	Provision	Section in Multi-Unit Development Agreement	Summary
r.	Non-competition covenants after the franchise is terminated or expires	Section 8.3.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Honest Art studio outlet (including yours) to any competitor, participate in any capacity, including, but not limited to as an owner, investor, officer, director, employee or agent, in any competing art business within twenty (20) miles of your former Honest Art studio outlet location or any other Honest Art studio outlet location (franchised or company owned); do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees.
s.	Modification of the agreement	Section 12.4	No oral modifications. No amendment of the provisions will be binding upon either party unless the amendment has been made in writing and executed by all interested parties.
t.	Integration/merger clause	Section 12.4	Only the terms of the Multi-Unit Development Agreement and other related written agreements are binding (subject to applicable state law.) Any representations or promises outside of Multi-Unit Development Agreement may not be enforceable. Notwithstanding the foregoing, nothing in the Multi-Unit Development Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 10.1, 10.2, and 10.3	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters.
v.	Choice of forum	Section 10.4	New Jersey, subject to applicable state law.
w.	Choice of law	Section 10.4	New Jersey law applies, subject to applicable state law.

See the state addenda to this Franchise Disclosure Document and the Franchise Agreement for special state disclosures.

ITEM 18: <u>PUBLIC FIGURES</u>

We do not currently use any public figures to promote our franchise.

ITEM 19: <u>FINANCIAL PERFORMANCE REPRESENTATIONS</u>

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.

The following is the historical financial performance of our company-owned studio outlet located in Ardsley, New York which offers pottery and candle making. It began operation in 2021 and operates in a territory similar to the size you will be granted as a franchisee. The table below shows gross sales and percentages for 2022, 2023, 2024, and 2025 with payroll and costs of goods sold.

	2022		2023		2024		2025	
	Dollars	Percent	Dollars	Percent	Dollars	Percent	Dollars	Percent
Total Sales	**$563,113**	**100.00%**	**$816,050**	**100.00%**	**$967,811**	**100.00%**	**$1,053,545**	**100.00%**
Pottery & Candle Sales	-	-	$20,000	2.45%	$38,000	3.93%	$142,000	13.48%
Art Studio Sales	-	-	$796,050	97.55%	$929,811	96.07%	$911,545	86.52%
Cost of Goods	$65,219	11.60%	$128,228	15.70%	$123,224	12.70%	$123,172	11.70%
Gross Profit	$473,345	88.40%	$687,822	84.30%	$844,588	87.30%	$930,373	88.30%
Total Payroll Expenses	$147,817	26.20%	$229,128	28.10%	$338,901	35.00%	$372,010	35.30%

We have compiled this data using information submitted to us by our affiliate. We did not audit or otherwise verify the accuracy of the information submitted. These figures do not include Continuing Royalty Fees, Brand Fund Contributions, and other fees that you would be required to pay as a franchisee.

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

Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representations, we do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. 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 Gabriel Cruz, p. 914-309-9334, 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 2023 to 2025

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	2023	0	0	0
	2024	0	0	0
	2025	0	0	0
Company – Owned*	2023	1	1	0
	2024	1	1	0
	2025	1	1	0
Total Outlets	2023	1	1	0
	2024	1	1	0
	2025	1	1	0

* Company-owned outlet is operated by our affiliate.

Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2023	0
	2024	0
	2025	0
Total	2023	0
	2024	0
	2025	0

Table No. 3
Status of Franchised Outlets
For Years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Outlets at Start of Year	Column 4 Outlets Opened	Column 5 Terminations	Column 6 Non-renewals	Column 7 Reacquired by Franchisor	Column 8 Ceased Operations - Other Reasons	Column 9 Outlets at End of the Year
None	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0