

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, 2025 for all of our affiliate-owned and franchised centers that were open and operating for the entire 12-month period ended December 31, 2025. Section B provides historical Revenue, expense, income and other information for the 12-month period ended December 31, 2025 for certain of our affiliate-owned and franchised centers as further explained in Section B.

A. 2025 REVENUE INFORMATION

As of December 31, 2025 there were ten Casa de Corazon Centers open and operating in the Casa de Corazon franchise system (four Affiliate owned centers and six franchised Centers). We have provided the total Revenue for eight of these Centers for the 12-month period ended December 31, 2025, which were all Centers open and operating for the entire 12-month period ended December 31, 2025. We excluded two franchised Centers that opened in 2025 because they were not opening and operating for the entire 12-month period ended December 31, 2025. No Casa de Corazon Centers closed in 2025.

	Affiliate Center 1	Affiliate Center 2	Affiliate Center 3¹	Affiliate Center 4	Franchised Center 1	Franchised Center 2	Franchised Center 3	Franchised Center 4¹
Year Opened	2010	2014	2018	2023	2019	2020	2023	2011
Tuition	\$2,693,260	\$3,540,802	\$2,800,093	\$2,346,055	\$2,668,402	\$2,941,710	\$2,090,390	\$2,669,129
Photography Rebates	\$322	\$626	\$0	\$0	\$222	\$368	\$289	\$180
Total Revenue	\$2,693,582	\$3,541,428	\$2,800,093	\$2,346,055	\$2,668,402	\$2,942,078	\$2,090,679	\$2,669,309

1. Affiliate Center 3 is owned by our affiliate but operated under a Management Agreement by a third-party franchisee. Franchised Center 4 opened in 2011 as an Affiliate Center and was sold to a franchisee in 2024.

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 three of the franchised Centers, one of which is located in Madison, WI and the other two are located in the Milwaukee, WI metropolitan area. The Centers located in the heart of a metropolitan area have a higher population surrounding the Center.

B. 2025 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 12-month period ended December 31, 2025 for the eight Centers in the Casa franchise system that were open as a Casa de Corazon center on or before December 31, 2023 and that operated as a Casa de

Corazon center for the entire 12-month period ended December 31, 2025. These Centers were the same Centers as those in Section A.

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	Affiliate Center 4	Franchised Center 1	Franchised Center 2	Franchised Center 3	Franchised Center 4
Year Opened	2010	2014	2018	2023	2019	2020	2023	2011
Full-Time Student Equivalent Enrollment ¹	107	143	113	114	106	124	107	97
Occupancy Rate ²	94%	82%	83%	89%	90%	94%	77%	87%
Revenues								
Tuition	\$2,693,260	\$3,540,802	\$2,800,093	\$2,346,055	\$2,668,180	\$2,941,710	\$2,090,390	\$2,669,129
Photography Rebates	\$322	\$626	\$0	\$0	\$222	\$368	\$289	\$180
Total Revenues^{3,4}	\$2,693,582	\$3,541,428	\$2,800,093	\$2,346,055	\$2,668,402	\$2,942,078	\$2,090,679	\$2,669,309
Direct Expenses								
Educational and Childcare Expenses	\$25,419	\$25,945	\$20,216	\$19,785	\$35,666	\$24,317	\$19,104	\$18,809
Child Assessment Tools ⁵	\$3,190	\$3,443	\$4,761	\$2,935	\$2,029	\$2,025	\$2,565	\$2,920
CPR/First Aid Training	\$1,093	\$1,130	\$1,698	\$1,360	\$1,900	\$1,893	\$42	\$1,550
Field Trips and Activities	\$12,470	\$14,898	\$8,420	\$3,453	\$22,567	\$15,501	\$876	\$13,766
Furniture/Equipment	\$7,410	\$5,131	\$2,114	\$2,349	\$315	\$59	\$5,237	\$2
Food	\$85,152	\$105,596	\$69,948	\$74,255	\$92,682	\$80,204	\$53,994	\$69,043
Hiring/Training ⁶	\$5,464	\$7,411	\$4,929	\$12,529	\$17,290	\$9,931	\$3,252	\$3,540
Janitorial and Kitchen Supplies	\$15,849	\$20,698	\$10,733	\$14,972	\$21,572	\$12,770	\$3,940	\$9,925
Licenses & Permits	\$925	\$1,760	\$790	\$1,878	\$1,266	\$1,474	\$1,047	\$1,453
Staff Payroll, Benefits and Payroll Taxes ⁷	\$1,423,371	\$1,857,119	\$1,207,288	\$1,179,222	\$1,292,647	\$1,592,649	\$1,338,299	\$1,536,543
Payroll Processing	\$10,764	\$10,764	\$8,927	\$10,886	\$11,793	\$6,496	\$0	\$4,415
Uniforms	\$581	\$2,470	\$1,488	\$2,772	\$2,868	\$1,863	\$719	\$1,184

