

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATION

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 to be 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 outlet or under particular circumstances.

Table 1: 2023 Reported Gross Receipts Performance

Table 1 sets forth a historic financial performance representation for the period from January 1, 2023 through December 31, 2023. It includes average and median annual Gross Receipts of Mathnasium's existing franchised Mathnasium Centers in the continental United States that were open and operated by the same franchisee for 12 months or longer as of December 31, 2023, broken down by quartiles. In this Item 19, "**Gross Receipts**" means the monthly Gross Receipts from all sources in the operation of a Mathnasium Center, including student tuition, registration and testing fees, sales of learning materials, hourly per student private tutoring, and any other approved services. "**Gross Receipts**" excludes sales tax receipts that franchisees must collect from customers and that are paid to the government, customer refunds actually paid, and coupons and approved promotional discounts.

| Values | Top 1/4 | Mid-Upper 1/4 | Mid-Lower 1/4 | Bottom 1/4 | #/% Met / Exceeded | | |
|------------------------|-----------|---------------|---------------|------------|--------------------|-----------|-----------|
| | | | | | Average | Median | Average |
| # of Centers | 208 | 208 | 208 | 208 | | | |
| Average Gross Receipts | \$611,684 | \$357,440 | \$252,541 | \$157,599 | \$344,816 | \$304,252 | 323 / 39% |
| YoY % | 15.4% | 13.0% | 15.0% | 15.3% | 14.7% | 13.7% | 345 / 41% |

| Values | Top 1/4 | Mid-Upper 1/4 | Mid-Lower 1/4 | Bottom 1/4 | #/% Met / Exceeded | | |
|------------------------|-------------|---------------|---------------|------------|--------------------|--------|---------|
| | | | | | Average | Median | Average |
| Lowest Gross Receipts | \$432,117 | \$304,808 | \$210,455 | \$45,506 | | | |
| Highest Gross Receipts | \$1,321,280 | \$431,783 | \$303,697 | \$210,351 | | | |
| Median Gross Receipts | \$546,973 | \$300,258 | \$249,464 | \$163,041 | | | |
| # Met/Exceeded Average | 70 | 91 | 98 | 116 | | | |
| % Met/Exceeded Average | 34% | 44% | 47% | 56% | | | |

Notes to Table 1

1. As of December 31, 2023, we had 972 Mathnasium Centers in operation. Of those, 131 were not included in this financial performance representation because they were not open and operated by the same franchisee for 12 months or longer as of December 31, 2023. In addition, 4 franchised Mathnasium Centers that were open and operated by the same franchisee for at least 12 months were not included because they did not report their Gross Receipts to us for the full 12-month period and 1 franchised Mathnasium Center was excluded because it was not located in the continental United States. As of December 31, 2023, our affiliate operated 4 Mathnasium Centers, none of which were included in this financial performance representation.

2. For purposes of Table 1, “**Average Gross Receipts**” is determined by taking the sum of the included Mathnasium Centers’ Gross Receipts and dividing it by the number of included Mathnasium Centers.
3. “**Median Gross Receipts**” is determined by sorting the results of the included Mathnasium Centers’ Gross Receipts in ascending order and identifying the point above and below which 50% of the data falls.
4. The growth of the Average Gross Receipts from the prior year Average Gross Receipts is determined by subtracting the Average Gross Receipts from the prior year’s Average Gross Receipts (the “**Prior Year Average Gross Receipts**”), then dividing this difference by the Prior Year Average Gross Receipts and multiplying by 100, expressed as a percentage.

Table 2: 2023 Reported P&L Expenses

Table 2 sets forth average accrual basis revenue, median accrual basis revenue, average instructor payroll expenses, average royalties, average marketing expenses, average office supplies & furniture expenses, average professional fees, average other expenses, average rent, utilities & maintenance expenses, and average operating profit achieved by 830 franchised Mathnasium Centers in the continental United States for January 1, 2023 through December 31, 2023 (the “**Measurement Period**”), all of which have been open and operated by the same franchisee for at least 12 months in the continental United States as of December 31, 2023 (the “**Covered Centers**”). The Covered Centers provided us with complete 2023 P&Ls prior to the issuance date of this disclosure document. 6 franchised Mathnasium Centers in the continental United States that were open and operated by the same franchisee for at least 12 months as of December 31, 2023 were excluded on the basis that they did not provide us with complete 2023 P&Ls before the issuance date of this disclosure document. As of December 31, 2023, our affiliate operated 4 Mathnasium Centers, none of which were included in this financial performance representation.

