

FRANCHISE DISCLOSURE DOCUMENT



Art of Drawers Franchise Systems, LLC
a Georgia limited liability company
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Marietta, Georgia 30067
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Art of Drawers businesses provide design and installation of lighting fixtures and custom-built pull-out shelving and storage solutions to retrofit cabinets, pantries, closets, drawers, and other household areas and related services (“Art of Drawers Business(es)”).

~~We require franchisees to acquire a minimum of two Art of Drawers Businesses and offer the opportunity to acquire additional Art of Drawers Art of Drawers Businesses beyond that under a “Multi-Franchise Addendum.” However, we reserve the right to allow for select single territory operators in our discretion.~~ The total investment necessary to ~~begin operation of~~develop one Art of Drawers Business is ~~between \$129~~~~\$132,035 and \$156~~to ~~\$113,495 to \$115,285~~~~\$895 to \$117,685~~ that must be paid to the franchisor or its affiliate(s). The total investment necessary to ~~begin operation of~~develop two Art of Drawers Businesses under a ~~Multi-Franchise Addendum~~multi-franchise addendum is between ~~\$185~~~~188,385 and \$234~~~~237,685~~. This includes ~~\$163,495 to \$165,285~~~~\$895 to \$167,685~~ that must be paid to the franchisor or its affiliates. The total investment necessary to ~~begin operation of~~develop ten Territories under a ~~Multi-Franchise Addendum~~multi-franchise addendum is between ~~\$476~~~~479,185 and \$702~~~~705,685~~. This includes ~~\$403,495 to \$405,285~~~~\$895 to \$407,685~~ that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no governmental agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Allan Young at 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia 30067, (770) 800-8410 or ayoung@artofdrawers.com.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 24, 2025, as amended August 21, 2025



How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit B includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Art of Drawers business in my area?	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 <i>tell</i> you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What’s it like to be an Art of Drawers franchisee?	Item 20 or Exhibit D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.



What You Need To Know About Franchising *Generally*

Continuing responsibility to pay fees. You may have to pay royalties and other fees even if you are losing money.

Business model can change. The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

Supplier restrictions. You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

Operating restrictions. The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

Renewal. Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

When your franchise ends. The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.



Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution**. The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Georgia. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Georgia than in your own state.
2. **Spousal Liability**. Your spouse must sign a document that makes your spouse liable for all financial obligations even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
3. **Unregistered Trademark**. The primary logo that you will use in your business is not federally registered. If the franchisor's ability to use this trademark in your area is challenged, you may have to identify your business and its products/services by a different name. This change can be expensive and may reduce brand recognition of the products and services you offer.
4. **Short Operating History**. The franchisor is at an early ~~stage~~ stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
5. **Financial Condition**. The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
6. **Supplier Control**. You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.
7. **Mandatory Minimum Payments**. You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.



8. **Unopened Franchises.** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets. If other franchisees are experiencing delays in opening their outlets, you may also experience delays in opening your own outlet.

Certain states may require other risks to be highlighted. Check the “State Specific Addenda” (if any) to see whether your state requires other risks to be highlighted.



**NOTICE REQUIRED BY
STATE OF MICHIGAN**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that the franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its terms except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six (6) months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type or under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:
 - (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
 - (ii) The fact that the proposed transferee is a competitor of the franchisor or subfranchisor.
 - (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.



(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

The fact there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to the Department of Attorney General, State of Michigan, 670 Williams Building, Lansing, Michigan 48913, telephone (517) 373-7117.

THE MICHIGAN NOTICE APPLIES ONLY TO FRANCHISEES WHO ARE RESIDENTS OF MICHIGAN OR LOCATE THEIR FRANCHISES IN MICHIGAN.



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EXHIBITS:

Exhibit A	List of State Administrators and Agents for Service of Process
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ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS, AND AFFILIATES

To simplify the language in this Franchise Disclosure Document, “AODF,” “we,” “us” and “our” means Art of Drawers Franchise Systems, LLC, the franchisor. “You,” “your” and “Franchisee” means the person, and its owners if the Franchisee is a business entity, who buys the franchise from AODF.

The Franchisor

AODF is a Georgia limited liability company formed on December 12, 2022. We operate under our corporate name and the name Art of Drawers. Our principal business address is 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia 30067. We offer franchises (“Art of Drawers Franchise(s)” or “Franchise(s)”) for Art of Drawers Businesses and have done so since April 2024. We do not conduct business under any other name or in any other line of business and we do not offer franchises in any other line of business. We do not conduct, and have never conducted, a business of the type described in this Franchise Disclosure Document. We do not have a predecessor.

Our parent, Art of Drawers, LLC (“AOD”), owns and controls the intellectual property for the Art of Drawers Franchises and licenses it to us. AOD shares our principal business address.

Our affiliate, AOD Markets, LLC, operates one Art of Drawers Business in Georgia and has done so since 2019.

Our affiliate, Onarail Logistics, LLC (“OLL”), is the approved supplier of shelving, initial inventory package, ongoing inventory, and demo kits and accessories.

Our affiliate, Shelf Solver, LLC (“SSL”), licenses proprietary Art of Drawers software system to us and we license this software to you.

All of our affiliates share our principal address. OLL and SST do not conduct the type of business the franchisee will operate. None of our affiliates have ever offered franchises for Art of Drawers Businesses or franchises in any other line of business.

Our agent for service of process in Georgia is Allan Young, 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia 30067. Our agents for service of process for other states are identified by state in Exhibit A. If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of franchise laws. There may be states in addition to those listed above in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

The Franchise

Art of Drawers franchisees operate businesses that provide design and installation of lighting and custom-built pull-out shelving and storage solutions to retrofit cabinets, pantries, closets, drawers, and other household areas. We may also permit Art of Drawers Businesses to offer related services such as other hardware installation, cabinet refacing, and organizational services. Our operating system includes recognizable design; standards; specifications; rules and procedures of operation; techniques; philosophies; quality and uniformity of products and services offered; and procedures (“System”). We grant franchises to operate Art of Drawers Businesses using the System and our trade names, trademarks, service marks, emblems, logos, slogans and copyrights (“Marks”) as authorized by us. You may initially operate your Art of Drawers Business from your home. You must obtain storage space, such as shared warehouse space,



within 30 days of opening your Art of Drawers Business. We recommend obtaining a membership to a co-working space or maintaining an office as part of your storage facility.

You must sign our standard franchise agreement attached to this Franchise Disclosure Document as Exhibit C (“Franchise Agreement”). You may operate one Art of Drawers Business for each Franchise Agreement you sign. We require franchisees to acquire a minimum of two Art of Drawers Businesses and offer the opportunity to acquire additional Art of Drawers Art of Drawers Businesses beyond that under a “Multi-Franchise Addendum.” However, we reserve the right to allow for select single territory operators in our discretion. We offer a multi-franchise where you can operate up to ten Art of Drawers Businesses. If you purchase a Multi-Franchise, you must sign the Franchise Agreement and the Multi-Franchise Addendum attached to this Disclosure Document in Exhibit G-6. You will sign a separate Franchise Agreement for each Territory purchased under the Multi-Franchise Addendum at the same time as you sign the first Franchise Agreement and Multi-Franchise Addendum. Because you are signing all Franchise Agreements at the time of purchase under the Multi-Franchise Addendum, there is no development territory or development schedule to open additional Art of Drawers Businesses.

Market and Competition

Art of Drawers Businesses offer products and services to the general population of residential and commercial customers. Art of Drawers Businesses services are not seasonal in nature. The market for the products and services provided by Art of Drawers Businesses is competitive and well-developed. You will experience competition from, among others, national and regional franchise programs, as well as local independent businesses that provide similar services and products.

Industry-Specific Laws

Art of Drawers Businesses are subject to various federal, state, and local laws and regulations relating to the operation of home repair and remodeling businesses, including contractors’ licensing laws and related requirements. Before you begin operations, you must obtain all required licenses and approvals to operate the Art of Drawers Business, including compliance with state, local, and other contractor’s licensing and related requirements. State, local, and other laws and regulations vary widely, can change over time, and can materially affect your ability to do business. Other federal, state, and local laws of a more general nature, which apply to most businesses, may also apply to your Art of Drawers Business and it will be your responsibility to comply with these laws, including employment, worker’s compensation, insurance, corporate, taxing, licensing, and similar laws and regulations.

You should independently investigate any applicable laws before purchasing a Franchise and you are responsible for keeping apprised of changes that are made to any applicable law. We recommend that you engage an attorney or other professional advisor to assist you in conducting this investigation. Certain information can be found at www.contractors-license.org, as well as the National Association of the Remodeling Industry, which publishes an industry review of state contractor licensing laws. In addition, you may be required to comply with manufacturer installation standards.

ITEM 2 BUSINESS EXPERIENCE

Chief Executive Officer: Allan Young

Allan Young has served as our Chief Executive Officer in Atlanta, Georgia since April 2019. He has also served as the Managing Member of our affiliate, SSL, in Atlanta, Georgia since its formation in November 2022 and the Managing Member of our affiliate, OLL, in Atlanta, Georgia since its formation



in November 2022. Additionally, Allan served as the Chairman of FranBridge Capital in Atlanta, Georgia from November 2019 to December 2024.

President: ~~Brooke Remington~~ Jake Farell

~~Brooke Remington~~ Jake Farell has been our President in Marietta, Georgia since ~~March~~ June 2025. From March ~~2021~~2024 to February ~~May~~ 2025 she/he was a Senior ~~Operations-Manager~~ Strategic Initiatives at The Home Depot corporate office in Atlanta, Georgia. ~~From March 2019 to February 2021 she~~2023 to March 2024 he was the ~~Director of Operations and Logistics for ShelfGenie Franchise Systems~~Manager Strategic Initiatives at The Home Depot corporate office in Atlanta, Georgia. ~~From February 2018 to February 2023~~ Jake was the Manager of Strategic Asset Modeling for WestRock in Atlanta, Georgia.

Vice President of Finance: Adam Holzhauer

Adam Holzhauer has been our Vice President of Finance in Marietta, Georgia since May 2025. He has also served as a Consultant/Principal at ARH Business Consulting in Atlanta, Georgia since January 2017. From August 2023 to December 2024 he was the Vice President of Finance and Administration at Uno Restaurants in Boston, Massachusetts. From June 2021 to August 2023 he was the Vice President of Finance at ENT Institute in Alpharetta, Georgia. From July 2019 to March 2021, Adam was the Chief Financial Officer of ShelfGenie in Atlanta, Georgia.

Chief Marketing Officer: Leslie Beach

Leslie Beach has been our Chief Marketing Officer in Atlanta, Georgia since May 2023. From February 2007 until April 2023, Leslie was Senior Sales Account Executive for Derse, Inc. in Milwaukee, Wisconsin.

ITEM 3 LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Initial Franchise Fee

The “Initial Franchise Fee” will vary based on the number of Art of Drawers Businesses you purchase. We currently require the purchase of a minimum of two territories but reserve the right to provide limited exceptions to allow single territory operators in our discretion if we determine a market cannot support multiple territories or as otherwise required to comply with applicable state law and regulations.

If you are a new franchisee, you will purchase the right to open additional territories by entering simultaneously into a Multi-Franchise Addendum that lists the applicable Initial Franchise Fee, a Franchise Agreement for each additional territory beyond the first that lists the applicable tiered marketing spend that increases over time. Existing franchisees will purchase the right to open additional territories beyond their



current territories by signing a Multi-Franchise Addendum, a new Franchise Agreement for each additional territory under the Multi-Franchise Addendum.

