

and renewal of your franchise, venue for disputes and governing law.

The provision of the Franchise 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 the state addenda to the Franchise Agreement and disclosure document for special state disclosures.

**Item 18:
Public Figures**

We currently do not use any public figure to promote our franchises.

**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.

Below, we provide a series of tables containing total sales and student enrollment information for 2024 for certain sets and subsets of Musicologie businesses that were operating during those years. All Musicologie businesses discussed below operate under the name "Musicologie" and conduct a business similar to the type of business that you will operate. "Company-owned" refers to the Musicologie businesses owned and operated by our affiliate, Musicologie Development, LLC, along with its respective community manager partners in each respective Studio.

In our last fiscal year we had two (2) franchisee-owned studios. This Item 19 disclosure combines Company-owned studios with the franchisee-owned studios. Company-owned studios do not pay the royalty fee, which you will be required to pay as a franchisee owned studio, but other than this difference, there was no material difference in the gross sales between the Company-owned studios and the franchisee-owned studio.

This historic financial performance representation below relates to all 6 Musicologie Studios (whether Company-owned or Franchisee-owned) in operation for more than 12 months between January 1, 2024 and December 31, 2024.

Because there are only six (6) reporting Studios, each individual Studio's numbers are disclosed below on a de-identified basis.

TABLE 1
Actual Gross Sales For All Studios Opened More Than 12 Months (2024)

STUDIO	2024	2023	% Change
Studio A	\$944,307	\$891,630	6%
Studio B	\$666,192	\$613,873	9%
Studio C	\$671,320	\$629,657	7%
Studio D	\$320,551	\$364,955	-12%
Studio E	\$629,880	\$488,758	29%
Studio F	\$392,832	\$283,375	39%
Average	\$604,136	\$545,374	11%
Median	\$648,037	\$430,095	51%
# Above Average	4	3	
% Above Average	66%	50%	

The Studios reported in Table 1 are all Company-owned and franchisee-owned Studios which have been open for a period of at least twelve (12) months.

TABLE 2
Actual Student Enrollment For All Studios Open More Than 12 months (2024)

STUDIO	2024 Student Enrollment
Studio A	458
Studio B	349
Studio C	338
Studio D	192
Studio E	326
Studio F	227
Average	315
Median	332
# Above Average	4
% Above Average	66%

The number of students enrolled at a Studio includes only students actively enrolled on December 31, 2024.

TABLE 3
Average and Median Monthly Percentage of Student Retention For All
 Musicologie 2025 FDD

Studios Opened More Than 12 Months (2024)

<u>Month</u>	<u>Average Student Retention Percentage</u>	<u>Median Student Retention Percentage</u>
January	95.08%	95.53%
February	94.73%	95.46%
March	92.20%	94.12%
April	92.20%	93.40%
May	90.85%	90.98%
June	91.53%	90%
July	90.18%	91.09%
August	90.08%	90.02%
September	92.17%	92.10%
October	94.02%	95.19%
November	93.63%	94.14%
December	95.00%	96.75%

The Studios reported in Table 3 are all Company-owned and franchisee-owned Studios which have been open for a period of at least twelve (12) months. Student Retention Percentage is calculated as the total number of students enrolled at a Studio in a month minus the number of students who discontinued their enrollment in such month, expressed as a percentage of the total students for such Studio. A student is considered enrolled at a Studio if they are paying on-going monthly fees.

TABLE 4
Actual Operating Costs and Profit Before Other Expenses For All Studios
Open More Than 12 months (2024)

	Studio A	Studio B	Studio C	Studio D	Studio E	Studio F	Average	Median	# of Studios Above Average	% of Studios Above Average
Gross Sales	\$944,037	\$666,192	\$671,320	\$320,551	\$629,880	\$392,832	\$604,135	\$648,036	4	66%
Teacher Cost	\$446,465	\$324,835	\$352,676	\$159,637	\$280,473	\$177,377	\$290,244	\$302,654	3	50%
Teacher Cost % of Gross Sales	47.29%	48.76%	52.53%	49.80%	44.53%	45.15%	48.01%	48.03%	3	50%
Non-Teacher Payroll	\$49,329	\$42,499	\$42,717	\$45,591	\$43,019	\$40,184	\$43,890	\$42,868	2	33%