| | | | #/% Met/Exceeded |
|---------------------------------------|------------------|------------------|------------------|
| | Average | Median | Average |
| Reported Accrual Basis Revenue | \$360,324 | \$310,282 | 369 / 44% |
| Instructor Payroll | \$69,791 | \$59,695 | 390 / 47% |
| Office Supplies & Furniture | \$7,173 | \$5,715 | 342 / 41% |
| Professional Fees | \$3,463 | \$1,796 | 294 / 35% |
| Other Variable Expenses | \$49,740 | \$24,300 | 285 / 34% |
| Total Variable Expenses | \$130,168 | \$91,506 | 358 / 43% |
| % of Revenue | 36.1% | 29.5% | |
| Rent | \$48,786 | \$47,429 | 432 / 52% |
| Utilities & Other Fixed Expenses | \$4,964 | \$4,133 | 371 / 45% |
| Total Fixed Expenses | \$53,750 | \$51,562 | 440 / 53% |
| % of Revenue | 14.9% | 16.6% | |
| Royalties & Marketing Fees | \$60,663 | \$59,556 | 447 / 54% |
| % of Revenue | 16.8% | 19.2% | |
| Operating Profit | \$115,743 | \$107,658 | 363 / 44% |
| % of Revenue | 32.1% | 34.7% | |

Notes to Table 2

1. Revenue information reported on our franchisees' P&L statements differs from the reported Gross Receipts in that the P&L does not include any accounting adjustments made by franchisees in reporting Gross Receipts for the purpose of calculating royalty payments. **“Accrual Basis Revenue”** is defined as revenue that is recognized at the time it is earned, regardless of when payment is received.
2. **“Average Accrual Basis Revenue”** is determined by taking the sum of the Covered Centers' reported Accrual Basis Revenue during the Measurement Period and dividing it by 830.
3. **“Median Accrual Basis Revenue”** is determined by sorting the results of the Covered Centers' reported Accrual Basis Revenue during the Measurement Period in ascending order and identifying the point above and below which 50% of the data falls.
4. **“Instructor Payroll”** is defined as the cost of hourly employees and independent contractors who offer instruction to enrolled students and excludes owner salary or draw and management salaries, bonus payments, and benefits. The average presented above was determined by taking the sum of the Covered Centers' Instructor Payroll expenses during the Measurement Period and dividing by 830. The percentage presented above was determined by dividing the average Instructor Payroll by the Average Accrual Basis Revenue.
5. **“Royalties”** are defined as base royalty fees, monthly royalty fees, technology fees, and marketing fees paid to us, as described in Item 6. The average is determined by taking the sum of the Covered Centers' Royalties during the Measurement Period and dividing by 830. The percentage presented above was determined by dividing the average Royalties by the Average Accrual Basis Revenue.
6. **“Marketing”** is defined as the cost of local Mathnasium Center marketing efforts. The average presented above is determined by taking the sum of the Covered Centers' Marketing expenses during the Measurement Period and dividing by 830. The percentage presented above was determined by dividing the average Marketing expenses by the Average Accrual Basis Revenue.
7. **“Office Supplies & Furniture”** is defined as the cost of furniture (e.g., chairs, tables, etc.), office supplies, and computer equipment (e.g., papers, pencils, laptops, electronic tablets, etc.) used in normal business operations. The average presented above is determined by taking the sum of the Covered Centers' Office Supplies & Furniture expenses during the Measurement Period and dividing by 830. The percentage presented above was determined by dividing the average Office Supplies & Furniture expenses by the Average Accrual Basis Revenue.
8. **“Professional Fees”** are defined as fees paid to third-party service providers, such as attorneys, accountants, and other consultants who provide professional business advice and guidance. The average presented above is determined by taking the sum of the Covered Centers' Professional Fees during the Measurement Period and dividing by 830. The percentage presented above was determined by dividing the average Professional Fees by the Average Accrual Basis Revenue.
9. **“Other Expenses”** are defined as the sum of other operational costs required to operate the Mathnasium Center, including business licenses, permits, training expenses, travel and entertainment and any miscellaneous business expenses not captured in the other defined categories. The average presented above is determined by taking the sum of the Covered Centers' Other Expenses during the Measurement Period and dividing by 830. The percentage

presented above was determined by dividing the average Other Expenses by the Average Accrual Basis Revenue.