Number of Art of Drawers Business	Development Fee per Art of Drawers Business	Total Initial Franchise Fee
1	\$60,000	\$60,000
2	\$55,000	\$110,000
3	\$45,000	\$135,000
4	\$45,000	\$180,000
5	\$45,000	\$225,000
6	\$40,000	\$240,000
7	\$40,000	\$280,000
8	\$40,000	\$320,000
9	\$40,000	\$360,000
10	\$35,000	\$350,000

The Initial Franchise Fee is payment for the pre-opening assistance that we provide to you to allow you to open your Art of Drawers Business and also offsets some of our franchise recruitment expenses. The Initial Franchise Fee is uniform (except for the discount program described below), fully earned by us once paid and is non-refundable under any circumstances. The Initial Franchise Fee is payable when you sign your Franchise Agreement. During our last fiscal year ended December 31, 2024, we collected initial franchise fees at are standard rates listed above and one discounted multi-three franchise that was sold to an employee of our sales team for \$81,000 and three franchisees who previously purchased Franchises purchased three franchises each purchased an additional three Franchises for \$105,000 each.

We have a veteran initiative program. Under this program, honorably discharged veterans of the United States armed forces and their spouses receive a \$5,000 discount on the Initial Franchise Fee for the first Art of Drawers Franchise purchased.

Initial On-Site Support

You will pay us a \$5,000 fee due upon signing Franchise Agreement for on-site support (“On-Site Support Fee”). The On-Site Support Fee is used to offset our costs and expenses in providing three days of on-site support after you obtain a warehouse or storage space. We will provide assistance with setting up your warehouse or other storage space, including support with inventory stocking, process flow set-up, and other logistical issues. We will also provide assistance with your home show setup during this time. If you request warehouse setup to occur during this same trip (typically the Thursday before your first home show), we will complete both setups at no additional charge. If you request warehouse setup at a different time, we will still provide the setup, but you will be required to pay an additional \$1,000. This fee is non-refundable under any circumstances. If you operate under a Multi-Franchise Addendum, this fee is due only for the first Territory.

Start-Up Initial Inventory Package and Shelving and Home Show Display

You will pay our affiliate, OLL, \$15,000 for your initial supply of inventory of rails and equipment and three demo kits (“Initial Inventory Package”) when you sign your Franchise Agreement. Additionally, you will purchase your home show display and sign from OLL which will cost ~~\$32,600~~\$35,000. You will also be required to purchase two televisions and flooring for your home show display from third parties. These payments will be due after you sign the Franchise Agreement. We will invoice you and you will



have 20 days to submit payment. These payments are non-refundable and are fully earned upon receipt. If you operate under a Multi-Franchise Addendum, this fee is due only for the first Franchise Agreement.

Technology Fee

You will pay us the then-current monthly technology fee (currently \$895 per month) (“Technology Fee”) when you sign your Franchise Agreement. Depending on when you open your Art of Drawers Business, we estimate you will pay between \$895 to \$2,685 in Technology Fees before opening. The Technology Fees are uniform and non-refundable. Item 6 has more information on the Technology Fee. If you operate under a Multi-Franchise Addendum, you will pay one Technology Fee for all Territories you operate. Some or all of this fee may be paid directly to third parties.

Financial Assurances

Some states have imposed a financial assurance. Please refer to the State Addendum in Exhibit F to the Franchise Disclosure Document.

**ITEM 6
OTHER FEES**

Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Royalty	7% of Gross Sales ⁽²⁾	Due on Wednesday of each week	The “ <u>Royalty</u> ” is based on “ <u>Gross Sales</u> ” during the previous week. Your Royalty is an ongoing payment that allows you to use the Marks and the intellectual property of the System and pays for our ongoing support and assistance.
Brand Fund Contribution	2% of Gross Sales	Same as Royalty	This “ <u>Brand Fund Contribution</u> ” is used for a system-wide “ <u>Brand Fund</u> ” for our use in promoting and building the Art of Drawers brand. The Brand Fund Contribution will be capped at 2% of Gross Sales.
Local Advertising (Difference) ⁽³⁾	You must pay any difference between the amount you spent on local advertising each month and your required local advertising expenditure	Payable after receipt of invoice	If you fail to meet your required “ <u>Local Advertising Requirement</u> ” on local advertising through payments to us, our affiliate, our designated marketing provider, or other approved advertising suppliers, you must pay the difference between the amount you spent and the required advertising expenditure, which will be contributed to the Brand Fund. We may waive or reduce the Local Advertising Requirement, in our sole discretion, due to your performance or market conditions upon notice to you. All advertising expenditures must be approved by us or otherwise be made to us or our approved and/or designated suppliers. We also reserve the right to designate that a minimum portion of the expenditure must be paid to our designated supplier(s) of



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
			digital marketing. Certain advertising must be obtained through us and our media buying services, such as placements with media partners. We will assess your compliance with this requirement on a rolling three-month basis, meaning that as long as your average monthly expenditure on local advertising over the three-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify.
Media Buying Fee	15% of media purchase price	Payable upon receipt of invoice	If we provide media buying services to you, you will pay a fee equal to 15% of the advertising purchased by us (or an affiliate we later designate). This fee will not apply to digital marketing purchases. The Media Buying Fee will be credited to your local advertising requirement.
Local and Regional Advertising Cooperatives ⁽⁴⁾	Currently not assessed. (If established, the contribution will be decided by cooperative members (estimated to equal up to the full amount of your local advertising requirement))	Established by cooperative members	We currently do not have a cooperative but reserve the right to require one to be established in the future. We anticipate that each Art of Drawers Franchise and each Art of Drawers Business that we own will have one vote for each Art of Drawers Franchise operated in the designated market. Each Art of Drawers Business we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. In the event of a tie between franchisees voting in any local or regional cooperative, we will have the tie-breaking vote. Any amounts you pay to a local or regional advertising cooperatives will be counted towards your local advertising requirement.
Unauthorized Advertising Fee	\$500 per occurrence	On demand	This fee is payable to the Brand Fund if you use unauthorized advertising in violation of the terms of the Franchise Agreement.
Insurance Reimbursement	Reimbursement of our actual costs, plus a one-time 20% administration charge	On demand	If you fail to obtain insurance, we may obtain insurance for you, and you must reimburse us for the cost of insurance obtained plus 20% of the premium for an administrative cost of obtaining the insurance.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Additional Training or Assistance Fees	The then-current fee (currently \$2,500 per additional person for initial training and \$500 per attendee per day for additional training). We require your installers to attend an installer training for a flat fee of \$750 per installer; however, for independent contractor installers, these fees and any related expenses will generally be paid by the installer	On demand	We provide initial training at no charge if your trainees attend initial training at the same time. We may charge you for training additional persons (after your initial training), newly hired personnel, refresher training courses, remedial training, advanced training courses, and additional or special assistance or training you need or request. You are responsible for any expenses incurred by you or your employees in connection with attending training, including transportation, lodging, meals, wages and other incidentals. If the training program is conducted at the premises of your Art of Drawers Business, then you must reimburse us for the expenses we or our representatives incur in providing the training. The additional training fee of \$750 per person will apply when we provide installer training after your Art of Drawers Business opens for business. The additional training fee will not exceed \$750 per person per day.
Technology Fee	The then-current fee (currently \$895 per month)	Due monthly on the first of the month	The monthly Technology Fee covers certain technologies used in the operation of your Art of Drawers Business. This fee may include fees paid to third-party vendors and it may be adjusted to reflect their price increases. You will also be responsible for any increase in fees that result from any third-party vendor price increases, upgrades, modifications or additional software. The Technology Fee includes up to five email addresses. If you operate under a Multi-Franchise Addendum, you will pay one Technology Fee for all Territories you operate. Some or all of this fee may be paid directly to third parties. The Technology Fee is due beginning on the date you sign your first Franchise Agreement and monthly on the first of each month thereafter throughout the term. We reserve the right to require you to pay this fee directly to an affiliate. We may increase this fee by up to 10% per annum upon 30 days' notice. This increase will apply in addition to any CPI adjustment as described in Note 1.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Additional Email Fee	\$15 per month for each additional email	Same as Royalty	You must maintain an “artofdrawers.com” email address for you, your staff, and your designers. The Technology Fee includes up to five email addresses. For each additional email address you maintain, you will pay a fee of \$15 per month.
Conference Fee	The then-current fee (currently estimated to be \$1,200 per person)	Upon receipt of written notice that such convention is being held	Your “ <u>Responsible Owner</u> ” or your “ <u>Franchise Manager</u> ,” if you have one (both defined in Item 15), must attend any national or regional conferences we hold. This fee defrays the cost of your attendance. It is due regardless of whether or not you attend. If you operate in two or more Territories that are operated by one Responsible Owner and/or Franchise Manager, a single conference fee will be assessed for these individuals. This fee will vary depending on the location and duration of the conference but will not exceed our \$2,000 per person plus the pro rata expenses of the conference divided by the number of invitees.
Supplier and Product Evaluation Fee	Costs of inspection (estimated to be approximately \$500 to \$1,000)	Within ten days after invoicing	Payable if we inspect a new product, service or proposed supplier nominated by you. We reserve the right to deny your request for review of alternative suppliers, products, or services.
Customer Issue Resolution	The actual costs we incur for responding to a customer complaint \$250 to \$1,000, including administrative expenses	As incurred	Payable if a customer of your Art of Drawers Business contacts us with a complaint and we provide a gift card, refund or other value to the customer as part of our addressing the issue.
Payment Service Fee	Up to 4% of total charge	As incurred	We may charge this fee if you make a payment to us or our affiliate by credit card.
Late Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any payment due to us or our affiliate is not made by the due date. Interest accrues from the original due date until payment is received in full.
Non-Sufficient Funds Fee	\$100 per occurrence, plus the lesser of the daily equivalent of 18% per year simple interest or the highest rate allowed by law	As incurred	Payable if any check or electronic payment is not successful due to insufficient funds, stop payment or any similar event.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Failure to Submit Required Report Fee	\$100 per occurrence and \$100 per week	Your bank account will be debited for failure to submit any requested report or financial statement when due	Payable if you fail to submit any required report or financial statement when due. You will continue to incur this fee until you submit the required report.
Audit Expenses	Cost of audit and inspection, any understated amounts, and any related accounting, legal and travel expenses	Within ten days after invoicing	You will be required to pay this if an audit reveals that you understated weekly Gross Sales by more than 2% or you fail to submit required reports.
Management Fee	\$250 per day, plus costs and expenses	As incurred	Payable if we manage your Art of Drawers Business after: (1) you cease to perform your responsibilities (whether due to retirement, death, disability, or for any other reason) and you fail to find an adequate replacement Responsible Owner (defined in Item 15) within 30 days; (2) you are in material breach of the Franchise Agreement; or (3) upon a crisis management event. If you operate in two or more Territories, the Management Fee will be assessed only for the first territory (i.e., you will pay \$250 per day for management of all Territories operated by a single Art of Drawers Business).
Professional Fees and Expenses	Our actual costs	As incurred	You must reimburse us for any legal, accounting or other professional fees that we incur as a result of any breach or termination of your Franchise Agreement or as a result of your indemnity obligations. You must reimburse us if we are required to incur any expenses in enforcing our rights against you under the Franchise Agreement.



