

Provision	Section in Franchise, Development Agreement, or Other Agreements	Summary
v. Choice of forum	Franchise Agreement - Section 22(b) and (e) Development Agreement - Section 7(d)	Mediation to be held in a metropolitan area with a population of at least 250,000 people that is not located within 200 miles of your Center or our principal office. In most cases, litigation must be brought in the state or federal courts located in Hennepin County, Minnesota, except as provided in a state specific addendum. Subject to state law, mediation to be held in accordance with requirements of franchise agreement.
w. Choice of law	Franchise Agreement - Section 25(a) Development Agreement - Section 9(c)	Subject to state law, Minnesota law generally applies. Subject to state law, Minnesota law generally applies.

ITEM 18 PUBLIC FIGURES

We do not currently 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 Center you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about the possible performance at a particular location or under particular circumstances.

This Item 19 is broken into two sections. Section A provides historical Revenue information for the 12-month period ended December 31, 2024 for all of our affiliate-owned and franchised centers as of December 31, 2024. Section B provides historical Revenue, expense, income and other information for the 12-month period ended December 31, 2024 for certain of our affiliate-owned and franchised centers as further explained in Section B.

A. 2024 REVENUE INFORMATION

As of December 31, 2024 there were eight Casa de Corazon Centers open and operating in the Casa de Corazon franchise system. All eight Centers were open and operating for the entire 12-month period

ended December 31, 2024. We have provided the total Revenue for all eight Centers for the full year ended December 31, 2024.

	Affiliate Center 1	Affiliate Center 2	Affiliate Center 3	Affiliate Center 4 ¹	Franchised Center 1	Franchised Center 2	Franchised Center 3 ¹	Franchised Center 4 ¹
Tuition	\$2,790,351	\$3,290,121	\$2,343,521	\$1,422,561	\$2,650,896	\$2,844,360	\$1,154,104	\$2,795,502
Photography Rebates	\$350	\$567	\$0	\$0	\$246	\$333	\$243	\$353
Total Revenues	\$2,790,701	\$3,290,688	\$2,343,521	\$1,422,561	\$2,651,142	\$2,844,693	\$1,154,346	\$2,795,855

1. Affiliate Center 4 and Franchised Center 3 opened in 2023 and Franchised Center 4 opened in 2011 and was transferred from our affiliate to a franchisee in May 2024. Please see the table below for the year in which the other Centers opened.

All of the Centers are located in the Minneapolis/St. Paul metropolitan area, with the exception of one affiliate-owned center which is located in Rochester, Minnesota, and two of the franchised Centers, one of which is located in Madison, WI and the other in the Milwaukee, WI metropolitan area. The Centers located in the heart of a metropolitan area have a higher population surrounding the Center. The earliest of these Centers opened in 2010 and the latest in 2023.

B. 2024 STATEMENTS OF REVENUE, EXPENSES, INCOME AND OTHER INFORMATION

It takes 2-3 years for a Casa de Corazon center to reach maturity, meaning it takes 2-3 years for its expenses to normalize. We have provided statements of actual Revenues, expenses, income and other information for the five Centers in the Casa franchise system that were open as a Casa de Corazon center on or before December 31, 2022 and that operated as a Casa de Corazon center for the entire 12-month period ended December 31, 2024. We have excluded one Center that our affiliate sold in May 2024, even though this Center was open as of December 31, 2022, as the expenses of that Center were intermixed between corporate and franchised expenses during 2024. No Casa de Corazon centers closed in 2024.

Of the five Centers, three are owned and operated by our affiliate, and two are franchised Centers. We have adjusted the actual results, as described in the notes to the statements, to omit costs incurred by the affiliate-owned Centers that a franchisee would not have incurred, and to add costs that we reasonably expect a franchisee would incur.

