

<b>Provision</b>	<b>Section in Club Scientific Franchise Agreement</b>	<b>Summary</b>
v. Choice of forum	Section 7.13	Subject to applicable state law...All claims not subject to mediation must be brought before a court of general jurisdiction in DeSoto County, Mississippi, or the United States District Court for the Northern District of Mississippi. You consent to the personal jurisdiction and venue of any court of general jurisdiction in DeSoto County, Mississippi, and the United States District Court for the Northern District of Mississippi. Please see the State Specific Addenda attached as Exhibit H to this Disclosure Document for further details
w. Choice of law	Section 7.10	Subject to applicable state law...The laws of the State of Mississippi govern.

## **ITEM 18 PUBLIC FIGURES**

We do not use any public figure to promote our franchise.

## **ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS**

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.

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

### ***KidzArt Background***

This Item sets forth certain historical revenue information for 12 franchisee owned KidzArt Franchised Businesses ("KidzArt Reporting Franchisees") that responded to our request for written substantiation of their monthly performance data that we included in this Item 19 report for the 2024 calendar year, January 1 to December 31 (the "Measurement Period"). We requested such data from all 13 of our KidzArt franchisees that were in operation during the Measurement Period. Four(4) KidzArt Franchisees that have reported in this category previously, have been moved to a new section titled Co-Branded franchisees. These four(4) KidzArt Franchisees have also purchased a Club Scientific franchise. They are operating a KidzArt and Club Scientific or Co-Branded franchise within the same territory. A franchisee is reported in only one category. The KidzArt Reporting Franchisees listed, in this Item 19, represent the franchisees who submitted their full requisite information. The reporting franchisees have operated for periods ranging from 3-20 years. A KidzArt franchisee decides how much they want to work and how big they want their business to grow. They chose to work full or part-

time. A franchisee is responsible for contacting and signing up schools that will hold classes. Then they market to area families to fill those classes. We provide training and loan you our "Best Practices" Operation manual with information you will use to build your business. Your effort will determine your business results.

1. Reporting franchisees operated a minimum of 10 out of the 12 months, full or part-time during the Measurement Period.
2. We offer multiple art classes for children and adults between the ages of 2-102. Reporting franchisees all offered more than one type of class. One reporting franchisee (the "Core Art Franchisee" operates a core art program (teaches art every day to many schools in the district.) This school district has thousands of students attending art class each week. The district pays the franchisee monthly. This school district is the majority of the Core Art Franchisee's business.
3. Each class is part of a 4-6 week session. A school year is usually 36 weeks or 6, 6 week sessions. A franchisee may hold up to 36 weeks of afterschool classes if allowed.
4. Summer camps are popular. Each franchisee sets their camp price. Camps do not exceed 30 kids.
5. COVID-19 impacted operations by either closing or reducing in-school learning, depending on state and city restrictions.
6. To offset the reduced class sizes and closings, we pivoted by developing online virtual programs at the onset of COVID-19. Franchisees provided classes either virtual and/or recorded for those areas where in-person instruction was prohibited. These offerings allowed unlimited participation and were not limited to school districts or territories. 9 of the 11 reporting franchisees offered online virtual programs.
7. Franchisees that maintained a studio prior to COVID-19 offered sessions to assist students during their virtual online regular schooling sessions. Students receive assistance with online instruction, help in maintaining internet connectivity, tutoring, and in-person KidzArt classes.
8. Two of the 11 reporting franchisees reported an increase in revenue during COVID-19 by pivoting to offering online virtual programs from in-school learning.
9. The Core Art Franchisee is an affiliate of the Franchisor. Therefore, we are including columns in the tables below that both include and exclude the Core Art Franchisee.

We excluded one (1) KidzArt franchisees who failed to respond to us with written substantiation in advance of the applicable deadline.

### ***Part I: Annual Gross Revenue***

The following Tables I(A) illustrates the Annual Gross Revenue<sup>1</sup> information for the KidzArt Reporting Franchisees during the Measurement Period.