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
Indemnification	The expenses, losses, payments or obligations to make payments either (i) to or for third-party claimants, including refunds, or (ii) incurred to investigate, take action, respond to or defend a matter, including investigation and trial charges, costs and expenses, fees, fees paid to professionals, attorney fees, experts' fees, court costs, settlement amounts, judgments and costs of collection	As incurred	You must indemnify and reimburse us for any expenses or losses, including professional fees, that we or our representatives incur related in any way to your Art of Drawers Business or Franchise.
Renewal Fee	\$10,000	At the time you sign the successor franchise agreement	Payable if you qualify to renew your Franchise Agreement and choose to enter into a successor franchise agreement. This will apply for each Franchise Agreement you enter into if you operate in multiple Territories.
Sales Support Center Services Fees	Then-current fee, currently 4% of Gross Sales	Weekly	We will provide sales support center services to your Art of Drawers Business.
Relocation Fee	Our costs (including attorney fees)	Upon relocation	You must reimburse us for our reasonable expenses if we permit you to relocate your Art of Drawers Business.
Transfer Fee	\$10,000	\$1,000 non-refundable deposit at time of transfer application submittal and the remaining balance of fee at time of the approved transfer	Payable in connection with the transfer of your Art of Drawers Business, a transfer of ownership of your legal entity, or the Franchise Agreement (this does not apply to the transfer of an entity you control—see below). You will only pay one Transfer Fee if you transfer multiple franchise agreements to a single transferee.
Transfer to Entity Fee	Our actual costs	On demand	If you are transferring the Franchise Agreement to an entity that you control, you will not be required to pay a transfer fee, but you must pay our actual costs.
Liquidated Damages	\$30,000 or greater.	Within 15 days after termination of the Franchise Agreement	Due only if we terminate the Franchise Agreement before the end of the term because of your material breach, or you terminate the Franchise Agreement without legal cause. Liquidated damages



Type of Fee ⁽¹⁾	Amount	Due Date	Remarks
			are determined by multiplying the combined monthly average of Royalties, and Brand Fund Contributions (without regard to any fee waivers or other reductions) that are owed by you to us, based on the past 24 months (of, if you have operated less than 24 months, based on the period beginning with the date you open your Art of Drawers Business through the date of early termination), multiplied by the lesser of: (i) 36; or (ii) the number of months remaining in the term of the Franchise Agreement, except that liquidated damages will not, under any circumstances, be less than \$30,000.
Broker Fees	Our actual cost of the brokerage commissions, finder's fees or similar charges	As incurred	If you transfer your Art of Drawers Business to a third party or purchaser, you must reimburse all of our actual costs for commissions, finder's fees and similar charges.

Notes:

1. Fees. All fees paid to us or our affiliates are uniform and not refundable under any circumstances once paid. Fees paid to vendors or other suppliers may be refundable depending on the vendors and suppliers. We currently require you to pay fees and other amounts due to us or our affiliates via electronic funds transfer (“EFT”) or other similar means. You are required to complete the ACH authorization (in the form attached to this Franchise Disclosure Document in Exhibit G. We can require an alternative payment method or payment frequency for any fees or amounts owed to us or our affiliates under the Franchise Agreement. All fees are current as of the Issuance Date of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. Unless we have indicated otherwise, we have the right to increase fees by a maximum of 20% per calendar year, calculated cumulatively over the term of the Franchise Agreement. Additionally, we may also increase these fees by the amount of any increases in fees from third parties for the underlying products or services which will be added to the capped fee increase.

Also, any fee expressed as a fixed dollar amount is subject to adjustment based on changes to the Consumer Price Index (“CPI”) in the United States. We may periodically review and increase these fees based on changes to the CPI, but only if the increase to the CPI is more than 5% higher than the corresponding CPI in effect on: (a) the effective date of your Franchise Agreement (for the initial fee adjustments); or (b) the date we implemented the last fee adjustment (for subsequent fee adjustments). We will notify you of any CPI adjustment at least 60 days before the fee adjustment becomes effective. We will implement no more than one CPI-related fee adjustment during any calendar year. If you operate multiple Art of Drawers Businesses, certain fees and requirements indicated in the chart above are the fees charged and/or incurred for each Art of Drawers Businesses. The Technology Fee, conference fee, management fee, late payment and other fees that we designate will be assessed once under the initial Franchise Agreement for all Territories operated by the same franchisee that are entered into under a Multi-Franchise Addendum (or that we otherwise permit you to purchase at a later date). All fees are current as of the Issuance Date



of this Franchise Disclosure Document. Certain fees that we have indicated may increase over the term of the Franchise Agreement. We reserve the right to designate that any fee paid to us be paid directly to an affiliate, or to collect payment on behalf of our affiliates.

2. The term “Gross Sales” means the total of all of your revenue, sales and other income and consideration you receive from the sale of all goods, products and services sold at, from, or through your 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 you collect from customers for, and paid directly to, the appropriate taxing authority; and (b) any bona fide refunds you make to customers.

3. Local Advertising Requirement. You must spend at least a total of \$5,000 on local marketing during the first three months you operate your Art of Drawers Business to satisfy your Local Advertising Requirement. After your first three months of operation, your Local Advertising Requirement will increase to \$5,000 per month. If you operate two or more Art of Drawers Businesses, your Local Marketing Requirement will continue to increase based on the total number of Art of Drawers Businesses you operate in accordance with the table below:

Number of Art of Drawers Businesses	Month(s) after Opening	Local Advertising Requirement
1 - 10	Months 1 to 3	\$5,000 total for three-month period
1 - 10	Months 4 - 9	\$5,000 per month
2 - 10	Month 10 - 16	\$10,000 per month
3 - 10	Months 16 - 21	\$15,000 per month
4 - 10	Months 22 - 27	\$20,000 per month
5 - 10	Months 28 - 33	\$25,000 per month
6 - 10	Months 34 - 39	\$30,000 per month
7 - 10	Months 40 - 45	\$35,000 per month
8 - 10	Months 46 - 51	\$40,000 per month
9 - 10	Months 52 - 57	\$45,000 per month
10	Months 58 - 63	\$50,000 per month

If you purchase additional Art of Drawers Businesses, your Local Advertising Requirement will be based on when you opened your first Art of Drawers Business, and you will spend the applicable Local Advertising Requirement as described in the table above. For example, if you open a third Art of Drawers Business less than 16 months after you opened your Art of Drawers Business, your Local Advertising Requirement will remain the same until 16 months after you first opened your Art of Drawers Business. If you open a third Art of Drawers Business 16 months or more after you open your first Art of Drawers Business, your Local Advertising Requirement will remain the same until the 16 months anniversary of the opening of your Art of Drawers Business and will then increase to \$15,000 per month.

4. Local and Regional Advertising Cooperatives. If a local or regional advertising cooperative is established, contribution amounts will be established by the cooperative members, subject to our approval. We anticipate that each Art of Drawers franchisee and each Art of Drawers Franchise that we own will have one vote for each Art of Drawers Franchise operated in the designated market. In the event of a tie between franchisees voting in any local or regional cooperative, we



will have the tiebreaking vote. Each Art of Drawers Franchise we own that exists within the cooperative's area will contribute to the cooperative on the same basis as franchisees. No local or regional advertising cooperatives have been established as of the Issuance Date of this Franchise Disclosure Document. Any amounts you pay to a local or regional advertising cooperative will be counted towards your local advertising requirement.

ITEM 7
ESTIMATED INITIAL INVESTMENT
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Initial Franchise Fee ⁽¹⁾	\$60,000	\$60,000	Lump sum	Upon signing of Franchise Agreement	Us
Initial Inventory Package ⁽²⁾	\$15,000	\$15,000	As incurred	As incurred	OLL
Furniture, Fixtures, and Equipment ⁽³⁾	\$3437,000	\$3639,000	As agreed	As incurred	OLL and Suppliers
Training Expenses ⁽⁴⁾	\$1,000	\$4,000	As agreed	As incurred	Third Parties
On-Site Support Fee	\$5,000	\$5,000	As agreed	As incurred	Us
Insurance – 3 Months ⁽⁵⁾	\$750	\$1,500	As agreed	As incurred	Third Parties
Grand Opening Program ⁽⁶⁾	\$5,000	\$5,000	As agreed	As incurred	Approved Suppliers
Technology Fee (first three months)	\$2,685	\$2,685	As agreed	First of Month	Us
Professional Fees	\$1,000	\$5,000	As agreed	As incurred	Third Parties
Business Licenses and Permits	\$100	\$1,000	As agreed	As incurred	Third Parties
Computer System	\$1,000	\$2,500	As agreed	As incurred	Third Parties
Lease, Utility and Security Deposits, Storage ⁽⁷⁾	\$0	\$6,000	Lump sum	As incurred	Lessor, Third Parties
Leasehold Improvements ⁽⁸⁾	\$0	\$5,000	As agreed	As incurred	Third Parties
Additional Funds – 3 Months ⁽⁹⁾	\$3,500	\$7,500	As agreed	As incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT⁽¹⁷⁾	\$129132,035	\$156159,185			



Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Multi-Franchise	<p>If you purchase the right to open additional territories by entering into a Multi-Franchise Addendum, you will incur all of the costs listed above for each Art of Drawers Business you open except that the Initial Franchise Fee will be between \$110,000 and \$360,000 depending on the number of Art of Drawers Businesses you open. You will not need to purchase the Initial Inventory Package or the furniture, fixtures and equipment for your additional territories. You will not attend any Initial Training Program or incur training expenses for any additional Territories. The On-Site Support Fee and Grand Opening Program are only due for your first Art of Drawers Business. You will pay one Technology Fee for all Territories you operate.</p> <p>If you were to open two Art of Drawers Businesses, using the same estimated initial expenses above, we estimate this total cost to range between \$185,188,385 and \$234,237,685. If you were to open ten Art of Drawers Businesses, using the same estimated initial expenses above, we estimate this total cost to range between \$476,479,185 and \$702,705,685. These costs may increase in the future depending on when you open the additional Art of Drawers Businesses.</p>				

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Art of Drawers Franchise. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Art of Drawers Franchises. All expenditures payable to us are uniform and non-refundable under any circumstances once paid. All expenditures paid to us or our affiliates are uniform and non-refundable under any circumstances once paid. All expenses payable to third parties are non-refundable, depending on their policies or your arrangements with them. This estimate assumes you will utilize a co-working space, home office, or dedicated office space within your storage facility or warehouse space. Eight feet by eight feet is sufficient space for an office. This estimate assumes you will not rent any other type of commercial office space. If you do so, your estimated initial investment will increase significantly. No franchisor assistance or defined office criteria exists at this time, but we reserve the right to require you to maintain a membership to a co-working space in the future. We reserve the right to collect fees on our affiliates' behalf or to designate an affiliate as a supplier of any item or service currently provided by us.

1. Initial Franchise Fee. The Initial Franchise Fee for a single Art of Drawers Business is \$60,000. Pricing for additional Territories under a Multi-Franchise Addendum is described in Item 5. If you purchase the rights to operate multiple Art of Drawers Businesses under a Multi-Franchise Addendum, we do not anticipate that you will incur any additional expenses listed in this Item 7 for each additional Art of Drawers Business as you will utilize the same storage facility or warehouse space and working capital from your Art of Drawers Business will be used to cover any ongoing expenses (such as the Local Advertising Requirement). The estimate does not include the build-out of any additional Art of Drawers Business other than the first one as you will share warehouse or storage space and an office space for each additional Art of Drawers Business you operate.

2. Initial Inventory Package. This item estimates the cost of the initial inventory package for your Art of Drawers Business, which will include items such as rails, hardware and initial marketing and sales supplies. We will determine the exact start-up inventory amount within this range on a case-by-case basis, and the preferred vendors to purchase from. You will pay OLL directly for the start-up inventory.

3. Furniture, Fixtures and Equipment. You must purchase furniture and equipment for your home show display and your storage facility or warehouse space. Your home show display will include mobile



kitchen cabinets with a pantry, custom shelving, and cabinet lighting. You will be required to purchase a television and flooring for your home show display. If you choose to secure an office space outside of your home, you must purchase furniture and equipment to furnish it according to brand standards. We may in the future require you to maintain a shared office space. This estimate assumes that you purchase these supplies according to our standards and specifications. This estimate includes \$3235,000 that you will pay to our affiliate, OLL, for the home show display.

4. Training Expenses. This item estimates the travel and living expenses that each individual will incur in connection with attending our initial training program. We provide training at our headquarters in or near Atlanta, Georgia or at another location designated by us. You must pay for airfare, transportation costs, lodging, meals, and incidental expenses for all initial training program attendees. Initial training is provided at no charge for you and/or, if applicable, your designated manager and any other trainees attending the initial training program at the same time as you; if additional initial training is required, or more people must be trained, an additional fee will be assessed. After opening, you and any installers must complete additional specialized training. The installer training will be held in or near Atlanta, Georgia for approximately three days and both you and your installers will attend; however, independent contractor installers will be responsible for paying our training fees and their training related expenses. Independent contractor installers may not attend unless they have paid their training fees to us. After opening, you and any installers will be responsible for attending installer training and we will waive the installer training fee for you (or if applicable, your Responsible Owner). This estimate assumes you will not pay for installer's and designer's training fees or expenses. You (or if you are an entity, your Responsible Owner) will attend installer training, but we do not charge a fee for your attendance (or if applicable, your Responsible Owner's attendance). The low end assumes that you or your Responsible Owner is local to Atlanta and can commute to the training.