	Affiliate Center 1	Affiliate Center 2	Affiliate Center 3	Franchised Center 1	Franchised Center 2
Year Opened	2010	2014	2018	2019	2020
Full-Time Student Equivalent Enrollment ¹	111	142	100	113	121
Occupancy Rate ²	94%	76%	73%	95%	96%
Revenues					
Tuition	\$2,790,351	\$3,290,121	\$2,343,521	\$2,650,896	\$2,844,360
Photography Rebates	\$350	\$567	\$0	\$246	\$333
Total Revenues^{3,4}	\$2,790,701	\$3,290,688	\$2,343,521	\$2,651,142	\$2,844,693
Direct Expenses					
Educational and Childcare Expenses	\$32,661	\$32,220	\$23,052	\$26,441	\$29,779
Child Assessment Tools ⁵	\$2,759	\$2,966	\$2,580	\$2,120	\$2,025
CPR/First Aid Training	\$1,132	\$834	\$657	\$2,085	\$2,229
Field Trips and Activities	\$13,739	\$14,592	\$7,238	\$24,025	\$13,365
Furniture/Equipment	\$9,020	\$10,692	\$1,400	\$348	\$240
Food	\$96,327	\$99,446	\$59,092	\$98,398	\$73,315
Hiring/Training ⁶	\$4,973	\$8,335	\$5,922	\$14,792	\$6,425
Janitorial and Kitchen Supplies	\$19,010	\$22,346	\$12,660	\$13,603	\$13,825
Licenses & Permits	\$852	\$1,055	\$1,960	\$3,422	\$2,545
Staff Payroll, Benefits and Payroll Taxes ⁷	\$1,506,577	\$1,800,954	\$1,239,037	\$1,173,777	\$1,541,734
Payroll Processing	\$10,085	\$10,085	\$7,203	\$10,048	\$4,560
Uniforms	\$926	\$1,422	\$1,253	\$3,176	\$2,513
Total Direct Expenses	\$1,698,061	\$2,004,947	\$1,362,054	\$1,372,236	1,692,555
Gross Profit	\$1,092,640	\$1,285,742	\$981,467	\$1,278,906	1,152,138
Other Expenses					
Accounting ⁸	\$12,000	\$12,000	\$12,000	\$12,128	\$520
Computer, IT, Software & Website	\$17,693	\$16,982	\$6,084	\$7,518	\$830
Human Resources ⁹	\$1,000	\$1,000	\$1,000	\$0	\$0
Insurance	\$34,556	\$34,556	\$50,068	\$35,306	\$29,543
Legal & Professional ¹⁰	\$5,839	\$5,839	\$5,839	\$14,526	\$9,423
Brand Fund Contribution ¹¹	\$55,814	\$65,814	\$46,870	\$53,023	\$56,894
Marketing & Advertising ¹²	\$13,265	\$13,711	\$11,544	\$12,459	\$10,000

	Affiliate Center 1	Affiliate Center 2	Affiliate Center 3	Franchised Center 1	Franchised Center 2
Royalty Fee ¹³	\$195,349	\$230,348	\$164,046	\$185,580	\$199,128
Technology Fee ¹⁴	\$8,460	\$8,460	\$8,460	\$8,460	\$8,460
Accreditation ¹⁵	\$0	\$1,400	\$0	\$450	\$1,400
Office Supplies	\$11,282	\$16,351	\$10,967	\$4,225	\$12,099
Rent and Property Taxes	\$181,597	\$331,874	\$286,335	\$274,484	\$219,100
Teacher Housing ¹⁶	\$0	\$0	\$0	\$17,229	\$0
Repairs and Maintenance	\$32,862	\$80,163	\$18,070	\$14,126	\$50,596
Utilities ¹⁷	\$50,463	\$64,849	\$9,425	\$31,792	\$48,296
Miscellaneous ¹⁸	\$ 7,983	\$10,630	\$5,596	\$33,738	\$14,697
Total Other Expenses	\$628,163	\$893,977	\$636,304	\$705,044	\$660,986
Net Operating Income Before Depreciation, Interest, Debt Repayment and Income Taxes^{19, 20}	\$464,477	\$391,765	\$345,163	\$573,862	\$491,152

1. The Full-Time Student Equivalent Enrollment was calculated by adding the total number of students enrolled at a Center each day of the week for the last week of 2024 and dividing the total by five. This number was calculated as of December 31, 2024 for each Center. Students can be enrolled on a 2 day per week, 3 day per week, or full-time schedule and due to part-time enrollments, the total number of children enrolled may be greater than the number of children attending daily.

