

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	Section 30.9	Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Notwithstanding the foregoing, nothing in this or any related agreement is intended to disclaim the express representations made in the Franchise Disclosure Document, its exhibits and amendments.
u. Dispute resolution by arbitration or mediation	Section 28	Except for certain claims, all disputes must be mediated and arbitrated in the principal city closest to our principal place of business (currently, Atlanta, Georgia)
v. Choice of forum	Section 28.4	All disputes must be mediated, arbitrated, and if applicable, litigated in the principal city closest to our principal place of business (currently, Atlanta, Georgia), subject to applicable state law.
w. Choice of law	Section 30.1	Georgia law applies, subject to applicable state law.

ITEM 18 PUBLIC FIGURES

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

ITEM 19 FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC’s Franchise Rule permits a franchisor to disclose 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 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 performance at a particular location or under particular circumstances.

As of December 31, 2024, we had 45 franchised Art of Drawers Businesses. We treat each signed franchise agreement for each territory as a separate Art of Drawers Business. Franchisees can purchase multiple adjoining Art of Drawers Businesses. Because franchisees report their financial information cumulatively across all Art of Drawers Businesses, this Item 19 presents financial information from the one franchise-owned Art of Drawers Business that was open for all of 2024 (commenced operations on January 1, 2024) and also includes financial information for a second Art of Drawers Business that this franchisee operated for three months of 2024 (“Reporting Franchise Outlet”). We have excluded 43 franchised Art of Drawers Businesses that were not open for all of 2024.

Table 1

Table 1 provides financial information and transaction data for the Reporting Franchise Outlet for the 2024 calendar year. The data in Table 1 is based on data reported by the Reporting Franchise Outlet.



Table 1
Sales and Revenue Metrics for the Reporting Franchise Outlet for 2024

Metric	Amount
Gross Sales	\$819,593
Paid Marketing Gross Sales*	\$760,603
Average Revenue per Appointment*	\$2,198
Average Marketing Cost per Appointment*	\$564
Appointments*	346
% of all Appointments Handled by Owner	52%
Average Sales-Paid Marketing**	\$6,085
Total Self-Generated Sales	3
Total Referral Sales	5
Average Sales - Self-Generated and Referral	\$7,374
Self-Generated and Referral Sales	\$58,990

*Excludes Secondary Sales and Self-Generated Sales

**Excludes Secondary Sales

Notes to Table 1

1. “Gross Sales” means the total of all of revenue, sales and other income and consideration received from the sale of all goods, products and services sold at, from, or through the Art of Drawers Business and all other income, revenue and consideration of every kind and nature related to the Art of Drawers Business, whether for cash or credit, and regardless of collection in the case of credit, including the full redemption value of any gift certificate or coupon sold for use in the Art of Drawers Business (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from this calculation), and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes collected from customers for, and paid directly to, the appropriate taxing authority; and (b) any bona fide refunds made to customers.
2. “Paid Marketing Gross Sales” means Gross Sales from Appointments (defined below).
3. “Secondary Sales” means Gross Sales generated by pre-existing customers.
4. “Self-Generated Sales” means Gross Sales from new sales from referrals or sales that otherwise did not result from: (i) Secondary Sales; or (ii) Appointments.
5. “Appointments” means appointments with prospective customers that were generated from leads from paid marketing in 2024. Here is a breakdown of the type of Appointments for the Franchised Reporting Outlet for 2024:

Type	Number
Print	158
Events	104
Digital	54
Branding	30
Total	346

6. “Excluded Appointments” means appointments and sales made as a result of Secondary Sales. Secondary Sales do not require appointments. Excluded Appointments do not include Self-Generated Sales.