5. Insurance. You must obtain and maintain, at your own expense, the insurance coverage we require, and satisfy other insurance-related obligations. Insurance costs vary from state to state, and this is only an estimate based on our affiliate's experience operating in Georgia. You should contact your local insurance agencies to obtain more specific estimates of the costs for the insurance requirements for your area. Please note that if you have had prior issues or claims from previous operations unrelated to the operation of an Art of Drawers Business, your rates may be significantly higher than those estimated above. This estimate assumes you pre-pay for between six months to a year of insurance coverage.

6. Grand Opening Program. After you complete initial training, you must pay an approved supplier \$5,000 for your required grand opening advertising campaign when you initially open your Art of Drawers Business. If you operate under a Multi-Franchise Addendum, no additional grand opening program payment will be required for any other Territories opened, but you will be subject to Local Advertising Requirement schedule described in Items 6 and 7.

7. Lease, Utility and Security Deposits, Storage. Most of our franchisees will operate their Art of Drawers Businesses from their home office during the first 30 days following initial training. Within 30 days of the completion of the initial training program, you must lease an approved storage facility or warehouse space for your Art of Drawers Business to receive inventory for your Art of Drawers Business(es). Your storage facility or warehouse space will be approximately 500 square feet to 1,000 square feet. We recommend, but do not currently require, that you secure a warehouse space or storage facility with adjoining office space, which will require approximately eight by eight feet of your square footage to be dedicated to office space. If you choose not to secure a warehouse or storage facility that includes office space, we currently permit you to lease shared office space or continue to operate from a home office at your discretion. We reserve the right in the future to require you to secure shared office space or other commercial office space for your Art of Drawers Business outside of your warehouse or storage facility. If you operate in multiple Territories, you may utilize a single storage facility or warehouse



space for all of the Territories. This estimate includes your initial deposits and three months of lease payments. The low end of this estimate assumes your storage facility or warehouse does not require a security deposit or that you own your own space. The high end assumes you lease a flex space that includes both warehouse and office space.

8. Leasehold Improvements. We have specifications relating to the layout and buildout of your storage facility or warehouse space. The low end assumes you do not lease a dedicated office with your warehouse space. The high end assumes you lease a flex space with office space that requires improvements such as paint, carpeting, or minor construction to meet brand standards. The low end of this estimate assumes you secure a basic warehouse space rental that does not include office space. The high end assumes you lease a flex space that includes both warehouse and office space.

9. Additional Funds. These amounts represent our estimate of the amount needed to cover your expenses for the initial three-month start-up phase of your Art of Drawers Business. These figures do not include Royalties, or Brand Fund contributions payable under the Franchise Agreement or debt service and assume that none of your expenses are offset by any sales generated during the start-up phase. For purposes of this disclosure, we estimated the start-up phase to be three months from the date your Art of Drawers Business opens for business. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Art of Drawers Businesses. These figures assumes that you will utilize contractors who supply their own vehicles.

10. This is an estimate of your initial start-up expenses for one Art of Drawers Franchise.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Art of Drawers Business according to our System and specifications. This includes purchasing or leasing all products, services, supplies, fixtures, equipment, inventory, computer hardware and software, and real estate related to establishing and operating the Art of Drawers Franchise under our specifications, which may include purchasing these items from: (i) our designees; (ii) approved suppliers; and/or (iii) us or our affiliates. You must not deviate from these methods, standards and specifications without our prior written consent, or otherwise operate in any manner which reflects adversely on our Marks or the System.

Our confidential operations manual (“Franchise Operations Manual”) states our standards, specifications and guidelines for all products and services we require you to obtain in establishing and operating your Art of Drawers Franchise and approved vendors for these products and services. We will notify you of new or modified standards, specifications and guidelines through periodic amendments or supplements to the Franchise Operations Manual or through other written communication (including electronic communication such as email or through a system-wide intranet).

You must purchase, install, maintain in sufficient supply and only use fixtures, furnishings, equipment, signs and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing.

You must utilize our designated providers of digital marketing services. We will provide local advertising services or procure local advertising services on your behalf. We or our affiliates are currently approved or designated suppliers of local marketing and advertising, sales support center services, digital marketing, certain technology solutions, including our internal proprietary technology platform Canvas that we procure from SSL on your behalf, and media buying. Other than this, we and our affiliates are not currently an approved supplier of any products or services provided to franchisees. We are currently the



sole supplier of sales support center services. Our affiliate, SSL, is the sole supplier of the internal proprietary technology platform and licenses this platform to us to provide to Art of Drawers franchisees. OLL is currently the sole approved supplier of the initial inventory package, the home show display, shelving, rails refacing, hardware, lighting, and accessories, customer relationship management software, point of sale system software, and operations platform. We reserve the right to designate us or an affiliate as a supplier of these and other items in the future. One of our officers owns an interest in the following approved suppliers: AODF, OLL and SSL.

You must use the computer hardware and software, including the point-of-sale system that we periodically designate to operate your Art of Drawers Business. You must obtain the computer hardware, software licenses, maintenance and support services and other related services that meet our specifications from the suppliers we specify. You may be required to use approved suppliers for certain technology business solutions at your expense that will support your business efficiencies, which may include phone systems, security systems, scheduling software, employee shift/task management software, inventory solutions and any other solutions we may require from time to time in the Franchise Operations Manual.

You must obtain the insurance coverage required under the Franchise Agreement, as follows:

(i) comprehensive general liability insurance, with a combined single limit in the amount we specify, up to \$2,000,000 per occurrence but no less than \$1,000,000 per occurrence (including Products/Completed Operations and Personal Injury and Advertising Injury); (ii) \$500,000 per claim and in the aggregate cyber-liability insurance for financial losses arising from unauthorized access, loss or corruption of data, including but not limited to privacy and data security breaches, misdirected funds, virus transmission, denial of service and loss of income from network security failures; and (iii) any other coverages required by law. The insurance company must be authorized to do business in the state where your Art of Drawers Business is located and must be approved by us. It must also be rated “A” or better by A.M. Best & Company, Inc. We may periodically increase the amounts of coverage required under these insurance policies and/or require different or additional insurance coverage at any time. All insurance policies must name us and any affiliates we designate as additional named insured parties. Your policy must provide that the insurer will not cancel or materially alter the policies without giving us at least 30 days’ prior written notice.

We will provide you with a list of our designated and approved suppliers in our Franchise Operations Manual. If you want to use or sell a product or service that we have not yet evaluated, or if you want to purchase or lease a product or service from a supplier or provider that we have not yet approved (for products and services that require supplier approval), you must notify us and submit to us the information, specifications and samples we request. We will use commercially reasonable efforts to notify you within 30 days after receiving all requested information and materials whether you are authorized to purchase or lease the product or service from that supplier or provider. We reserve the right to charge a fee to evaluate the proposed product, service or supplier. We apply the following general criteria in approving a proposed supplier: (1) quality of products and/or services; (2) production and delivery capability; (3) proximity to Art of Drawers Franchises to ensure timely deliveries of the products or services; (4) the dependability of the supplier; and (5) other factors. The supplier may also be required to sign a supplier agreement with us. We may periodically re-inspect approved suppliers’ facilities and products, and we reserve the right to revoke our approval of any supplier, product or service that does not continue to meet our specifications. We will send written notice of any revocation of an approved supplier, product or service. We do not provide material benefits to you based solely on your use of designated or approved sources. We reserve the right to deny your request for review of alternative suppliers, products, or services.

We estimate that approximately 85% to 95% of purchases required to open your Art of Drawers Business and 85% to 95% of purchases required to operate your Art of Drawers Business will be from us



or from other approved suppliers or under our specifications. We and our affiliates may receive rebates from some suppliers based on your purchase of products and services and we have no obligation to pass them on to our franchisees or use them in any particular manner. We or our affiliates will mark-up items that we sell to you. We have arrangements with certain advertising suppliers and will assess a Media Buying Fee (equal to 15% of the cost of the advertising) on advertising we place for you in these publications. During our last fiscal year ended December 31, 2024, we derived \$574,502.90 as a result of franchisee’s purchases of products or services. This represents 16% of our total revenue of \$3,592,982. Our affiliate OLL derived \$773,539.76 in revenue as a result of franchisees’ required purchases or leases.

We may negotiate purchase arrangements with suppliers and distributors for the benefit of our franchisees, and we may receive rebates or volume discounts from our purchase of equipment and supplies that we resell to you. We currently do not have any purchasing or distribution cooperatives.

ITEM 9 FRANCHISEE’S OBLIGATIONS

This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.

Obligation	Section in Franchise Agreement (“FA”)	Disclosure Document Item
a. Site selection and acquisition/lease	FA: Section 7	Items 7 and 11
b. Pre-opening purchases/leases	FA: Sections 7 and 19	Items 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Sections 7 and 19	Items 7 and 11
d. Initial and ongoing training	FA: Section 8	Items 6, 7 and 11
e. Opening	FA: Sections 7 and 12	Items 6, 7, 9 and 11
f. Fees	FA: Sections 5, 6, 7, 8, 10, 12, 13, 14, 16 and 20	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA: Sections 9, 12 and 13	Items 8, 11, 12, 14 and <u>Exhibit G</u>
h. Trademarks and proprietary information	FA: Sections 9, 14 and 17	Items 13 and 14
i. Restrictions on products/services offered	FA: Section 13	Items 8 and 16
j. Warranty and customer service requirements	FA: Section 13	Items 1 and 11
k. Territorial development and sales quotas	FA: Section 4	Items 1, 11 and 12
l. Ongoing product/service purchases	FA: Section 13	Items 8 and 16
m. Maintenance, appearance and remodeling requirements	FA: Section 13	Items 7, 8 and 11
n. Insurance	FA: Section 19	Items 6, 7 and 8
o. Advertising	Section 12	Items 11, 13 and 14
p. Indemnification	Section 22	Not Applicable
q. Owner’s participation/management and staffing	Section 10	Items 11, 15 and 17
r. Records and reports	Section 20	Item 11
s. Inspections and audits	Section 21	Items 6 and 11
t. Transfer	Sections 15 and 16	Item 17
u. Renewal	Section 5	Item 17
v. Post-termination obligations	Sections 18 and 26; 9	Item 17
w. Non-competition covenants	Section 18	Item 17 and <u>Exhibit G</u>
x. Dispute resolution	Section 28	Item 17



ITEM 10 FINANCING

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation.

ITEM 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, AODF is not obligated to provide you with any assistance.

Pre-opening Obligations

Before you open your Art of Drawers Business, we (or our designee) will provide the following assistance and services to you:

1. Provide an initial training program (See Franchise Agreement - Section 8.1). We will not provide general business or operations training to your employees or independent contractors; however, we may provide limited training on the System and brand standards to your installers. You will be responsible for hiring, training, directing, scheduling and supervising your installers and other independent contractors in the day-to-day operations of the Art of Drawers Business.
2. Loan you one copy of the Franchise Operations Manual. The Franchise Operations Manual contains approximately 401 pages. The table of contents for the Franchise Operations Manual is attached to this Franchise Disclosure Document as Exhibit E (See Franchise Agreement - Section 9.1).
3. We do not provide assistance with locating your storage facility or warehouse space and/or office. You will not need our approval of a site for your storage facility or warehouse space and/or office (See Franchise Agreement - Section 7).
4. Designate your territory. (See Franchise Agreement - Section 4).
5. If you elect to pay us for your grand opening before your initial launch, provide you with materials and consultation in connection with the grand opening program for your Art of Drawers Business (See Franchise Agreement - Section 12.5).

We do not provide the above services to renewal franchisees and may not provide all of the above services to franchisees that purchase additional or existing Art of Drawers Businesses.

