

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.

Chart 1	
Tippi Toes Reporting Franchisee Revenue per Franchise Outlet	
Calendar Year	2024
High	608,589
Low	62,855
Median	278,707
Average	288,266
Franchise Outlets	21
Franchise Outlets Exceeding Average	10
Percentage of Franchise Outlets Exceeding Average	48%

Chart 2	
Total Student Enrollment Per Month per Franchise Outlet	
Calendar Year	2024
High	723
Low	68
Median	251
Average	286
Franchise Outlets	21
Franchise Outlets Exceeding Average	8
Percentage of Franchise Outlets Exceeding Average	38%
As of December 31, 2024, we had 61 total franchised outlets in operation. For chart 1 and 2, in 2024, we excluded 40 outlets due to one or more of the following reasons: 27 outlets did not generate sales for the full twelve-month period, 2 outlets transferred ownership, 2 outlets are owned by relatives of the principals of Franchisor, 9 outlets had unreliable reporting.	

Franchisee	Average	A	B		
Outlet		1	1	2	3
Year Opened		2010	2013	2015	2019
Revenue	\$ 288,266	\$ 500,616	\$ 608,589	\$ 507,521	\$ 150,819
Annual Student Tuition billed	3,373	5,676	7,213	5,733	2,087
Costume Income	23,400.08	74,724	-	-	-
Registration	6,252.23	-	-	-	-
Tuition	244,047.08	411,406	608,589	507,521	149,114
Special Events and Recitals	14,566.24	14,486	-	-	1,705
COGS	\$ 131,213	\$ 235,184	\$ 323,050	\$ 210,853	\$ 70,740
Teacher Wages	76,815	131,680	214,810	125,208	59,165
Class Rent & Supplies	19,814	50,218	26,322	20,136	3,107
Event Rent & Supplies	514	-	621	926	-
Recital Expenses	31,589	42,382	81,298	63,273	8,468
Retail Merchandise	2,481	10,904	-	1,310	-
<i>COGS (% of revenue)</i>	46%	47%	53%	42%	47%
<i>Gross Margin</i>	54%	53%	47%	58%	53%
SG&A	\$ 56,025	\$ 90,817	\$ 49,446	\$ 77,624	\$ 11,891
Payroll Expenses and Taxes	21,915	38,371	8,477	4,324	3,576
Technology	4,048	1,970	1,529	434	809
Marketing and Advertising	2,425	1,011	1,158	337	422
Meals & Entertainment	2,700	750	1,969	1,139	993
Professional Fees	2,899	4,923	3,572	3,053	1,350
Administrative & Insurance	18,520	41,064	24,275	65,785	4,445
Travel and Automobile Expense	3,519	2,729	8,467	2,552	297
<i>SGA (% of Revenue)</i>	19%	18%	8%	15%	8%
Implied Royalty Fee (7%)	\$ 20,179	\$ 35,043	\$ 42,601	\$ 35,526	\$ 10,557
Implied Brand Fund Fee (1%)	\$ 2,883	\$ 5,006	\$ 6,086	\$ 5,075	\$ 1,508
Net Income/Owner Profit	\$ 77,966	\$ 134,565	\$ 187,407	\$ 178,442	\$ 56,123
<i>Owner Profit %</i>	27%	27%	31%	35%	37%

