

			other System franchisees; or (iii) to own, maintain, engage in, be employed by, or have any interest in any company which grants franchises or licenses for any business competing with us.
s.	Modification of this agreement	11.1	The Franchise Agreement may only be modified by written amendment signed by both parties.
t.	Integration/merger clauses	11.1	The Franchise Agreement is the entire agreement between the parties (subject to state law). Notwithstanding the foregoing, nothing in any agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, any other exhibits or amendments.
u.	Dispute resolution by arbitration or mediation	11.2	All disputes must be mediated, and then, if needed, litigated.
v.	Choice of forum	11.3	All actions must be commenced in the Courts of then-current State and County where our corporate headquarters is located (currently Camden County, New Jersey, or the United States District Court, District of New Jersey) (subject to applicable state law)
w.	Choice of law	11.3	New Jersey law applies (subject to applicable state law).

## **ITEM 18 PUBLIC FIGURES**

We do not use any public figure to promote 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 this 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.

### **Section 1. Background**

As of December 31, 2024, there were eleven Closet & Storage Concepts locations operating in the United States. Of these eleven locations, four were company owned and seven were franchisee owned. Of the seven franchisee owned locations, five met these criteria to be considered representative of the franchise offered:

- a. Open for at least 1 year as of December 31, 2024;
- b. Located in a market containing at least 1 million people;
- c. Operating for the full 12 months of 2024;

d. Operating from a dedicated retail showroom location staffed full time

## **Section 1. 2024 Gross Revenue**

### **Franchised Locations**

This section represents the revenue results of five representative franchised Closet & Storage Concepts locations operating as of December 31, 2024. The characteristics that make them representative are described above.

Each of the five representative franchised locations was asked to provide information regarding Gross Revenues for the year 2024. Each of the five representative franchised locations (100%) provided complete gross sales information. The data presented in Table 1 below represents the Gross Revenue performance of those five (5) franchised locations based on their response to the survey described above. The survey requested Gross Revenue on completed jobs and installation charges. Gross Revenue does not include work in progress or any deposits received on orders.

<b>Table 1</b> <b>Gross Revenues-</b> <b>Franchise Locations Open</b> <b>More Than One Year</b>	<b>2024</b>
Number of Franchised Locations	5
Average Gross Revenue	\$2,494,080
Highest Gross Revenue	\$2,984,342
Lowest Gross Revenue	\$2,129,703
Median Gross Revenue	\$2,298,026

During the year ended December 31, 2024, two (40%) of the five (5) franchised locations met or exceeded the average Gross Revenue of \$2,494,080.

## **Section 2. Key Performance Indicators**

### **Franchised Locations**

This section represents certain key performance indicators of five (5) representative franchised Closet & Storage Concepts locations operating as of December 31, 2024. Each of our representative franchised locations was asked to provide information regarding certain key performance indicators for the year 2024. All of the five (5) representative franchised locations (100%) provided all of the information requested. The data presented in Tables 2 through 11 below represent the performance of those five (5) franchised locations based on their response to the survey described above.

<b>Table 2</b> <b>Cost of Goods Sold</b>		<b>2024</b>
Number of Locations		5
Average Cost of Goods Sold		\$665,079
Highest Cost of Goods Sold		\$845,294
Lowest Cost of Goods Sold		\$430,996
Median Cost of Goods Sold		\$696,253

<b>Table 3</b> <b>Cost of Goods Sold as a Percentage of Gross Revenue</b>		<b>2024</b>
Number of Locations		5
Average Cost of Goods Sold Percentage		26.7%
Highest Cost of Goods Sold Percentage		34.0%
Lowest Cost of Goods Sold Percentage		18.8%
Median Cost of Goods Sold Percentage		27.6%

<b>Table 4</b> <b>Advertising Spending</b>		<b>2024</b>
Number of Locations		5
Average Advertising Spending		\$65,138
Highest Advertising Spending		\$110,280
Lowest Advertising Spending		\$42,753
Median Advertising Spending		\$53,506

<b>Table 5</b> <b>Return on Advertising</b>	<b>2024</b>
Number of Locations	5
Average Return on Advertising	\$38.29
Highest Return on Advertising	\$67.43
Lowest Return on Advertising	\$20.64
Median Return on Advertising	\$52.00

<b>Table 6</b> <b>Rent Expense</b>	<b>2024</b>
Number of Locations	5
Average Rent Expense	\$104,717
Highest Rent Expense	\$149,063
Lowest Rent Expense	\$48,105
Median Rent Expense	\$108,313

<b>Table 7</b> <b>Payroll Expense</b>	<b>2024</b>
Number of Locations	5
Average Payroll Expense	\$906,185
Highest Payroll Expense	\$1,193,731
Lowest Payroll Expense	\$678,188
Median Payroll Expense	\$910,000

<b>Table 8</b> <b>Payroll Expense as a Percentage of Gross Revenue</b>		<b>2024</b>
Number of Locations		5
Average Payroll Expense Percentage		36.3%
Highest Payroll Expense Percentage		56.1%
Lowest Payroll Expense Percentage		28.4%
Median Payroll Expense Percentage		32.7%