Schedule for Opening

The typical length of time between signing the Franchise Agreement or the payment of any fees and the opening of the Art of Drawers Business can vary from 30 to 90 days. This estimate assumes that you will initially be working from your home and will begin operations as soon as you complete the initial training program and obtain required permits and certifications. We do not require you to lease or purchase a storage facility until 30 days after you complete the initial training program. Generally, unless there is a delay in obtaining required permits or certifications, we require that you open immediately after completing the initial training program. Some factors which may affect this timing are your ability to secure any necessary financing; your ability to obtain any necessary permits and certifications; the time to complete required training; the timing of the delivery of any inventory or equipment; and hiring and training of any staff.



You must complete the initial training program and open your Art of Drawers Business to the public within 90 days of signing the Franchise Agreement or we may terminate the Franchise Agreement. If you operate in multiple Territories, you will open in all Territories when you initially launch your Art of Drawers Business.

Continuing Obligations

During the operation of your Art of Drawers Business, we (or our designee) will provide the following assistance and services to you:

1. Inform you of mandatory standards, specifications and procedures for the operation of your Art of Drawers Business (See Franchise Agreement - Sections 4, 7, 12, 13 and 17).
2. Provide on-site and field support and assistance with warehouse or storage space set-up for three days after you obtain your warehouse or storage space (See Franchise Agreement – Sections 10.5)
3. Upon reasonable request, provide advice regarding your Art of Drawers Business' operation based on reports or inspections. Advice will be given during our regular business hours and through written materials, electronic media, telephone or other methods in our discretion (See Franchise Agreement - Section 9.2).
4. Provide additional training to you for newly hired personnel on the Art of Drawers brand and System guidelines, refresher training courses and additional training or assistance that, in our discretion, you need or request. You may be required to pay additional fees for this training or assistance (See Franchise Agreement - Section 8).
5. Allow you to continue to use confidential materials, including the Franchise Operations Manual and the Marks (See Franchise Agreement - Sections 9.1, 12, 14 and 17).
6. We will provide you with a list of our designated and approved suppliers in our Franchise Operations Manual. You must purchase at your own cost, install, maintain in sufficient supply, and use only fixtures, furnishings, equipment, signs, and supplies that conform to the standards and specifications described in the Franchise Operations Manual or otherwise in writing. (See Franchise Agreement – Section 13.3).

Optional Assistance

During the term of the Franchise Agreement, we (or our designee) may, but are not required to, provide the following assistance and services to you:

1. Modify, update or change the System, including the adoption and use of new or modified trade names, trademarks, service marks or copyrighted materials, new products, new menu items, new equipment or new techniques.
2. Make periodic visits to the Art of Drawers Business for the purpose of assisting in all aspects of the operation and management of the Art of Drawers Business, prepare written reports concerning these visits outlining any suggested changes or improvements in the operation of the Art of Drawers Business, and detailing any problems in the operations which become evident as a result of any visit. If provided at your request, you must reimburse our expenses and pay our then-current training charges.



3. Maintain and administer a Brand Fund. We may dissolve the Brand Fund upon written notice (See Franchise Agreement - Section 11).

4. Hold periodic national or regional conferences to discuss business and operational issues affecting Art of Drawers franchisees.

5. Establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions, as allowed by law.

Advertising

Brand Fund

The Brand Fund is for marketing, developing, and promoting the System, the Marks and Art of Drawers Franchises. You must the Brand Fund Contribution of 2% of Gross Sales. Your Brand Fund Contribution will not exceed 2% of the Gross Sales over the term of the Franchise Agreement. Each franchisee will be required to contribute to the Brand Fund, but certain franchisees may contribute on a different basis depending on when they signed their Franchise Agreement. Art of Drawers Businesses owned by us will not contribute to the Brand Fund on the same basis as franchisees.

The Brand Fund will be administered by us, or our affiliate or designees, at our discretion, and we may use a professional advertising agency or media buyer to assist us. The Brand Fund will be in a separate bank account, commercial account or savings account.

We have complete discretion on how the Brand Fund will be utilized. We may use the Brand Fund for local, regional or national marketing, or any expenditure that we, in our sole discretion, deem necessary or appropriate to promote or improve the System or the Art of Drawers brand. For example, we may use the Brand Fund for: (i) developing, maintaining, administering, directing, preparing or reviewing advertising and marketing materials, promotions and programs, including social media management; (ii) public awareness of any of the Marks; (iii) public and consumer relations and publicity; (iv) brand development; (v) research and development of technology, products and services; (vi) website development (including social media) and search engine optimization; (vii) development and implementation of quality control programs; (viii) conducting market research; (ix) changes and improvements to the System; (x) the fees and expenses of any advertising agency we engage to assist in producing or conducting advertising or marketing efforts; (xi) collecting and accounting for Brand Fund Contributions; (xii) preparing and distributing financial accountings of the Brand Fund; (xiii) conducting quality assurance programs and other reputation management functions; and (xiv) our and our affiliates' expenses associated with direct or indirect labor, administrative, overhead, or other expenses incurred in relation to any of these activities.

We do not guarantee that advertising expenditures from the Brand Fund will benefit you or any other franchisee directly, on a pro rata basis, or at all. We are not obligated to spend any amount on advertising in the geographical area where you are or will be located. We will not use the Brand Fund Contributions for advertising that is principally a solicitation for the sale of Franchises, but we reserve the right to include a notation in any advertisement or website indicating "Franchises Available" or similar phrasing.

We assume no fiduciary duty to you or other direct or indirect liability or obligation to collect amounts due to the Brand Fund or to maintain, direct or administer the Brand Fund. Any unused funds that were collected in any calendar year will be applied to the following year's funds, and we reserve the right to contribute or loan additional funds to the Brand Fund on any terms we deem reasonable.



The Brand Fund is not audited. Upon your written request, we will make available an annual accounting for the Brand Fund that shows how the Brand Fund proceeds have been spent. During our most recent fiscal year ended December 31, 2024, the Brand Fund was spent as follows: 71% on technology/resources, 15% on production, and 14% on the website.

Local Advertising

In addition to the Brand Fund Contributions, you must meet the Local Advertising Requirement. We offer a phase-in of the Local Advertising Requirement. You must spend at least a total of \$5,000 on local marketing during the first three months you operate your Art of Drawers Business to satisfy your Local Advertising Requirement. After your first three months of operation, your Local Advertising Requirement will increase to \$5,000 per month. If you operate two or more Art of Drawers Businesses, your Local Advertising Requirement will continue to increase based on the total number of Art of Drawers Businesses you operate in accordance with the table below:

Number of Art of Drawers Businesses	Month(s) after Opening	Local Advertising Requirement
1 - 10	Months 1 to 3	\$5,000 total for three-month period
1 - 10	Months 4 - 9	\$5,000 per month
2 - 10	Month 10 - 16	\$10,000 per month
3 - 10	Months 16 - 21	\$15,000 per month
4 - 10	Months 22 - 27	\$20,000 per month
5 - 10	Months 28 - 33	\$25,000 per month
6 - 10	Months 34 - 39	\$30,000 per month
7 - 10	Months 40 - 45	\$35,000 per month
8 - 10	Months 46 - 51	\$40,000 per month
9 - 10	Months 52 - 57	\$45,000 per month
10	Months 58 - 63	\$50,000 per month

You must purchase through us or other designated or approved suppliers of digital marketing or local advertising products and services. If you request to advertise in certain publications with which we have an existing agreement, we will require you to purchase these media placements through us, and we will assess a Media Buying Fee equal to 15% of the cost of the advertising placement. Any amounts paid to us as a Media Buying Fee will be credited towards your Local Advertising Requirement. We will assess your compliance with this requirement on a rolling three-month basis, meaning that as long as your average monthly expenditure on local advertising over the three-month period equals or exceeds the minimum monthly amount that we specify, you will be deemed in compliance even if your expenditure in any given month is less than the minimum monthly amount that we specify. Amounts spend on home shows will count towards your Local Advertising Requirement. We reserve the right, in our sole discretion, to lower or waive the Local Advertising Requirement for one or more territories based on criteria that we develop for the System, which may include your performance, market conditions, or other factors we determine affect advertising within each territory. You are required to report monthly on your local advertising expenditures. If you fail to comply with the Local Advertising Requirement by spending an average of \$5,000 per Art of Drawers Business per month as calculated on the three-month rolling basis, you will pay the difference to the Brand Fund. We may require that you pay all or a portion of the Local Advertising Requirement to our designated supplier(s) of digital media services. You may also request to pay all or a portion of the Local Advertising Requirements to other vendors, which may approve in our sole discretion after approving the proposed supplier.

To the extent that you engage us for media buying or otherwise procure or provide advertising, the advertising we provide will be targeted in your Art of Drawers Business territory(ies), or with our approval,



in open areas surrounding these areas. We may, but are not obligated to, develop or provide additional advertising materials or advertising services that you may purchase from us. Sources of advertising materials are prepared in-house.

If you wish to advertise online, you must follow our online policy which is contained in our Franchise Operations Manual. Our online policy may change as technology and the Internet changes. We may restrict your use of social media. We may not allow you to independently market on the Internet, or use any domain name, address, locator, link, metatag or search technique with words or symbols similar to the Marks. We intend that any franchisee website will be accessed only through our home page.

We may require you to order sales and marketing material from us or our designated suppliers. It is a material breach of the Franchise Agreement to use other marketing material without obtaining our prior written approval. If you desire to use your own advertising materials, including your own website, you must obtain our prior approval, which may be granted or denied in our sole discretion. We will review your request and we will respond in writing within 30 days from the date we receive all requested information. Our failure to notify you in the specified time frame will be deemed a disapproval of your request. Use of logos, Marks and other name identification materials must follow our approved standards. You may not use our logos, Marks and other name identification materials on items to be sold or services to be provided without our prior written approval. If you use unauthorized advertising materials, you must pay a fee of \$500 per occurrence to the Brand Fund.

You agree, at your sole cost and expense, to issue and offer such rebates, giveaways and other promotions in accordance with advertising programs established by us, and further agree to honor the rebates, giveaways and other promotions issued by other Art of Drawers franchisees under any such program, so long as such compliance does not contravene any applicable law, rule or regulation. You will not create or issue any gift cards or certificates and will only sell gift cards/certificates that have been issued or sponsored by us and which are accepted at all Art of Drawers Businesses, and you will not issue coupons or discounts of any type except as approved by us.

We do not currently have any advertising cooperatives. However, we reserve the right to create local or regional advertising cooperatives in the future. If established, you shall be required to participate in such advertising cooperative that we may require for the purpose of creating and/or purchasing advertising programs for the benefit of all franchisees operating within a particular region. Members of the cooperative will be responsible for administering the cooperative, including determining the amount of contributions from each member. Any amounts you contribute to these local or regional cooperatives will be credited towards your Local Advertising Requirement. We may require that each cooperative operate with governing documents and prepare annual unaudited financial statements. We have the right to form, change, dissolve or merge any advertising cooperative. Your participation in any cooperative must be in compliance with the provisions of the Brand Standards Manual, which we may periodically modify at our discretion. We have the right to determine the composition of all geographic territories and market areas for each advertising cooperative. In the event of a tie between franchisees voting in any local or regional cooperative, we will have the tie-breaking vote. Franchisees in each cooperative will contribute an amount to the cooperative for each Franchised Business that the franchisee owns that exists within any cooperative's geographic area. Each Art of Drawers business we own that exists within the cooperative's area will not contribute to the cooperative on the same basis as franchisees.



Grand Opening Program

You must spend \$5,000 for an initial marketing, advertising and promotion program for your Art of Drawers Business. This will include marketing, digital advertising, and related promotional items or services during your first three months of operation. All expenditures for grand opening marketing, advertising and promotion will be in addition to your other marketing, advertising and promotion obligations under the Franchise Agreement.

System Website

We have established a website for Art of Drawers Businesses (“System Website”). We intend that any franchisee website will be accessed only through our System Website. We have the right to use the Brand Fund’s assets to develop, maintain and update the System Website. We may update and modify the System Website from time to time. You must promptly notify us whenever any information on your listing changes or is not accurate. We have final approval rights of all information on the System Website. We may modify, update or add to the System Website at any time. We are only required to reference your Art of Drawers Business on the System Website while you are in full compliance with your Franchise Agreement and all System standards.