**Table I(A) - Annual Gross Revenue**

<b>Annual Gross Revenue</b>	Excluding the Core Art Franchisee	Including the Core Art Franchisee
Number of KidzArt Reporting Franchisees	10	11

Average Annual Gross Revenue <sup>2</sup>	\$213,220.24	\$292,051.91
Median Annual Gross Revenue <sup>3,4</sup>	\$89,773.64	\$107,619.62
High Annual Gross Revenue	\$689,722.58	\$1,001,537.00
Low Annual Gross Revenue	\$29,100.00	\$29,100.00

*Notes to Table I(A):*

1. Annual Gross Revenue is defined in your franchise agreement as the total of all sales made in the operation of the Franchised Business, whether collected or not. Annual Gross Revenue does not include: (i) federal, state or municipal sales or use taxes collected from customers for payment to the appropriate taxing authorities; (ii) promotional or discount coupons to the extent that no revenue is realized; (iii) compensation for services or products provided to your employees if you did not charge the employee, or for any portion not paid for by an employee; or (iv) adjustments and credits to the extent they were previously included in Gross Revenue on which a royalty fee was paid.
2. The Average Annual Gross Revenue is defined as the sum of the Annual Gross Revenues of the KidzArt Reporting Franchisees for each territory divided by the number of KidzArt Reporting Franchisees.
3. The Median Annual Gross Revenue means the amount that falls in the middle when all other amounts disclosed are arranged highest to lowest. In other words, 40% of the KidzArt Reporting Franchisees exceeded the median value and 60% did not (for each territory size).
4. Of the ten KidzArt Reporting Franchisees (excluding the Core Art Franchisee), two KidzArt Reporting Franchisees, or 20%, exceeded the Average Annual Gross Revenue.
5. Of eleven KidzArt Reporting Franchisees including the Core Art Franchisee, three KidzArt reporting Franchisees, or 30% exceeded the Average Gross Revenue.

**Part II: Average Students per Month and Price per Student per Class in Session**

The following Tables II(A) illustrate the Average Students per Month in Session for eleven of the KidzArt Reporting Franchisees during the Measurement Period. The following Table II(B) illustrates the Average Price each Student in Session pays per Class for all eleven KidzArt Reporting Franchisees during the Measurement Period.

**, Table II(A) - Average Students per Month in Session**

<b>Average Students per Month with or without franchisee operating a core art franchise</b>	<b>Excluding Core Art Franchisee</b>	<b>Including Core Art Franchisee</b>
Number of KidzArt Reporting Franchisees	10	11
Average Number of Average Students per Month in Session <sup>2,3</sup>	321	4,543
Median Number of Average Students per Month in Session <sup>4</sup>	222	240
High Number of Average Students per Month in Session	1,040	42,250
Low Number of Average Students per Month in Session <sup>7</sup>	28	28

*Notes to Table II(A):*

1. One KidzArt Reporting Franchisee receives a substantial amount to provide art instruction for an entire local school district and, because of this services, it averaged 42,250 students per month (the “Core Art Franchisee”). While this is a substantially higher number of students than all other KidzArt Reporting Franchisees, this KidzArt Reporting Franchisee operates in a territory having 45,000 or more Qualifying Households and was able to secure a stream of revenue that we highly encourage all franchisees to pursue. However, because the average number of students is significantly higher than that of any other KidzArt Reporting Franchisee, we are including columns in this Table II(A) that both include and exclude the Core Art Franchisee. See Part IV of this Item for more information about certain selected streams of revenue.

2. For each KidzArt Reporting Franchisee, the "Average Students per Month in Session is calculated by taking the total number of students the Reporting Franchisees provided instruction during the Measurement Period and dividing that sum by the number of months the franchisee is in session. Nine KidzArt Reporting Franchisees had 12-month sessions and two (including the Core Art Franchisee) had 10-month sessions.