Total Direct Expenses	\$1,591,687	\$2,056,363	\$1,341,312	\$1,326,396	\$1,502,595	\$1,749,182	\$1,429,076	\$1,663,149
Gross Profit	\$1,101,895	\$1,485,064	\$1,458,781	\$1,019,659	\$1,165,806	\$1,192,896	\$661,603	\$1,006,160
Other Expenses								
Accounting ⁸	\$12,000	\$12,000	\$12,000	\$12,000	\$9,789	\$710	\$11,306	\$704
Computer, IT, Software & Website	\$21,892	\$24,395	\$15,274	\$26,107	\$2,451	\$5,036	\$6,154	\$1,021
Human Resources ⁹	\$1,000	\$1,000	\$1,000	\$1,000	\$0	\$0	\$0	\$0
Insurance	\$48,860	\$48,860	\$36,429	\$48,423	\$33,068	\$32,184	\$39,641	\$32,804
Legal & Professional ¹⁰	\$6,931	\$10,397	\$0	\$5,776	\$9,128	\$6,152	\$2,220	\$8,482
Brand Fund Contribution ¹¹	\$53,872	\$70,829	\$56,002	\$46,921	\$53,368	\$58,842	\$41,814	\$53,386
Marketing & Advertising ¹²	\$10,000	\$10,000	\$7,152	\$5,979	\$3,402	\$862	\$8,498	\$4,994
Royalty Fee ¹³	\$188,551	\$247,900	\$196,007	\$164,224	\$186,788	\$205,945	\$146,348	\$186,852
Technology Fee ¹⁴	\$8,050	\$8,050	\$8,050	\$8,050	\$8,050	\$8,050	\$8,050	\$8,050
Accreditation ¹⁵	\$0	\$900	\$0	\$0	\$0	\$900	\$0	\$750
Office Supplies	\$11,200	\$11,652	\$10,045	\$8,220	\$4,850	\$7,463	\$4,601	\$4,189
Rent and Property Taxes	\$204,221	\$333,583	\$408,474	\$339,177	\$281,423	\$223,138	\$0 ¹⁶	\$258,295
Repairs and Maintenance	\$45,409	\$70,284	\$39,879	\$16,904	\$32,140	\$50,957	\$14,227	\$14,565
Utilities ¹⁷	\$52,510	\$76,226	\$49,265	\$26,600	\$35,791	\$52,761	\$37,942	\$38,892
Miscellaneous ¹⁸	\$4,188	\$2,754	\$2,758	\$3,734	\$38,778	\$16,887	\$14,575	\$12,559
Total Other Expenses	\$668,684	\$928,830	\$842,334	\$713,115	\$699,025	\$669,885	\$335,374	\$652,542
Net Operating Income Before Depreciation, Interest, Debt Repayment and Income Taxes^{19, 20}	\$433,211	\$556,234	\$616,447	\$306,544	\$466,782	\$523,011	\$326,228	\$380,617

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 2025 and dividing the total by five. This number was calculated as of December 31, 2025 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, 2025 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.

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 \$208,035, \$258,144, \$49,294, \$179,624, \$145,724, \$156,279, \$149,081, and \$137,089 respectfully. 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 2025. 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 charged on them.
5. You must obtain these child assessments through our approved 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 2025. All of the Centers incurred the cost of hiring cultural visa exchange teachers except Affiliate Center 2, Affiliate Center 3, and Franchised Center 3.
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, event planner, recruiter, internal accountant, human relations director, marketing director, finance director 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 at each Center. 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 the Franchised Centers include 2 full-time Directors for each Center. Franchised Center 1 had a full-time Operations Manager and HR administrator in 2025 who also performed services for another Franchised Center owned by the owners of Franchised Center 1. The wages for these two people were split between these two Franchised Centers and 50% of them are included in the staff payroll line for Franchised Center 1. In Franchise Center 2 and 4 an Operations Manager was hired and those wages are allocated to both centers. All eight Centers include 401(k) benefits (admin fees and match) but they 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. Franchised Centers 2 and 4 do most of their bookkeeping and accounting work internally, resulting in the lower expense for these Franchised Centers 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, 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, 2025, as adjusted based upon actual revenue.
12. The Franchise Agreement requires each franchised Center to spend a minimum of \$10,000 per year on Marketing, Advertising and Promotional Materials. In addition to direct advertising and marketing expenditures, franchisees may also apply toward this requirement amounts spent on promotional materials, sponsorships, charitable contributions, and referral discounts offered to Brand Ambassadors and enrolled families. The amounts shown above reflect actual amounts spent. Where the amount shown is less than \$10,000, it is because the remainder of the required spend was applied to items not directly categorized under marketing, such as the promotional materials, sponsorships, charitable contributions, and referral discounts described above and those amounts are reflected elsewhere in the chart. Because these Centers were not newly opened, they did not incur the separate minimum \$10,000 grand opening advertising expenditure we require, and we have not included it 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, 2025, as adjusted based upon actual revenue.

14. As the Technology Fee is required to be paid under the Franchise Agreement we have included it for all of the Centers.
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. This Center is owned by the Franchisee so it does not incur lease costs, and based on its operations it does not pay property taxes. The other Centers incur lease costs because they are either leasing the Center from a third-party landlord or from an affiliate, and certain of these Centers pay property or similar taxes while others have had them abated.
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 and percentages to the nearest whole percent.

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 Director of Franchise Development, 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 2023-2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	3	3	0
	2024	3	4	1
	2025	4	6	+2
Company-Owned ¹	2023	3	5	+2
	2024	5	4 ²	-1
	2025	4	4	4
Total Outlets	2023	6	8	+2
	2024	8	8	0
	2025	8	10	+2

1. These outlets are owned by our affiliate.
2. Affiliate-owned Center was sold to a franchisee.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2023-2025¹

State	Year	Number of Transfers
All States	2023	0
	2024	0
	2025	0
Totals	2023	0
	2024	0
	2025	0

1. Does not include transfers where beneficial ownership of less than 50% of the franchise did not change, circumstances where an individual transfers to an entity the individual owns or transfers to heirs.