Advisory Council

We have established an advisory council (“Council”) to advise us on advertising policies. The Council is governed by bylaws. Members of the Council consist of both franchisees and corporate representatives. Members of the Council are selected by way of a voting method specified in the Council’s bylaws. The Council serves in an advisory capacity only. We have the power to form, change or dissolve the Council, in our sole discretion.

Computer System

You are required to purchase a computer system (“Computer System”) that consists of the following hardware and software: (a) laptop, three tablets, high-speed internet,; and (b) business management software, including bookkeeping software and our designated customer relationship management, POS System, and operations platform. We estimate the cost of purchasing the Computer System will be between \$1,000 to \$2,500. The Computer System will manage the daily workflow of the Art of Drawers Business, coordinate the customer ordering experience, track inventory, labor and other information. You must record all Gross Sales on the Computer System. You must store all data and information in the Computer System that we designate, and report data and information in the manner we specify. The Computer System will generate reports on the Gross Sales of your Art of Drawers Business. You must also maintain a high-speed Internet connection at the premises of the Art of Drawers Business. In addition to offering and accepting any Art of Drawers gift cards and loyalty cards, you must accept all credit cards and debit cards that we determine.

We are not required to provide you with any ongoing maintenance, repairs, upgrades, updates or support for the Computer System (Franchise Agreement - Section 13.4). You will pay us an ongoing Technology Fee, and we will provide certain technological solutions to you, including the technology platform licensed to us by SLL, which includes your customer relationship and business management software. You must arrange for installation, maintenance and support of the Computer System at your cost. There are no limitations in the Franchise Agreement regarding the costs of such required support, maintenance, repairs or upgrades relating to the Computer System.



The cost of maintaining, updating, or upgrading the Computer System or its components will depend on your repair history, costs of computer maintenance services in your area, and technological advances. We estimate the annual cost will be approximately \$250 per year, but this could vary (as discussed above). We may revise our specifications for the Computer System periodically.

You must obtain then-current technology business solutions from approved suppliers for certain business solutions that will support your business efficiencies, which may include phone systems, security systems, scheduling software, employee shift/task management software, music subscription, inventory solutions and any other solutions we may require from time to time in the Franchise Operations Manual for your Art of Drawers Business. We reserve the right to upgrade, modify and add new systems and software, which may result in additional initial and ongoing expenses that you will be responsible for. You will be responsible for any increase in fees that result from any upgrades, modifications or additional systems or software and for any increase in fees from third-party providers.

We (or our designee) have the right to independently access the electronic information and data relating to your Art of Drawers Business and to collect and use your electronic information and data in any manner, including to promote the System and the sale of Franchises. This may include posting financial information of each franchisee on an intranet website or otherwise sharing this information with other Art of Drawers franchisees and affiliates. There is no contractual limitation on our right to receive or use information through our proprietary data management and intranet system. We may access the electronic information and data from your Computer System remotely, in your Art of Drawers Business or from other locations.

Training

Initial Training

You or your Responsible Owner and any Franchise Manager (defined in Item 15) or representative that we require must complete the initial training to our reasonable satisfaction, as determined by the specific program instructors, before you open your Art of Drawers Business. We provide initial training at no cost so long as everyone attends the initial training at the same time. Initial training classes are held whenever necessary to train new franchisees. You must pay a \$2,500 fee for training each additional person if training is held at a later time. You will not receive any compensation or reimbursement for services or expenses for participation in the initial training program. You are responsible for all your expenses to attend the initial training program, including lodging, transportation, food and similar expenses. We plan to provide the training listed in the table below.

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
History, philosophy, and core values	2	0	Atlanta, Georgia
Marketing & Advertising	2	0	Atlanta, Georgia
Management Procedures/Business System	8	0	Online and Atlanta, Georgia
Sales Procedures	16	0	Online and Atlanta, Georgia
Design & Product Knowledge	8	0	Online and Atlanta, Georgia



Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Hiring, Team Building, Culture	2	0	Online and Atlanta, Georgia
Summary/Test/Survey	2	0	Online and Atlanta, Georgia
TOTALS	40	0	

Notes:

1. We reserve the right to vary the length and content of the initial training program based upon the experience and skill level of the individual attending the initial training program. We will use the Franchise Operations Manual as the primary instruction materials during the initial training program.

2. ~~Josh Mason~~ Our President, Jake Farell currently oversees our training program. ~~Josh Mason has more than 19 years of experience in sales and operations in the home furnishing industry and has been with our team for over one year.~~ We reserve the right to appoint and substitute other individuals to assist in providing training, but all of our training personnel will have at least one year of experience in the subject matters that they teach.

3. Our installer training will be held at a later time than the rest of the initial training program after the Art of Drawers Business has opened and you have begun marketing and scheduling appointments. You and any of your installer(s) must complete training to our satisfaction before providing any installation services.

Installer Training

After opening, you (or, if applicable, your Responsible Owner) and any installers will be responsible for attending installer training for three days in or near Atlanta, Georgia. You will not receive any compensation or reimbursement for services or expenses for participation in the installer training. You are responsible for all your expenses to attend installer training, including lodging, transportation, food and similar expenses. We do not require you to pay us an installer training fee for you (or if applicable, your Responsible Owner). Any independent contractor installers will be responsible for their training expenses and our installer training fees (currently, \$750 per person for drawer installer training). Independent contractor installers will not be allowed to attend installer training unless they have paid the training fee. If you operate in multiple territories, we will only provide installer training to you (or, if applicable, your Responsible Owner) for your first territory.

Refacing Training

After opening but before your first refacing job, you or, if applicable, your Responsible Owner or installer will be responsible for attending refacing training for two days in or near Atlanta, Georgia and pay the refacing training fee of \$500 per person. You will not receive any compensation or reimbursement for services or expenses for participation in the refacing training. You are responsible for all your expenses to attend installer training, including lodging, transportation, food and similar expenses. We may waive this requirement if you or your installer has previous refacing training.

Ongoing Training



From time to time, we may require that you or your Responsible Owner, Franchise Manager and other employees attend system-wide refresher or additional training courses. Some of these courses may be optional, while others may be required. If you appoint a new Responsible Owner or transfer ownership, or if you hire a new Franchise Manager, that person must attend and successfully complete our initial training program before assuming responsibility for the management of your Art of Drawers Business. You may also request that we provide additional training (either at corporate headquarters or at your Art of Drawers Business). You must pay us \$500 per attendee per day for additional training, and you must pay for airfare, meals, transportation costs, lodging and incidental expenses for all of your training program attendees. If we determine that you are not operating your Art of Drawers Business in compliance with the Franchise Agreement or the Franchise Operations Manual, we may require that your Responsible Owner, Franchise Manager and other employees attend remedial training. You will be required to pay us the then-current training fee for any such training. If the training program is conducted at your Art of Drawers Business, you must reimburse us for the expenses we or our representatives incur in providing the training.

In addition to participating in ongoing training, you will be required to attend any national or regional meeting or conference of franchisees. You are responsible for any conference fees and all travel and expenses for your attendees.

ITEM 12 TERRITORY

You will receive an exclusive territory (“Territory”) which means that during the term of the Franchise Agreement, we will not establish or franchise others to establish another Art of Drawers Business within your designated territory.

The Territory is determined based on the geographic area and populations properties within that area and other relevant demographic characteristics. We will use commercially reasonable efforts to grant only one franchise to an Art of Drawers Business for any area of the greater of a population of 375,000 or 150,000 households. The population statistics used in determining your Territory will be based on numbers derived from the current U.S. Census report and supplemented with other information available and other population statistical sources of our choosing to determine populations. In certain densely populated metropolitan areas, the size of the territory may be smaller if it has a high population density, while franchisees operating in less densely populated urban areas may have significantly larger areas. You are not prohibited from directly marketing to or soliciting customers whose principal residence is outside of your Territory but must follow our guidelines for marketing, soliciting, and operating outside of your territory. We may market on your behalf within multiple territories.

You may service customers outside of your Territory so long as: (i) the area where you directly market, solicit customers, or operate is an “Open Area”, which means it is not the territory of any other Art of Drawers franchisee or affiliate-owned business; (ii) you request our permission to service any customer located outside of your Territory; and (iii) you cease marketing, soliciting customers, or servicing customer upon our notice to you that the Open Area is now the territory of any other Art of Drawers franchisee. If you renew your Franchise, your Territory may be modified depending on the then-current demographics of the Territory, and on our then-current standards for territories. You must follow our extra-territorial policies and procedures in our Franchise Operations Manual, which may allow you to provide services or sell products outside of your Territory. These policies and procedures may change over the term of the Franchise Agreement and may prevent you from providing services or selling products outside of your Territory.

We retain all territory rights (for ourselves and our affiliates) not expressly granted to you. We may use the Marks or the System to sell any products or services similar to those which you will sell through



any alternate channels of distribution within or outside of the Territory. We or our affiliates may license software to other businesses, including competitors, within your Territory. We or our affiliates may sell inventory, supplies, or equipment to businesses, including competitors, located within your Territory. We and our affiliates have the right to operate, and to license others to operate, Art of Drawers Businesses at any location outside the Territory, even if doing so will or might affect the operation of your Art of Drawers Business. You are not granted any rights to use the Internet as a channel of distribution and may not independently market on the Internet or conduct e-commerce unless we have expressly allowed you to do so under our online policy in the Franchise Operations Manual.

We may use trademarks other than the Marks to sell any products or services similar to those which you will sell within or outside of the Territory. We may purchase, be purchased by, merge or otherwise acquire competitive businesses within and outside the Territory. If such a situation occurs, the newly acquired businesses may not operate under the Marks in the Territory but may operate under the System. We may implement multi-area marketing programs which may allow us or others to solicit or sell to customers anywhere. We have the right to issue mandatory policies to coordinate such multi-area marketing programs. Although we reserve the rights described, neither we nor any affiliate, operates, franchises or has plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those offered by you or our other Franchises.

We are not required to pay you if we exercise any of our rights within your Territory. The continuation of your territorial rights is not dependent upon your achievement of a certain sales volume, market penetration or other contingency (other than complying with the terms of the Franchise Agreement). We will not be required to pay any compensation for soliciting or accepting orders inside your Territory. You are not granted any territorial rights or other rights except those granted under each Franchise Agreement.

You may not relocate your Art of Drawers Business without our prior written approval. We may approve a request to relocate your Art of Drawers Business in accordance with the provisions of the Franchise Agreement that provide for the relocation of your Art of Drawers Business, and our then-current site selection policies and procedures.

You do not receive the right to acquire additional Art of Drawers Franchises within the Territory. You must enter into a Franchise Agreement for each Territory. Currently, we require you to sign all Franchise Agreements for multiple territories at the same time you sign the Multi-Franchise Addendum. There is no development territory or development schedule to open additional Art of Drawers Businesses. If you fail to open an Art of Drawers Business in accordance with its corresponding Franchise Agreement, we may terminate that Franchise Agreement. The Multi-Franchise Addendum, and your right to open additional Art of Drawers Businesses under it, will terminate upon the termination or expiration of the Franchise Agreement to which the Multi-Franchise Addendum relates.

If you wish to purchase an additional Art of Drawers Franchise, you must apply to us, and we may, at our discretion, offer an additional Art of Drawers Franchise to you. We consider a variety of factors when determining whether to grant additional Art of Drawers Franchises. Among the factors we consider, in addition to the then-current requirements for new Art of Drawers franchisees, are whether or not the franchisee is in compliance with the requirements under their current Franchise Agreement.

ITEM 13 TRADEMARKS

The Marks and the System are owned by AOD and are licensed exclusively to us. AOD has granted us an exclusive license (“[Trademark License](#)”) to use the Marks to franchise the System around the world. The Trademark License is for 10 years and began on January 3, 2023. It will automatically renew for



subsequent 10-year periods so long as we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, AOD has agreed to license the Marks directly to our franchisees until each franchise agreement expires or is otherwise terminated. Except for the Trademark License, no agreement significantly limits our right to use or license the Marks in any manner material to the Art of Drawers Franchise.