2. Occupancy Rate was determined as of December 31, 2024 by dividing the student enrollment number applicable to the Center by the Center's enrollment capacity, which is set by the Center's childcare license. The Occupancy Rate for Affiliate Centers 2 and 3 was affected due to the completion of construction adding additional classrooms during 2024 leading to an increase in capacity before the end of 2024.

3. Revenues have the same meaning as the definition of Gross Revenues in the Franchise Agreement.

4. All of these Centers also received early childcare education grants in the amounts of \$113,547, \$168,919, \$201,771, \$122,633, and \$152,461 respectively. However, because we did not charge Royalty Fees on these amounts, we have excluded them from the revenues above. All Centers also received early childcare education grants in 2024. A small portion of the grant income came from revitalization, recycling, and supply grants. These grants were also excluded. We also excluded from Revenue tuition discounts (such as a sibling discount) as Royalty Fees are not paid on them.

5. You must obtain these child assessments through a third-party vendor. Each Center will pay an initial fee in the year that they begin using the service.

6. All of the Centers incurred continuing education expenses in 2024. All of the Centers except Affiliate Center 2 incurred the cost of hiring cultural visa exchange teachers.

7. With respect to the affiliate-owned Centers, the expense for Staff Payroll, Benefits and Payroll Taxes also includes staff gifts, staff meals during monitoring and evaluation, and staff parties. However, it does not include any headquarters payroll that we incurred. Thus, we did not include the salaries of our curriculum writer, our event planner, our recruiter, our internal accountant and bookkeeper, our human relations director or our marketing or franchise development directors. You should not need any of these employees for one Center. We also excluded employee bonuses paid based on early childcare education grants. We also did not include our principal owner's salary. Our numbers do, however, include the salaries of 2 full-time Directors. If you had operated these Centers, and served as a Director and an Operations Manager and filled the other roles at the salary we pay our Directors, then your compensation would have been included in this number. If you had operated these Centers and did not serve

as a Director or as the Operations Manager, then your compensation would not be included in these numbers and would have to come from the Center's Net Operating Income. Likewise, if you had hired others to provide operations, recruiting, bookkeeping and/or event planning services, your expenses would have been higher. The amounts incurred by Franchised Centers 1 & 2 include 2 full-time Directors for each Franchised Center. Franchised Center 1 had a full-time Operations Manager and HR administrator in 2024 but these wages were excluded as this Center is in the process of opening a second franchise and a single-center franchise would not incur these expenses. In Franchise Center 2 an Operations Manager was hired and a portion of these wages are included here. All five Centers include 401(k) benefits (admin fees and match) but exclude any 401(k) audit expenses.

8. Our affiliate's accounting expenses were higher than shown because it outsourced a controller and CFO due to more complex accounting issues and maintaining multiple locations. We have adjusted these fees to \$1,000 per month per Center, which is what we expect a franchisee would incur. Franchise Center 2 does most of its bookkeeping and accounting work internally, resulting in the lower expense for this Center in the chart above.

9. Because we have over 100 employees in our headquarters and our affiliate-owned Centers, we employ a full-time human resource specialist that we would not have had if we were operating only one Center. In lieu of including these expenses, we allocated \$1,000 to human resource consulting for each affiliate-owned Center. Our franchise Centers did not incur this expense.

10. Our affiliate-owned Centers' total legal and professional expenses were from expenses for employee matters, immigration matters, and international teaching program matters. We excluded expenses for commercial property appraisals, trademark and website infringement, establishing a non-profit, software development, actual and proposed sales of centers, employment agreements and updating our employee handbook. Otherwise, the amounts for our affiliate-owned Centers are the actual amounts expended by these Centers.