	Studio A	Studio B	Studio C	Studio D	Studio E	Studio F	Average	Median	# of Studios Above Average	% of Studios Above Average
Non-Teacher Payroll % of Gross Sales	5.23%	6.38%	6.36%	14.22%	6.83%	10.23%	8.21%	6.60%	2	33%
Occupancy Cost	\$59,151	\$36,296	\$34,102	\$35,363	\$19,051	\$25,623	\$34,931	\$34,732	3	50%
Rent Cost % of Gross Sales	6.27%	5.45%	5.08%	11.03%	3.02%	6.52%	6.23%	5.86%	3	50%
Local Marketing Cost	\$6,841	\$10,285	\$11,095	\$14,660	\$7,900	\$7,977	\$9,793	\$9,131	3	50%
Local Marketing Cost % of Gross Sales	0.72%	1.54%	1.65%	4.57%	1.25%	2.03%	1.96%	1.60%	2	33%
Other Expenses	\$69,055	\$55,508	\$52,423	\$32,643	\$52,756	\$35,448	\$49,639	\$52,589	4	66%
Other Expenses % of Gross Sales	7.31%	8.33%	7.81%	10.18%	8.38%	9.02%	8.51%	8.35%	2	66%
Imputed Royalties	\$66,082	\$46,633	\$46,992	\$22,438	\$44,091	\$27,498	\$42,289	\$45,362	4	66%
Brand Fund	\$18,880	\$13,323	\$13,426	\$6,411	\$12,597	\$7,856	\$12,082	\$12,960	4	66%
EBITDA	\$228,231	\$136,808	\$117,886	\$3,805	\$169,988	\$70,866	\$121,264	\$127,347	3	50%
EBITDA % of Gross Sales	24.18%	20.54%	17.56%	1.19%	26.99%	18.04%	18.08%	19.29%	3	50%

The Teacher Cost includes all payments made through payroll to music teachers who provide instruction to students. Non-Teacher Payroll includes all payments made through payroll to persons other than teachers, such as administrators or Community Managers.

Occupancy Cost includes all rent expenses, including common area maintenance and taxes if applicable, plus utilities and building maintenance.

Local Marketing Cost includes any local marketing expenditures. You are required to spend at least two percent (2%) of your Gross Sales or Five Hundred Dollars per month (whichever is greater) on local marketing. This table shows our actual percent of Gross Sales spent on local marketing efforts.

Other Expenses include any other expenditure that was necessary to operate the respective Studios, including but not limited to merchant processing fees, office & cleaning supplies, software fees, insurance premiums, legal and accounting professional fees, and payroll management expenses. Other Expenses do not include Teacher Costs, Occupancy Costs, Local Marketing or Imputed Royalties or Brand Fund Fees which are accounted for separately in this Table 5.

Imputed royalties are seven percent (7%) of Gross Sales. While the Company-owned Studios did not actually pay royalties during this period, you will have to pay the seven percent (7%) royalty for the duration of your Franchise Agreement. The Company-owned stores are operated by Musicologie and accordingly are not required to pay a royalty to Musicologie.

The Brand Fund charge is two percent (2%) of Gross Sales. All Studios, including Company-owned Studios, paid the Brand Fund during this period.

EBITDA is the earnings before interest, taxes, and depreciation and amortization of each respective Studio. EBITDA subtracts the imputed royalties and imputed Brand Fund charge even though those expenses were not actually incurred in 2024 by the Company-owned Studios.

TABLE 5
Student Enrollment For First Four Months of Operation for All Studios First Opened in 2024

Studio	Total Presale Students	Total Students end of Month 1	Total Students end of Month 2	Total Students end of Month 3	Total Students end of Month 4
Studio G	73	81	93	115	120
Studio H	90	108	137	163	185

The above table reflects student enrollment for each of the new Studios first Musicologie 2025 FDD

opened in 2024. These Studios have not been operational for twelve (12) months. One Studio is a Company-owned Studio and other is a franchisee-owned Studio.