7. “Average Revenue per Appointment” is calculated by dividing Paid Marketing Gross Sales by Appointments. Of the 346 Appointments, Paid Marketing Gross Sales ranged from a low of \$0 to a high of \$6,085. 138 out of 346 Appointments (40%) generated Paid Marketing Gross Sales greater than the Average Revenue per Appointment figure in Table 1.
8. “Average Marketing Cost per Appointment” is calculated by dividing the total amount expended on Local Advertising marketing for Appointments by the total number of Appointments generated from leads created in 2024 for the 2024 Local Advertising marketing spend.
9. “% of all Appointments Handled by Owner” means the total percentage of Appointments handled by the owner other than Excluded Appointments.
10. “Orders” means all customer transactions from leads created in 2024 from Paid Marketing resulting in the generation of Gross Sales except for (i) orders relating to Secondary Sales; and (ii) cancelled orders.
11. “Average Sales-Paid Marketing” is calculated by dividing Paid Marketing Gross Sales by Orders. Paid Marketing Gross Sales from Orders ranged from \$650 to \$46,896 per Order. The median Order generated \$4,153 of Paid Marketing Gross Sales. 50 of the 125 Orders (40%) generated Paid Marketing Gross Sales greater than the Average Sales-Paid Marketing figure in Table 1.
12. “Average Sales-Self Generated and Referral” is calculated by dividing total Gross Sales resulting from Self-Generated Sales and referral sales by Orders. Gross Sales resulting from Self-Generated Sales and referral sales ranged from \$682 to \$17,836 per Order. The median Order from these types of sales generated \$7,277 of Gross Sales. 2 of the 8 Orders (25%) generated Gross Sales greater than the Average Sales-Self Generated and Referral figure in Table 1.
13. The figures in this Item 19 include data from the equivalent of more than one Art of Drawers Business. Franchisees that operate one Art of Drawers Business should not expect to achieve results similar to these combined amounts. A breakdown of the figures by each franchised business may result in lower numbers.
14. The earnings claims figures in Table 1 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit.
15. All dollar figures have been rounded to the nearest dollar.

Table 2
Select Operating Costs for the Reporting Franchise Outlet for 2024

Gross Sales	\$819,593
Materials and Freight Cost (29% of Gross Sales)	\$237,682
Rent and Utilities	\$4,780
Credit Card Fees (2% of Gross Sales)	\$16,392
Marketing Spend	\$195,116

Notes to Table 2.



1. “Gross Sales” means the total of all of revenue, sales and other income and consideration received from the sale of all goods, products and services sold at, from, or through the Art of Drawers Business and all other income, revenue and consideration of every kind and nature related to the Art of Drawers Business, whether for cash or credit, and regardless of collection in the case of credit, including the full redemption value of any gift certificate or coupon sold for use in the Art of Drawers Business (fees retained by or paid to third-party sellers of such gift certificates or coupons are not excluded from this calculation), and all proceeds from any business interruption insurance, but not including: (a) any sales taxes or other taxes collected from customers for, and paid directly to, the appropriate taxing authority; and (b) any bona fide refunds made to customers.

2. “Materials and Freight Cost” is the costs of the materials (such as custom wooden drawers, refacing materials and accessories including lazy susans, drawer organizing inserts, rails, scoops, slopes and dividers) and freight costs related to these materials for the Reporting Franchised Outlet.

3. “% of Gross Sales” is calculated as the cost listed in the table divided by total Gross Sales.

4. “Marketing Spend” is the total Local Advertising amount spent on marketing in 2024 for the Reporting Franchise Outlet.

5. The earnings claims figures in Table 2 do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. The data in Table 2 includes operating costs of the Reporting Franchise Outlet that we could verify.

6. The figures in this Item 19 include data from the equivalent of more than one Art of Drawers Business. Franchisees that operate one Art of Drawers Business should not expect to achieve results similar to these combined amounts. A breakdown of the figures by each franchised business may result in lower numbers.

7. All dollar figures have been rounded to the nearest dollar.

Some Art of Drawers Businesses have earned this amount. Your individual results may differ. There is no assurance that you’ll sell or earn 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 representation, Art of Drawers Franchise Systems, LLC 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 Allan Young 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia 30067, the Federal Trade Commission and the appropriate state regulatory agencies.



ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary
For Years 2022 - 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised Outlets	2022	0	0	0
	2023	0	0	0
	2024	0	45	+45
Company-Owned	2022	1	2	+1
	2023	2	0	-2
	2024	0	0	0
Total Outlets	2022	1	2	+1
	2023	2	0	-2
	2024	0	45	+45

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For Years 2022 - 2024

State	Year	Number of Transfers
Totals	2022	0
	2023	0
	2024	0

Table No. 3

Status of Franchise Outlets
For Years 2022 - 2024

State	Year	Outlets at Start of the Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations-Other Reasons	Outlets at End of the Year
Alabama	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Connecticut	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3