AOD has registrations with the United States Patent and Trademark Office (“USPTO”) for the following Mark:

Trademark	Registration Number	Date of Registration	Register
Art of Drawers	6,050,992	May 12, 2020	Principal

AOD has applied for registration for the following trademark with the USPTO:

Mark	Serial No.	Filing Date	Status
	98,872,050	November 25, 2024	Pending on the Principal Register

We do not have a federal registration for the principal trademark in the table above (serial number 98,872,050). Therefore, this trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses. There are no effective adverse material determinations of the USPTO, the Trademark Trial and Appeal Board or the trademark administrator of any state, or any court, and no pending infringement, opposition or cancellation proceedings or material litigation involving the Marks. All required affidavits and renewals have been filed.

We do not know of any superior prior rights or infringing uses that could materially affect your use of the trademarks. You must follow our rules when using the Marks. You cannot use our name or Mark as part of a corporate name or with modifying words, designs or symbols unless you receive our prior written consent. You must indicate to the public in any contract, advertisement and with a conspicuous sign in the premises of your Art of Drawers Business that you are an independently owned and operated licensed franchisee of Art of Drawers. You may not use the Marks in the sale of unauthorized products or services or in any manner we do not authorize. You may not use the Marks in any advertising for the transfer, sale or other disposition of the Art of Drawers Franchise, or any interest in the Art of Drawers Franchise. All rights and goodwill from the use of the Marks accrue to us.

We will defend you against any claim brought against you by a third party that your use of the Marks, in accordance with the Franchise Agreement, infringes upon that party’s intellectual property rights. We may require your assistance, but we will exclusively control any proceeding or litigation relating to our Marks. We have no obligation to pursue any infringing users of our Marks. If we learn of an infringing user, we will take the appropriate action, but we are not required to take any action if we do not feel it is warranted. You must notify us within three business days if you learn that any party is using the Marks or



a trademark that is confusingly similar to the Marks. We have the sole discretion to take such action as we deem appropriate to exclusively control any litigation or administrative proceeding involving a trademark licensed by us to you.

If it becomes advisable at any time, in our sole discretion, for us and/or you to modify or discontinue using any Mark and/or use one or more additional or substitute trademarks or service marks, you must comply with our directions within 30 days after receiving notice. We will not reimburse you for your direct expenses of changing signage, for any loss of revenue or other indirect expenses due to any modified or discontinued Mark, or for your expenses of promoting a modified or substituted trademark or service mark. The Franchise Agreement does not provide you with any additional rights if we require you to modify or discontinue use of any Mark.

You must not directly or indirectly contest our right to the Marks. We may acquire, develop and use additional marks not listed here, and may make those marks available for your use and for use by other franchisees.

ITEM 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

The information in the Franchise Operations Manual is proprietary and is protected by copyright and other laws. The designs contained in the Marks, the layout of our advertising materials, the ingredients and formula of our products and recipes, and any other writings and recordings in print or electronic form are also protected by copyright and other laws. Although we have not applied for copyright registration for the Franchise Operations Manual, our advertising materials, the content and format of our products or any other writings and recordings, we claim common law and federal copyrights in these items. We grant you the right to use this proprietary and copyrighted information (“Copyrighted Works”) for the operation of your Art of Drawers Franchise, but such copyrights remain our sole property.

There are no effective determinations of the United States Copyright Office or any court regarding any Copyrighted Works of ours, nor are there any proceedings pending, nor are there any effective agreements between us and third parties pertaining to the Copyrighted Works that will or may significantly limit using our Copyrighted Works.

Our affiliate, SSL, provides and licenses software to us, which we license to you. This software may also be licensed to third parties, including third parties or competitors in your Territory.

Our Franchise Operations Manual, electronic information and communications, sales and promotional materials, the development and use of our System, standards, specifications, policies, procedures, information, concepts and systems on, knowledge of, and experience in the development, operation and franchising of Art of Drawers Franchises, our training materials and techniques, information concerning product and service sales, operating results, financial performance and other financial data of Art of Drawers Franchises and other related materials are proprietary and confidential (“Confidential Information”) and are our property to be used by you only as described in the Franchise Agreement and the Franchise Operations Manual. Where appropriate, certain information has also been identified as trade secrets (“Trade Secrets”). You must maintain the confidentiality of our Confidential Information and Trade Secrets and adopt reasonable procedures to prevent unauthorized disclosure of our Trade Secrets and Confidential Information.

We will disclose parts of the Confidential Information and Trade Secrets to you as we deem necessary or advisable for you to develop your Art of Drawers Franchise during training and in guidance and assistance furnished to you under the Franchise Agreement, and you may learn or obtain from us



additional Confidential Information and Trade Secrets during the term of the Franchise Agreement. The Confidential Information and Trade Secrets are valuable assets of ours and are disclosed to you on the condition that you, and your owners if you are a business entity, and employees agree to maintain the information in confidence by entering into a confidentiality agreement we can enforce. Nothing in the Franchise Agreement will be construed to prohibit you from using the Confidential Information or Trade Secrets in the operation of other Art of Drawers Franchises during the term of the Franchise Agreement.

You must notify us within three business days after you learn about another's use of language, a visual image or a recording of any kind that you perceive to be identical or substantially similar to one of our Copyrighted Works or use of our Confidential Information or Trade Secrets, or if someone challenges your use of our Copyrighted Works, Confidential Information or Trade Secrets. We will take whatever action we deem appropriate, in our sole and absolute discretion, to protect our rights in and to the Copyrighted Works, Confidential Information or Trade Secrets, which may include payment of reasonable costs associated with the action. However, the Franchise Agreement does not require us to take affirmative action in response to any apparent infringement of, or challenge to, your use of any Copyrighted Works, Confidential Information or Trade Secrets or claim by any person of any rights in any Copyrighted Works, Confidential Information or Trade Secrets. You must not directly or indirectly contest our rights to our Copyrighted Works, Confidential Information or Trade Secrets. You may not communicate with anyone except us, our counsel or our designees regarding any infringement, challenge or claim. We will take action as we deem appropriate regarding any infringement, challenge or claim, and the sole right to control, exclusively, any litigation or other proceeding arising out of any infringement, challenge or claim under any Copyrighted Works, Confidential Information or Trade Secrets. You must sign any and all instruments and documents, give the assistance and do acts and things that may, in the opinion of our counsel, be necessary to protect and maintain our interests in any litigation or proceeding, or to protect and maintain our interests in the Copyrighted Works, Confidential Information or Trade Secrets. No patents or patents pending are material to us at this time.

ITEM 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must designate a "Responsible Owner" who has the authority and responsibility for the day-to-day operations of your Art of Drawers Business. We require that you or your Responsible Owner spend a minimum of 20 hours per week operating the Art of Drawers Business. You may designate a manager ("Franchise Manager") who has been approved by us to assist with the day-to-day operations. The Responsible Owner is the individual who will be principally responsible for communicating with us about the Art of Drawers Business. If you are an individual, you are the Responsible Owner. If you are a legal entity, you must appoint an individual that has at least a 25% equity interest in the legal entity to be the Responsible Owner. Your Responsible Owner and your Franchise Manager, if any, must successfully complete our training program. If you replace your Responsible Owner or Franchise Manager, the new Responsible Owner or Franchise Manager must satisfactorily complete our training program at your own expense.

If you are a legal entity, each direct and indirect owner (i.e., each person holding a direct or indirect ownership interest in you) must sign a Franchise Owner Agreement, which is attached to the Franchise Agreement as Attachment C. We also require that the spouses of the Franchise owners sign the Franchise Owner Agreement. Any Franchise Manager and officer of your legal entity must sign the "System Protection Agreement," the form of which is attached to this Franchise Disclosure Document in Exhibit G (unless they already signed a Franchise Owner Agreement). All of your employees, independent contractors, agents or representatives that may have access to our confidential information must sign a



confidentiality agreement (unless they already signed a System Protection Agreement), the current form of which is attached to this Franchise Disclosure Document in Exhibit G.

**ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must sell or offer for sale only those products and services authorized by us, and which meet our standards and specifications. Authorized products may differ among our franchisees and may vary depending on the geographic location of your Art of Drawers Business or other factors. You must follow our policies, procedures, methods and techniques. You must sell or offer for sale all types of products and services specified by us. We may change or add to our required products and services, at our discretion, with prior notice to you. If we change or add to our required products and services, the changes or additions will remain in permanent effect, unless we specify otherwise. The amount you must pay for the changes or additions will depend upon the nature and type of changes or additions. There are no limitations on our rights to make changes to the required products and services offered by you. You must discontinue selling and offering for sale any products and services that we disapprove. We reserve the right to establish minimum and maximum resale prices for use with multi-area marketing programs and special price promotions. You must keep your Art of Drawers Business open for the minimum hours and minimum days of operation as specified by our Franchise Operations Manual, which may change over the term of the Franchise Agreement. You must determine appropriate staffing levels for your Art of Drawers Business to ensure full compliance with this Franchise Agreement and our System standards. You are solely responsible to hire, train and supervise employees or independent contractors to assist you with the proper operation of the Art of Drawers Business.

You may not establish an account or participate in any social networking sites, crowdfunding campaigns or blogs or mention or discuss the Art of Drawers Franchise, us or any of our affiliates without our prior written consent and as subject to our online policy. Our online policy may completely prohibit you from any use of the Marks in social networking sites or other online use. You may not sell products through other channels of distribution such as wholesale, Internet or mail order sales. Otherwise, we place no restrictions upon your ability to serve customers, provided you do so from the location of your Art of Drawers Business in accordance with our policies.

**ITEM 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION**

THE FRANCHISE RELATIONSHIP

This table lists certain important provisions of the franchise agreement and related agreements. You should read these provisions in the agreements attached to this disclosure document.

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	Section 5.1	10 years.
b. Renewal or extension	Section 5.1	If you are in good standing and you meet other requirements, you may add two successor term of 10 years.



Provision	Section in Franchise Agreement	Summary
c. Requirements for franchisee to renew or extend	Section 5.2	The term “renewal” refers to extending our franchise relationship at the end of your initial term and any other renewal or extension of the initial term. Your successor franchise rights permit you to remain as a Franchise after the initial term of your Franchise Agreement expires if you are in good standing and you meet other requirements. You must sign our then-current Franchise Agreement and ancillary documents for the successor term, and this new franchise agreement may have materially different terms and conditions (including, e.g., higher royalty and advertising contributions) from the Franchise Agreement that covered your original term.
d. Termination by franchisee	Section 23	You may terminate the Franchise Agreement if you are in compliance with it, and we are in material breach, and we fail to cure that breach within 60 days of receiving written notice.
e. Termination by franchisor without cause	Not Applicable	Not Applicable
f. Termination by franchisor with cause	Sections 24.1 and 24.2	We can terminate upon certain violations of the Franchise Agreement by you.
g. “Cause” defined – curable defaults	Section 24.3	If you or an Owner fails to comply with any provision of the Franchise Agreement other than non-curable defaults for which termination is automatic or by notice, including failure to comply with any provision in the Franchise Operations Manual or any other agreement with us, we may terminate unless you cure such default within 30 days of notice.