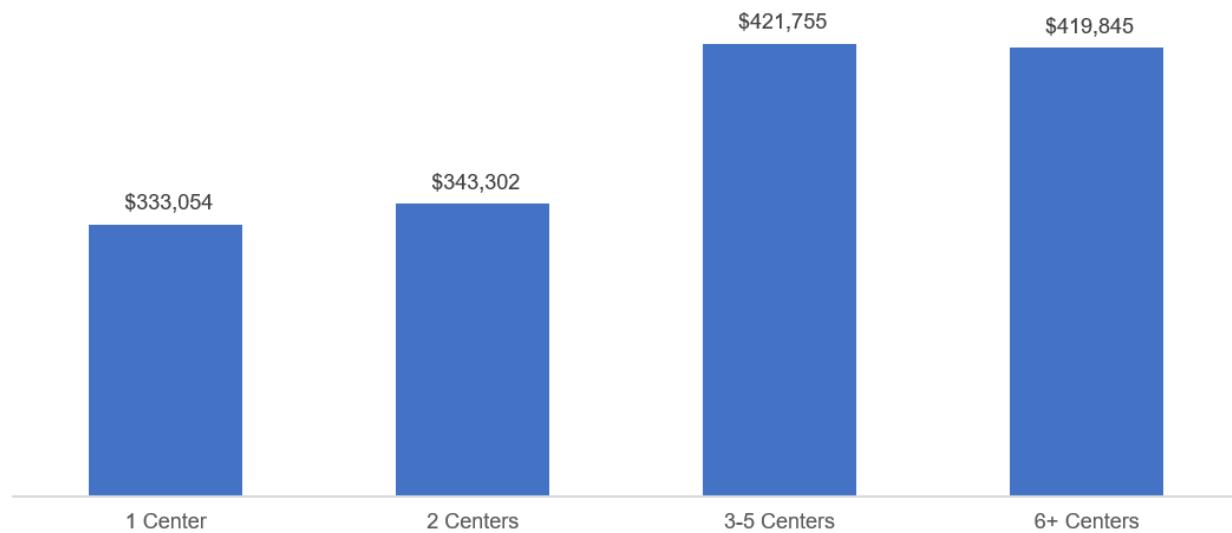
10. **“Rent, Utilities & Maintenance”** are defined as all costs related to the leased operating space, repairs and maintenance, telephone, internet, utilities, and other occupancy expenses. The average presented above is determined by taking the sum of the Covered Centers’ Rent, Utilities & Maintenance expenses during the Measurement Period and dividing by 830. The percentage presented above was determined by dividing the average Rent, Utilities & Maintenance expenses by the Average Accrual Basis Revenue.

11. **“Operating Profit”** is defined as the Average Accrual Basis Revenue, minus the sum of the above reported average expenses. The percentage presented above was determined by dividing the average Operating Profit by the Average Accrual Basis Revenue.

Table 3: 2023 Gross Receipts by Number of Mathnasium Centers Owned and Operated by Franchisee

Table 3 sets forth a historic financial performance representation for the period from January 1, 2023 through December 31, 2023. It includes average and median annual Gross Receipts of Mathnasium’s existing franchised Mathnasium Centers that were open and operated by the same Franchisee for 36 months or longer as of December 31, 2023, broken down by the number of Mathnasium Centers that each Franchisee owned and operated as of December 31, 2023.

The chart below shows the Average Gross Receipts per included Mathnasium Center, broken down by the number of Mathnasium Centers that each Franchisee owned and operated as of December 31, 2023.



| Portfolio Size | Average Gross Receipts | # of Centers | # of Franchisees | Median Gross Receipts | Lowest Gross Receipts | Highest Gross Receipts | #/% Met/Exceeded Average |
|----------------|------------------------|--------------|------------------|-----------------------|-----------------------|------------------------|--------------------------|
| 1 Center | \$333,054 | 306 | 306 | \$300,776 | \$69,205 | \$1,139,564 | 117 / 38% |
| 2 Centers | \$343,302 | 128 | 64 | \$286,277 | \$72,697 | \$1,066,592 | 45 / 35% |
| 3-5 Centers | \$421,755 | 113 | 32 | \$355,082 | \$85,379 | \$1,242,600 | 44 / 39% |
| 6+ Centers | \$419,845 | 122 | 11 | \$367,372 | \$82,561 | \$1,321,280 | 52 / 43% |

Notes to Table 3

1. “**Franchisee**” is defined, collectively, as: (a) an individual or entity to whom we or our affiliate have granted a Mathnasium® franchise pursuant to a Mathnasium franchise agreement; and (b) any and all other entities owned by or affiliated with such individual or entity that are also parties to Mathnasium franchise agreements with us or our affiliate.
2. For purposes of Table 3, “**Average Gross Receipts**” is determined by taking the sum of the included Mathnasium Centers’ Gross Receipts in the applicable “portfolio size” row and dividing it by the number of included Mathnasium Centers in the applicable “portfolio size” row.
3. For purposes of Table 3, “**Median Gross Receipts**” is determined by sorting the results of the included Mathnasium Centers’ Gross Receipts in the applicable “portfolio size” row in ascending order and identifying the point above and below which 50% of the data falls.

* * *

The above results were calculated by us based on reports furnished to us by our franchisees. It is important to note that neither the submitting franchisees nor we audited this information.

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

Mathnasium will make written substantiation of the data used in preparing the information above available to you upon reasonable request.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
SYSTEM-WIDE OUTLET SUMMARY FOR YEARS 2021 TO 2023

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|--------------------|-------------|---|---------------------------------------|-------------------|
| Franchised | 2021 | 927 | 948 | +21 |
| | 2022 | 948 | 951 | +3 |
| | 2023 | 951 | 968 | +17 |
| Company-Owned | 2021 | 7 | 3 | -4 |
| | 2022 | 3 | 3 | 0 |
| | 2023 | 3 | 4 | +1 |
| Total U.S. Outlets | 2021 | 934 | 951 | +17 |
| | 2022 | 951 | 954 | +3 |
| | 2023 | 954 | 972 | +18 |