<b>Table 9</b> <b>Staffing Levels</b>		<b>2024</b>
Number of Locations		5
Average Staffing (number of employees)		
Installers		4.6
Sales/Designers		3.6
Administrative		2.8
Shop		3.7
Total Staff Count		14.7
Highest Total Staff Count		23.0
Lowest Total Staff Count		9.5
Median Total Staff Count		13.0

<b>Table 10</b> <b>Gross Revenue per Installer</b>		<b>2024</b>
Number of Locations		5
Average Gross Revenue per Installer		\$560,202
Highest Gross Revenue per Installer		\$746,085
Lowest Gross Revenue per Installer		\$354,951
Median Gross Revenue per Installer		\$556,466

<b>Table 11</b> <b>Gross Revenue per Sales Designer</b>	<b>2024</b>
Number of Locations	5
Average Gross Revenue per Sales Designer	\$786,498
Highest Gross Revenue per Sales Designer	\$1,138,000
Lowest Gross Revenue per Sales Designer	\$354,951
Median Gross Revenue per Sales Designer	\$766,009

#### **Notes to Tables 1 through 11**

1. “Gross Revenue” includes the total gross revenue derived by a franchisee from the operation of the Franchised Business whether from sales for cash or credit, including sales of both franchise products and services, and including installation charges, exclusive of all sales taxes, use taxes, gross receipts taxes and other similar taxes added to the sales price and collected from the customer, and less any bona fide refunds, rebates, and discounts.
2. Cost of Goods Sold represents the cost of raw materials and completed products, including applicable inbound freight costs and taxes, used in the production and installation of the products sold and represented by Gross Revenues.
3. Cost of Goods Sold as a Percentage of Gross Sales is the mathematical result of dividing Cost of Goods Sold by Gross Revenue.
4. Advertising Spending represents amounts spent for digital advertising as well as print and media advertising to promote the business.
5. Return on Advertising is a measurement of advertising effectiveness. Return on Advertising is the mathematical result of dividing Gross Revenue by Advertising Spending.
6. Rent Expense represents the amount paid for showroom, shop, and storage space including taxes and common area maintenance charges paid to landlords.
7. Payroll Expense represents salary and wage amounts paid to all employees. Owner compensation is not included.

8. Payroll Expense as a Percentage of Gross Revenue is the mathematical result of dividing Payroll Expense by Gross Revenue. Not all Payroll Expense is directly variable with Gross Revenue.

9. Staffing Levels represent the full-time equivalent headcount for each of the listed functions. Owners are included in Staffing Levels.

a. Installers are defined as the individuals who deliver the product to the customer and install the product in the customer's home. Installers are generally paid hourly.

b. Sales Designers are the individuals who initially interact with the customer, determine their needs and tastes, design and sell the product to the customer. Sales Designers are generally paid on a salary plus commission basis.

c. Administrative Employees include office staff, bookkeepers, office managers, and management if applicable. Administrative Employees are generally paid on either an hourly or a salary basis, depending on their responsibilities.

d. Shop employees operate machine equipment and produce the components of the product. Shop employees are generally paid hourly.

10. Gross Revenue per Installer is a measure of installer productivity and effective staffing levels. Gross Revenue per Installer is the mathematical result of dividing Gross Revenue by the number of Installers.

11. Gross Revenue per Sales Designer is a measure of Sales Designer effectiveness and staffing levels. Gross Revenue per Sales Designer is the mathematical result of dividing Gross Revenue by the number of Sales Designers

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

The information presented in this Item 19 is unaudited.

Written substantiation for the representations in this Item 19 will be made available to a prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Closets Unlimited of New Jersey, Inc. does not make any financial performance representations. 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 Robert Lewis, 436 Commerce Lane, Suite D, West Berlin, NJ 08091, (856) 627-5700, the Federal Trade Commission and the appropriate state regulatory agencies.

## **ITEM 20 OUTLETS AND FRANCHISEE INFORMATION**

**TABLE 1**  
**Systemwide Outlet Summary for Fiscal Years Ended December 31, 2022,  
December 31, 2023 & December 31, 2024**

<b>CLOSET &amp; STORAGE CONCEPTS</b>				
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
FRANCHISED	2022	9	8	-1
	2023	8	8	0
	2024	8	7	-1
COMPANY-OWNED	2022	3	4	+1
	2023	4	4	0
	2024	4	4	0
TOTAL OUTLETS	2022	12	12	0
	2023	12	12	0
	2024	12	11	-1

**TABLE 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)  
for Fiscal Years Ended December 31, 2022, December 31, 2023 & December 31, 2024**

<b>CLOSET &amp; STORAGE CONCEPTS</b>		
<b>State</b>	<b>Fiscal Year</b>	<b>Number of Transfers</b>
CONNECTICUT	2022	0
	2023	0
	2024	1
TOTAL	2022	0
	2023	0
	2024	1

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