3. The Average Number of Students per Month in Session is defined as the sum of the Average Students per Month in Session of the KidzArt Reporting Franchisees, divided by the number of KidzArt Reporting Franchisees.

4. The Median Number of Average Students per Month in Session means the Average Number of Students per Month in Session that falls in the middle when all Average Students per Month in Session for all KidzArt Reporting Franchisees disclosed are arranged highest to lowest. If there are an even number of data, the median is the average of the middle two numbers.

5. Of the ten KidzArt Reporting Franchisees operating in a Territory (excluding the Core Art Franchisee), three Reporting Franchisees, or 30%, exceeded the Average Number of Average Students per Month in Session.

6. Of the KidzArt Reporting Franchisees operating in a Territory (including the Core Art Franchisee), no Reporting Franchisees exceeded the Average Number of Average Students per Month.

**Table II(B) - Average Price each Student pays per Class in Session**

<b>Average Price each Student pays per Class</b>	<b>Excluding Core Art Franchisee</b>	<b>Including Core art Franchisee</b>
Number of KidzArt Reporting Franchisees	10	11
Average Amount of Average Price Students Pay per Class in Session <sup>1,2</sup>	\$15.68	\$14.30
Median Amount of Average Price Students Pay per Class in Session <sup>3</sup>	\$15.59	\$15.07
High Amount of Average Price Students Pay per Class in Session	\$26.05	\$26.05
Low Amount of Average Price Students Pay per Class in Session <sup>5</sup>	\$4.00	\$1.84

*Notes to Table II(B):*

1. For each KidzArt Reporting Franchisee, the "Average Price Students Pay per Class in Session is calculated by taking the total revenue generated from the KidzArt Reporting Franchisees providing instruction during the Measurement Period and dividing that sum by the number of students in session the KidzArt Reporting Franchisee provided instruction during the Measurement Period. Ten KidzArt Reporting Franchisees had 12-month sessions and two (including the Core Art Franchisee) had 10-month sessions.
2. The Average Amount of Average Price Students Pay per Class in Session is defined as the sum of the Average Price Students pay per Class in Session of the KidzArt Reporting Franchisees, divided by the number of KidzArt Reporting Franchisees for each territory size.
3. The Median Amount of Average Price Students Pay per Class in Session means the Average Price Students pay per Month in Session that falls in the middle when all Average Price Students pay per Month in Session for All KidzArt Reporting Franchisees disclosed are arranged highest to lowest. If there are an even number of data, the median is the average of the middle two numbers.
4. Of the ten KidzArt Reporting Franchisees operating (excluding the Core Art Franchisee), four KidzArt Reporting Franchisees, or 40%, exceeded the Average Amount of Average Price Students Pay per Class.
5. Of the eleven KidzArt Reporting Franchisees operating including the Core Art Franchisee, five KidzArt Reporting Franchisees, or 55%, exceeded the Average Amount of Average Price Students Pay per Class.
6. The core Art program franchisee charges per student are much lower than normal due to the high volume of students receiving instruction and the reduced class time throughout the school year.

***Part III: Average Classes and Locations per Month in Session***

The following Tables III(A) illustrates information about Average Classes per Month for eleven KidzArt Reporting Franchisees during the Measurement Period. The following Tables III(B) illustrates the Average Locations per Month for all eleven KidzArt Reporting Franchisees during the Measurement Period.

