services rendered in, on, about or from the Tierra Encantada Center, together with any other revenues derived from the operation of the Tierra Encantada Center, whether for cash or on a charge, credit, barter or time basis, and whether collected or uncollected. Gross Sales excludes bona fide customer refunds up to 3% of Gross Sales, provided the related sales have previously been included in Gross Sales and sales taxes collected and paid to the proper authorities. This is the same definition we use in other items of this Franchise Disclosure Document, including the definition of Gross Sales from which we calculate your Royalty Fee. The Gross Sales figures above do not reflect the costs of space, the costs of labor, other operating expenses, royalties and fees, or other costs or expenses that must be deducted from the Gross Sales figures to obtain net income or profit.
3. These expenses are based on actual expenses reported by our affiliate-owned and franchised Tierra Encantada Centers. None of the information reported has been audited.
4. Payroll expenses include wages, payroll taxes, employee bonuses, payroll processing fees, workers compensation insurance, employer contribution towards staff medical and dental insurance, substitute teacher expenses, and an employee appreciation program. In the figures for affiliate-owned outlets, we did not include payroll for our corporate headquarters employees, as that is an expense that would not apply to the operation of a franchised Tierra Encantada Center. It does not include a salary for a principal owner, as we expect you (or your Principal Operator) to fill that role. Our numbers do, however, include the salaries for the Center Director and Assistant Director for the Eagan, Bryant, Windom, Dodd, Rochester, Old Irving Park, Addison, Minnetonka, Ford, and Seward Centers, and the Center Director and two Assistant Directors for the Hiawatha Center.
5. If your Center is not “full” (meaning it does not have at least an 85% average daily attendance of its total licensed capacity, measured at the end of each month), then you must meet the Minimum Local Advertising Obligation by spending at least \$2,000 each month (including the four months prior to opening) on local advertising. Some of our affiliate-owned and franchised Tierra Encantada Centers would not have been subject to this requirement based on their enrollment levels.
6. Expenses for childcare enrichment include field trips, special guests, and the cost of transportation for field trips. Contracted services include the cost of the