Franchisee	C	D	E	F	G
Outlet	1	1	1	1	1
Year Opened	2013	2023	2016	2016	2018
Revenue	\$ 199,642	\$ 316,940	\$ 245,940	\$ 412,367	\$ 396,852
Annual Student Tuition billed	2,124	3,016	2,779	4,294	4,766
Costume Income	36,320	-	38,360	63,615	56,241
Registration	9,090	-	8,808	-	-
Tuition	135,098	299,904	187,744	332,189	337,852
Special Events and Recitals	19,134	17,037	11,030	16,563	2,759
COGS	\$ 77,458	\$ 116,012	\$ 110,458	\$ 251,082	\$ 224,146
Teacher Wages	48,014	85,332	55,604	140,171	123,996
Class Rent & Supplies	6,030	13,551	24,402	51,576	51,503
Event Rent & Supplies	1,185	-	114	-	-
Recital Expenses	19,937	17,129	25,388	51,148	44,536
Retail Merchandise	2,292	-	4,951	8,187	4,111
<i>COGS (% of revenue)</i>	<i>39%</i>	<i>37%</i>	<i>45%</i>	<i>61%</i>	<i>56%</i>
<i>Gross Margin</i>	<i>61%</i>	<i>63%</i>	<i>55%</i>	<i>39%</i>	<i>44%</i>
SG&A	\$ 37,685	\$ 74,841	\$ 36,265	\$ 50,961	\$ 59,255
Payroll Expenses and Taxes	10,369	13,764	1,404	7,333	5,797
Technology	9,828	1,840	3,427	1,548	5,815
Marketing and Advertising	1,323	2,171	3,785	1,459	6,174
Meals & Entertainment	229	7,015	4,139	4,633	4,044
Professional Fees	695	3,740	3,468	1,287	3,914
Administrative & Insurance	14,233	32,589	17,601	28,135	32,623
Travel and Automobile Expense	1,008	13,722	2,442	6,567	889
<i>SGA (% of Revenue)</i>	<i>19%</i>	<i>24%</i>	<i>15%</i>	<i>12%</i>	<i>15%</i>
Implied Royalty Fee (7%)	\$ 13,975	\$ 22,186	\$ 17,216	\$ 28,866	\$ 27,780
Implied Brand Fund Fee (1%)	\$ 1,996	\$ 3,169	\$ 2,459	\$ 4,124	\$ 3,969
Net Income/Owner Profit	\$ 68,528	\$ 100,732	\$ 79,542	\$ 77,334	\$ 81,703
<i>Owner Profit %</i>	<i>34%</i>	<i>32%</i>	<i>32%</i>	<i>19%</i>	<i>21%</i>

Franchisee	H	I	J	K	L
Outlet	1	1	1	1	1
Year Opened	2016	2017	2017	2020	2020
Revenue	\$ 354,320	\$ 278,707	\$ 185,033	\$ 426,154	\$ 465,091
Annual Student Tuition billed	3,382	3,181	2,603	6,415	5,519
Costume Income	120	-	17,742	62,994	92,430
Registration	30,598	14,580	-	22,113	29,803
Tuition	265,868	224,469	146,457	335,723	320,484
Special Events and Recitals	57,734	39,659	20,834	5,324	22,374
COGS	\$ 132,336	\$ 148,967	\$ 89,775	\$ 159,400	\$ 153,543
Teacher Wages	66,931	67,895	35,648	95,247	95,751
Class Rent & Supplies	22,052	25,246	22,928	34,489	7,270
Event Rent & Supplies	759	1,353	1,633	463	-
Recital Expenses	37,985	52,563	25,043	29,201	44,247
Retail Merchandise	4,608	1,911	4,522	-	6,275
<i>COGS (% of revenue)</i>	<i>37%</i>	<i>53%</i>	<i>49%</i>	<i>37%</i>	<i>33%</i>
<i>Gross Margin</i>	<i>63%</i>	<i>47%</i>	<i>51%</i>	<i>63%</i>	<i>67%</i>
SG&A	\$ 105,169	\$ 33,710	\$ 13,375	\$ 170,356	\$ 32,426
Payroll Expenses and Taxes	65,903	2,961	474	123,802	698
Technology	8,448	4,629	1,918	11,764	2,105
Marketing and Advertising	2,950	1,460	2,306	11,854	214
Meals & Entertainment	4,591	2,142	1,604	7,259	-
Professional Fees	3,366	5,305	1,777	4,125	2,922
Administrative & Insurance	18,113	16,675	3,567	9,335	24,931
Travel and Automobile Expense	1,798	538	1,729	2,217	1,556
<i>SGA (% of Revenue)</i>	<i>30%</i>	<i>12%</i>	<i>7%</i>	<i>40%</i>	<i>7%</i>
Implied Royalty Fee (7%)	\$ 24,802	\$ 19,509	\$ 12,952	\$ 29,831	\$ 32,556
Implied Brand Fund Fee (1%)	\$ 3,543	\$ 2,787	\$ 1,850	\$ 4,262	\$ 4,651
Net Income/Owner Profit	\$ 88,469	\$ 73,733	\$ 67,080	\$ 62,307	\$ 241,914
<i>Owner Profit %</i>	<i>25%</i>	<i>26%</i>	<i>36%</i>	<i>15%</i>	<i>52%</i>