**Table III(A) - Average Classes per Month in Session**

<b>Average Classes per Month in Session</b>	<b>Excluding the Core Art Franchisee</b>	<b>Including the Core Art Franchisee</b>
Number of KidzArt Reporting Franchisees	10	11
Average Number of Average Classes per Month in Session <sup>1,2,4</sup>	35	217
Median Number of Average Classes per Month in Session <sup>3</sup>	20	21
High Number of Average Classes per Month in Session	10 5	1,850
Low Number of Average Classes per Month in Session	18	18

*Notes to Table III(A):*

1. For each KidzArt Reporting Franchisee, the "Average Classes per Month in Session" is calculated by taking the total number of classes the KidzArt Reporting Franchisee taught during the Measurement Period and dividing that sum by the number of months the franchisee is in session. NineKidzArt Reporting Franchisees had 12-month sessions and two (including the Core Art Franchisee) had 10-month sessions.
2. The Average Number of Average Classes per Month in Session is defined as the sum of the Average Classes in Session per Month of the KidzArt Reporting Franchisees, divided by the number of KidzArt Reporting Franchisees
3. The Median Number of Average Classes per Month in Session means the Average Classes per Month in Session that falls in the middle when all Average Classes per Month in Session for all KidzArt Reporting Franchisees disclosed are arranged from highest to lowest. If there are an even number of data, the median is the average of the middle two numbers.
4. Of the ten KidzArt Reporting Franchisees operating (excluding the Core Art Franchisee), three of the KidzArt Reporting Franchisees, or 30%, exceeded the Average Number of Average Classes per Month in Session.
5. Of the eleven KidzArt Reporting Franchisees operating including the Core Art Franchisee, one of the KidzArt Reporting Franchisees, or 9%, exceeded the Average Number of Average Classes per Month in Session.

**Table III(B) - Average Number of Average Locations per Month in Session**

<b>Average locations per month in Session</b>	<b>Excluding Core Art Franchisee</b>	<b>Including Core Art franchisee</b>
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Number of KidzArt Reporting Franchisees	10	11

Average Locations per Month in Session <sup>1,2</sup>	10	11
Median Number of Average Locations per Month in Session <sup>3</sup>	7	8
High Number of Average Locations per Month in Session	26	26
Low Number of Average Locations per Month in Session	1	1

*Notes to Table III(B):*

1. For each KidzArt Reporting Franchisee, the “Average Locations per Month in Session” is calculated by taking the total number of Locations the KidzArt Reporting Franchisees used to provide instruction to students during the Measurement Period and dividing that sum by the number of months the franchisee is in session. NineKidzArt Reporting Franchisees had 12-month sessions and two (including the Core Art Franchisee) had 10-month sessions.
2. The Average Number of Average Locations per Month in Session is defined as the sum of the Average Locations per Month in Session of the KidzArt Reporting, divided by the number of KidzArt Reporting Franchisees for each territory size.
3. The Median Number of Average Locations per Month in Session means the Average Locations per Month in Session that falls in the middle when all Average Locations per Month in Session for KidzArt Reporting Franchisees disclosed are arranged highest to lowest. If there are an even number of data, the median is the average of the middle two numbers.
4. Of the tenKidzArt Reporting Franchisees operating, (excluding the Core Art Franchisee) threeKidzArt Reporting Franchisees, or 30%, exceeded the Average Number of Average Locations per Month in Session.
5. Of the eleven KidzArt Reporting Franchisees operating including the Core Art Franchisee, fourKidzArt Reporting Franchisees, or 44%, exceeded the Average Number of Average Locations per Month in Session.

***Part IV: Selected Streams of Revenue***

The following Tables IV(A) and IV(B) illustrate information about two selected streams of revenue for the KidzArt Reporting Franchisees during the Measurement Period. We encourage our franchisees to pursue several streams of revenue to increase the value and profitability of their Franchised Business. Two of these streams of revenue include revenue derived from: (i) from the school district with the Core Art programs (“Core Art Revenue”); and (ii) instruction provided at camps (“Camp Revenue”).

**Table IV(A) – Core Art Program Revenue**

<b>KidzArt Reporting Franchisee</b>	<b>Revenue from Core Art Program</b>
Franchisee	\$1,001,537. 00

*Notes to Table IV(A):*

This Table shows the revenue received by one KidzArt Reporting Franchisee who was able to secure core art programs from school districts during the Measurement Period.