11. You must make a 2% contribution to the Brand Fund. The amounts above are actual amounts paid for the period ending December 31, 2024, as adjusted based upon actual revenue.

12. The Franchise Agreement requires a franchised Center to spend \$10,000 on Marketing, Advertising and Promotional Materials we used that amount above. Each of the Centers above except for Franchise Center 2 spent more than this amount. Franchise Center 2 spent less than this amount so we increased the amount to the required spend. Because these Centers were not newly opened they did not incur the minimum \$10,000 grand opening advertising expenditure we require and we have not included it above. We permit our franchised Centers to apply the discount they offer to Brand Ambassadors and enrolled families who make referrals, toward the \$10,000 requirement discussed above.

13. Although our affiliate-owned Centers do not pay a Royalty Fee we have used a 7% Royalty Fee for those Centers as that is the Royalty Fee you must pay under the Franchise Agreement. The amounts above for the franchise-Centers are actual amounts paid for the period ending December 31, 2024, as adjusted based upon actual revenue.

14. Although our affiliate-owned and franchised Centers did not pay this fee it is a fee you must pay under the terms of the Franchise Agreement. It was not paid by the franchised Centers as their Franchise Agreements did not require it to be paid. However, we have included it in the chart above for all of the Centers as this would be a fee you would be required to pay.

15. You must apply for and renew NAEYC accreditation and state accreditation. The charge for the NAEYC accreditation is based on the number of children in the Center. The initial accreditation charge is approximately \$2,000. Centers only pay for accreditation at one of their Centers, if multiple Centers are owned. The Centers are not required to pay a fee for the state accreditation as Minnesota does not charge a fee for this process. Depending upon the state you are located in, there may be a charge for this accreditation.

16. Franchised Center 1 pays rent to hold housing space that its international teachers may choose to rent upon arrival. The Center pays this rent so the space is not lost for its international teachers who have difficulty finding a place to rent immediately upon arrival. This is an optional expense and one we would not expect you to incur.

17. This includes telephones (landlines and mobile units), Internet, electric, gas, water, waste removal and alarm service.

18. This includes miscellaneous general and administrative expenses, including tuition processing fees, postage, sales and use taxes, child/family gifts, charitable contributions, subscriptions and travel costs. It also includes bank charges, which we estimated at \$80 per month per Center. Our affiliate's bank charges were higher because it had charges related to the operation of multiple Centers that one Center would not have.

19. We did not include any income or expense for depreciation, amortization, interest, or the repayment of debt from these Centers. Depreciation and amortization expense will depend upon tax decisions made by the owner of the Center. The amount of interest expense, and the cost of repaying debt would depend on how the Center was capitalized.

20. These amounts do not include state or federal income taxes, as those expenses would vary, depending on the other taxable income and expenses that entity may have.

Notes Applicable to this entire Item 19

Some outlets have achieved these revenues and earned these amounts. Your individual results may differ. There is no assurance you'll achieve these revenues or earn as much.

All amounts were rounded to the nearest dollar, whole number, or whole percent, as applicable.

These figures were prepared without an audit. 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.

Written substantiation for the financial performance representations made in this Item 19 will be made available to you upon request.

Other than as set forth above, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchise Centers. 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 Center, however, we may provide you with the actual records of that Center. 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 our Franchise Development and Support Specialist, at 6301 Wayzata Blvd, St. Louis Park, MN 55416, telephone (612) 790-9673, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Numbers in the Tables below are as of December 31 of the applicable year.

Table No. 1
Systemwide Outlet Summary
For Years 2022-2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	3	3	0
	2023	3	3	0
	2024	3	4	1
Company-Owned ¹	2022	3	3	0
	2023	3	5	+2
	2024	5	4 ²	-1
Total Outlets	2022	6	6	0
	2023	6	8	+2
	2024	8	8	0

1. These outlets are owned by our affiliate.

2. Affiliate-owned Center was sold to a franchisee.