TABLE 6
Operating Costs and Profit Before Other Expenses for Company-Owned
Studios During First 12 Months of Operations

6 Total Studios Measured	Top Third Average	Middle Third Average	Bottom Third Average	Overall Average	Median	# of Studios Above Average	% of Studios Above Average
Gross Sales	\$205,961	\$118,131	\$91,005	\$138,366	\$118,131	2	33.33%
Teacher Cost	\$113,109	\$65,668	\$32,328	\$70,368	\$74,180	3	50.00%
Teacher Cost % of Gross Sales	62.37%	55.09%	24.85%	47.44%	55.09%	5	83.33%
Non-Teacher Payroll	\$610	\$0	\$0	\$244	\$0	1	16.67%
Non-Teacher Payroll % of Gross Sales	0.33%	0%	0%	0.11%	0%	1	16.67%
Rent Cost	\$24,542	\$20,572	\$15,471	\$20,195	\$20,572	3	50.00%
Rent Cost % of Gross Sales	22.39%	18.43%	8.69%	16.50%	18.43%	4	66.67%
Local Marketing Cost	\$5,204	\$2,105	\$573	\$3,153	\$2,105	1	16.67%
Local Marketing Cost % of Gross Sales	2.69%	1.53%	0.56%	1.60%	1.53%	3	50.00%
Other Expenses	\$22,882	\$19,542	\$4,923	\$18,939	\$19,541	4	66.67%
Other Expenses % of Gross Sales	20.24%	12.86%	2.61%	11.90%	12.86%	3	50.00%

6 Total Studios Measured	Top Third Average	Middle Third Average	Bottom Third Average	Overall Average	Median	# of Studios Above Average	% of Studios Above Average
Imputed Royalties	\$14,417	\$8,269	\$6,370	\$9,686	\$8,269	2	33.33%
Imputed Brand Fund	\$4,119	\$1,181	\$910	\$1,384	\$1,181	2	33.33%
Profit Before Other Expenses	\$36,628	(\$1,086)	(\$10,927)	\$9,845	(\$1,086)	2	33.33%
Profit Before Other Expenses % of Gross Sales	17.85%	(0.78%)	(10.75%)	2.53%	(0.78%)	2	33.33%

The above table reflects data from the first twelve months of operations of six corporate stores during their first twelve (12) months. These studios include four (4) newly started studios and two (2) acquired studios that were converted to Musicologie Studios.

The Teacher Cost includes all payments made through payroll to music teachers who provide instruction to students. Non-Teacher Payroll includes all payments made through payroll to persons other than teachers, such as administrators or community managers.

Rent Cost includes all rent expenses, including common area maintenance and taxes if applicable.

Local Marketing Cost includes any local marketing expenditures. You are required to spend two percent (2%) of your Gross Sales or Five Hundred Dollars (\$500) (whichever is greater) on local marketing. This table shows our actual percent of Gross Sales spent on local marketing efforts.

Other Expenses include any other expenditure that was necessary to operate the respective Studios, including but not limited to merchant processing fees, office & cleaning supplies, software fees, insurance premiums, legal and accounting professional fees, and payroll management expenses. Other Expenses do not include Teacher Costs, Occupancy Costs, Local Marketing or imputed Royalties or Brand Fund Fees which are accounted for separately in this Table 6.

Imputed royalties are seven percent (7%) of Gross Sales. While the company-Musicologie 2025 FDD

owned Studios did not actually pay royalties during this period, you will have to pay the seven percent (7%) royalty for the duration of your Franchise Agreement. The company-owned stores are operated by Musicologie and accordingly are not required to pay a royalty to Musicologie.

The Imputed Brand Fund charge is two percent (2%) of Gross Sales. While the company-owned Studios did not actually pay the Brand Fund during this period, the company-owned Studios will be paying the Brand Fund beginning on the date of this Disclosure Document.

Profit Before Other Expenses is the earnings before interest, taxes, and depreciation of each respective company-owned Studio. The Profit Before Other Expenses subtracts the imputed royalties and imputed Brand Fund charge even though those expenses were not actually incurred in 2024 by the company-owned Studios.

Musicologie Franchising, LLC possesses written substantiation for all Reporting Studios.

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

**Item 20:
Outlets And Franchise Information**

**Table No. 1
Systemwide Outlet Summary for 2022-2024**

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

**Table No. 2
Transfers of Outlets from Franchisees to New Owners
(Other than the Franchisor) for years 2022-2024**