Franchisee	M	N	O	P	Q	R	
Outlet	1	1	2	1	1	1	
Year Opened	2021	Sept 2023'	Sept 2023'	Oct 2023'	Nov 2023'	Nov 2023'	Jan 2024'
Revenue	\$ 349,106	\$ 73,332	\$ 160,668	\$ 92,558	\$ 62,855	\$ 112,271	\$ 154,196
Annual Student Tuition billed	4,634	821	1,736	1,149	1,033	1,321	1,355
Costume Income	6,821	11,357	22,569	8,109	-	-	-
Registration	648	-	147	-	-	-	15,510
Tuition	330,380	51,919	115,422	79,379	61,564	111,389	112,519
Special Events and Recitals	11,257	10,056	22,530	5,069	1,292	882	26,167
COGS	\$ 157,167	\$ 29,766	\$ 61,170	\$ 37,641	\$ 47,658	\$ 70,225	\$ 48,839
Teacher Wages	90,515	15,335	38,650	20,036	33,334	41,267	28,532
Class Rent & Supplies	17,102	3,529	4,795	1,645	4,683	17,271	8,246
Event Rent & Supplies	1,556	-	538	-	1,315	295	34
Recital Expenses	46,994	10,901	16,134	15,814	7,623	11,377	11,917
Retail Merchandise	1,000	-	1,052	147	703	15	110
COGS (% of revenue)	45%	41%	38%	41%	76%	63%	32%
Gross Margin	55%	59%	62%	59%	24%	37%	68%
SG&A	\$ 113,494	\$ 13,474	\$ 59,907	\$ 35,683	\$ 16,821	\$ 23,738	\$ 69,594
Payroll Expenses and Taxes	74,652	289	47,824	1,092	1,300	4,762	43,050
Technology	2,510	3,712	2,438	3,612	4,396	5,527	6,758
Marketing and Advertising	2,114	79	-	1,207	2,626	5,374	2,895
Meals & Entertainment	7,842	166	-	5,097	1,135	963	986
Professional Fees	155	3,823	3,554	2,074	1,783	436	5,552
Administrative & Insurance	19,942	2,941	4,995	10,090	4,070	6,675	6,833
Travel and Automobile Expense	6,278	2,465	1,095	12,511	1,511	-	3,520
SGA (% of Revenue)	33%	18%	37%	39%	27%	21%	45%
Implied Royalty Fee (7%)	\$ 24,437	\$ 5,133	\$ 11,247	\$ 6,479	\$ 4,400	\$ 7,859	\$ 10,794
Implied Brand Fund Fee (1%)	\$ 3,491	\$ 733	\$ 1,607	\$ 926	\$ 629	\$ 1,123	\$ 1,542
Net Income/Owner Profit	\$ 50,517	\$ 24,225	\$ 26,738	\$ 11,830	\$ (6,652)	\$ 9,327	\$ 23,427
Owner Profit %	14%	33%	17%	13%	-11%	8%	15%

Note: The above Profit and Loss statements represent the performance of twenty-one (21) franchise outlets and do not represent all Tippi Toes locations.

Forty (40) Profit and Loss statements have been excluded due to one or more of the following reasons:

- 1) Outlets which are company or relative owned.
- 2) Outlets not in operation all 12 months.
- 3) Outlets which have changed ownership.
- 4) Outlets with incomplete or unreliable financial reporting.

Other than the preceding financial performance representation, Tippi Toes, Inc. 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 Sarah Nuse, 3373 Eslin Court, Murfreesboro, Tennessee 37130 at (270) 779-0228, 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

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	32	33	+1
	2023	33	47	+14
	2024	47	74	+27
Company – Owned*	2022	0	1	+1
	2023	1	1	0
	2024	1	3	+2
Total Outlets	2022	32	34	+2
	2023	34	48	+14
	2024	48	77	+29

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

Column 1 State	Column 2 Year	Column 3 Number of Transfers
California	2022	0
	2023	0
	2024	1
Kentucky	2022	0
	2023	1
	2024	0
Texas	2022	0
	2023	2
	2024	0
Total	2022	0
	2023	3
	2024	1