Provision	Section in Franchise Agreement	Summary
h. “Cause” defined – non-curable defaults	Sections 24.1 and 24.2	We may automatically terminate the Franchise Agreement if you commit any of the defaults listed in Section 24.1, including (i) bankruptcy or insolvency; (ii) your inability to meet your financial obligations; (iii) appointment of a receiver or custodian of your assets; and (iv) any judgment in excess of \$10,000 against you remains unsatisfied for 60 days or longer. We may in our sole discretion, terminate the Franchise Agreement upon any of the defaults listed in Section 24.2 of the Franchise Agreement, including (i) failure to open; (ii) material misrepresentation; (iii) violation of law; (iv) criminal offense; (v) under-reporting or maintaining false records; (vi) intellectual property misuse; (vii) health or safety violations; abandonment of the Art of Drawers Business; (viii) unauthorized transfer; (ix) violation of the Brand covenants; (x) suspension of revocation of any required license or permit; (xi) failure to complete initial training; (xii) repeated or cross-defaults; or (xiii) any breach of the Franchise Agreement.
i. Franchisee’s obligations on termination/non-renewal	Sections 5.3, 18.3, 25 and 26	Obligations include complete de-identification, payment of amounts due and return of confidential Franchise Operations Manual, all Confidential Information, Trade Secrets and records.
j. Assignment of contract by franchisor	Section 15	No restriction on our right to assign.
k. “Transfer” by franchisee – defined	Section 16.1	Includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the Franchise Agreement, the Franchise or interest in the Franchise.
l. Franchisor approval of transfer by franchisee	Section 16.1	We have the right to approve all transfers.
m. Conditions for franchisor approval of transfer	Section 16.3	If you are in good standing and meet other requirements listed in Section 16.3, we may approve your transfer to a new owner.
n. Franchisor’s right of first refusal to acquire franchisee’s business	Section 16.2	We have 30 days to match any offer for your Art of Drawers Business.
o. Franchisor’s option to purchase franchisee’s business	Section 27	We may, but are not required to, purchase your Franchise, inventory or equipment at fair market value if your Franchise is terminated for any reason.



Provision	Section in Franchise Agreement	Summary
p. Death or disability of franchisee	Section 16.5	The Franchise Agreement must be transferred or assigned to a qualified party within 180 days of death or disability or the Franchise Agreement may be terminated. Your estate or legal representative must apply to us for the right to transfer to the next of kin within 120 calendar days of your death or disability.
q. Non-competition covenants during the term of the franchise	Section 18.2	You may not participate in a diverting business, have owning interest of more than 5%, induce any customer to transfer their business to you or perform services for a competitive business anywhere. You may not interfere with our or our other franchisees' Art of Drawers Franchises.
r. Non-competition covenants after the franchise is terminated or expires	Section 18.3	Owners may not have an interest in, own, manage, operate, finance, control or participate in any competitive business within (i) a 25-mile radius of the Art of Drawers Business (and of the approved location of Franchisee); and (ii) a 25-mile radius from all other Art of Drawers Businesses that are operating or under development for two year(s). If you or your Responsible Owner engages in any activities prohibited by the Franchise Agreement during the restricted period, then the restricted period applicable to you or the non-compliant Responsible Owner shall be extended by the period of time during which you or the non-compliant Responsible Owner, as applicable, engaged in the prohibited activities.
s. Modification of agreement	Sections 9.1 and 30.9	No modifications of the Franchise Agreement during the term unless agreed to in writing, but the Franchise Operations Manual is subject to change at any time in our discretion. Modifications are permitted on renewal.
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.



Provision	Section in Franchise Agreement	Summary
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 franchisee-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 ~~purchased half way through the year~~ 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

2024	
<u>Sales and Revenue Metrics for the Reporting Franchise Outlet for 2024</u>	
Metric	Amount
Gross Sales	\$819,593
Paid Marketing Gross Sales*	\$760,603
Average Revenue per Appointment*	\$2,198
Average Marketing Cost per Appointment*	\$564
Marketing Spend per Art of Drawers Business	\$10,840
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
Total Gross Sales	\$819,593

*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.

1.2. “Paid Marketing Gross Sales” means Gross Sales from Appointments (defined below).

2.3. “Secondary Sales” means Gross Sales generated by pre-existing customers.

3.4. “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.

4.5. “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

5.6. “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.

6.7. “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.

7.8. “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.



8. ~~“Marketing Spend per Art of Drawers Business” is calculated by dividing the total amount spent on marketing in 2024 for the one Art of Drawers Business that was open for 12 months and the additional Art of Drawers Business that was open for the last 6 months of the year (18 total months). A total of \$195,116 was spent on marketing for 2024. We took this number and divided it by 18 to get the average monthly amount spent on marketing for each Art of Drawers Business.~~

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. ~~Because the~~The figures in this Item 19 include data from the equivalent of more than one franchised business for a single outlet, these figures may include significantly higher Gross Sales and corresponding numbers than the typical franchisee would generate operating a single 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. ~~You should conduct an independent investigation of the costs and expenses you will incur in operating your franchised business. Franchisees or former franchisees, listed in the Disclosure Document, may be one source of this information.~~

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

Table 2
Adjusted Materials and Freight Select Operating Costs for the Reporting Franchise Outlet for 2024

<u>Gross Sales</u>	<u>\$819,593</u>
<u>Materials and Freight Cost (29% of Gross Sales)</u>	<u>29% of Gross Sales \$237,682</u>

Table 3
Other Operating Costs for the Reporting Franchise Outlet for 2024



Rent and Utilities	\$4,780
Credit Card Fees (2% of Gross Sales)	2% of Gross Sales \$16,392
Marketing Spend	\$195,116

Notes to ~~Tables~~Table 2.

1. “Gross Sales” means the total of all of revenue, sales and ~~3~~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 ~~3~~2 includes operating costs such as rent and utilities and credit card fees, but it does not of the Reporting Franchise Outlet that we could verify.

6. The figures in this Item 19 include all costs that you will incur in providing goods and services such as those associated with providing design and installation services, designer and installer commissions, and additional commissions due to referral partners or data from the equivalent of more than one Art of Drawers Business. Franchisees that operate one Art of Drawers Business should not expect to designers for Self-Generated Sales. achieve results similar to these combined amounts. A breakdown of the figures by each franchised business may result in lower numbers.

4.7. 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



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
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
Florida	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	9*	0	0	0	0	9
Georgia	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Illinois	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Kansas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Michigan	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
North Carolina	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Ohio	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Oregon	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3



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
Tennessee	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Texas	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	6	0	0	0	0	6
Total	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	45	0	0	0	0	45

*One outlet opened on January 1, 2024.

Table No. 4

Status of Company-Owned Outlets
For Years 2022 - 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisee	Outlets Closed	Outlets Sold to Franchisee	Outlets at End of Year
Florida	2022	0	1	0	0	0	1
	2023	1	0	0	0	1	0
	2024	0	0	0	0	0	0
Georgia	2022	1	0	0	0	0	1
	2023	1	0	0	0	1*	0
	2024	0	0	0	0	0	0
Total Outlets	2022	1	1	0	0	0	2
	2023	2	0	0	0	2	0
	2024	0	0	0	0	0	0

*This was sold to a franchisee that did not open until 2024.

Table No. 5

Projected Openings as of
December 31, 2024

State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Colorado	9	9	0



State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlets in the Next Fiscal Year	Projected New Company-Owned Outlets in the Next Fiscal Year
Florida	0	3	0
Georgia	0	6	0
Minnesota	6	6	0
Missouri	2	2	0
Nebraska	2	2	0
New Jersey	2	3	0
New York	2	3	0
North Carolina	3	3	0
Pennsylvania	3	3	0
South Carolina	2	1	0
Wisconsin	4	4	0
Total	35	45	0

The names, addresses and telephone numbers of our current franchisees are attached to this Franchise Disclosure Document as Exhibit D. The name and last known address and telephone number of every current franchisee and every franchisee who has had an Art of Drawers Franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our franchise agreement during the one-year period ending December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document, is listed in Exhibit D. In some instances, current and former franchisees may sign provisions restricting their ability to speak openly about their experiences with the Art of Drawers System. During the last three years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with the Art of Drawers Franchise System. You may wish to speak with current and former franchisees but know that not all such franchisees can communicate with you. If you buy an Art of Drawers Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

As of the Issuance Date of this Franchise Disclosure Document, there are no franchise organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this Franchise Disclosure Document. We do not have any trademark specific franchisee organizations.

ITEM 21 FINANCIAL STATEMENTS

Exhibit B contains the financial statements required to be included with this Franchise Disclosure Document: our audited financial statements as of December 31, 2024 and December 31, 2023. The franchisor has not been in business for three years or more and cannot include the same financial statements as a franchisor that has been in business for three or more years. Our fiscal year end is December 31.

ITEM 22 CONTRACTS

Exhibit C	Franchise Agreement	
Exhibit F	State Addenda and Agreement Riders	



Exhibit G
Exhibit H

Contracts for use with the Art of Drawers Franchise
Franchise Disclosure Questionnaire

ITEM 23
RECEIPTS

The last pages of this Franchise Disclosure Document, Exhibit J are a detachable document, in duplicate. Please detach, sign, date and return one copy of the Receipt to us, acknowledging you received this Franchise Disclosure Document. Please keep the second copy for your records.



EXHIBIT A

**STATE ADMINISTRATORS AND
AGENTS FOR SERVICE OF PROCESS**



CALIFORNIA

State Administrator and Agent for Service of Process:
Commissioner
Department of Financial Protection and Innovation
320 W. 4th Street, #750
Los Angeles, CA 90013
(213) 576-7500
(866) 275-2677
www.dfpi.ca.gov
Ask.DFPI@dfpi.ca.gov

HAWAII

Commissioner of Securities of the State of Hawaii
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

Agent for Service of Process:
Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813
(808) 586-2722

ILLINOIS

Illinois Attorney General
Chief, Franchise Division
500 S. Second Street
Springfield, IL 62706
(217) 782-4465

INDIANA

Secretary of State
Securities Division
Room E-018
302 W. Washington Street
Indianapolis, IN 46204
(317) 232-6681

MARYLAND

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202
(410) 576-6360

Agent for Service of Process:
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
525 W. Ottawa Street
Lansing, MI 48913
(517) 373-7117

MINNESOTA

Department of Commerce
Commissioner of Commerce
85 Seventh Place East, Suite 280
St. Paul, MN 55101-3165
(651) 539-1600

NEW YORK

Administrator:
NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, NY 10005
(212) 416-8222

Agent for Service of Process:
Secretary of State
99 Washington Avenue
Albany, NY 12231

NORTH DAKOTA

Administrator:
North Dakota Securities Department
600 East Boulevard Avenue
State Capitol, Fourteenth Floor, Dept. 414
Bismarck, ND 58505-0510
(701) 328-4712

Agent for Service of Process:
Securities Commissioner
600 East Boulevard Avenue
State Capitol, Fourteenth Floor, Dept. 414
Bismarck, ND 58505-0510

RHODE ISLAND

Department of Business Regulation
1511 Pontiac Avenue, Bldg. 68-2
Cranston, RI 02920
(401) 462-9527

SOUTH DAKOTA

Division of Insurance
Securities Regulation
124 South Euclid, Suite 104
Pierre, SD 57501
(605) 773-3563

VIRGINIA

State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Agent for Service of Process:
Clerk of the State Corporation Commission
1300 E. Main Street, 1st Floor
Richmond, VA 23219

WASHINGTON

State Administrator:
Washington Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98504-1200
(360) 902-8760

Agent for Service for Process:
Director of Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, WA 98501

WISCONSIN

Department of Financial Institutions
Division of Securities
201 W. Washington Avenue
Madison, WI 53703
(608) 266-3364

Rev. 090723



EXHIBIT B
FINANCIAL STATEMENTS



**ART OF DRAWERS
FRANCHISE SYSTEMS, LLC.
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2024 AND 2023**



Divine
Blalock
Martin
Sellari
LLC
Est. in 1932



ART OF DRAWERS FRANCHISE SYSTEMS, LLC
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BENJAMIN CROMER, EA



Divine
Blalock
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Sellari
LLC
Est. in 1932

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MEMBERS
AMERICAN INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
FLORIDA INSTITUTE OF
CERTIFIED PUBLIC ACCOUNTANTS
WILBUR F. DIVINE, III, CPA (1896-1964)
WILBUR F. DIVINE, IV, CPA (1929-1989)
JAMES A. BLALOCK, CPA (1914-1996)
G. MICHAEL MARTIN, CPA (1945-2014)
*REGULATED BY THE STATE OF FL
**REGULATED BY THE STATE OF FL
AND THE STATE OF NY
***REGULATED BY THE STATE OF FL
AND THE STATE OF NJ
****REGULATED BY THE STATE OF NY

INDEPENDENT AUDITOR'S REPORT

To the Members of
Art of Drawers Franchise Systems, LLC
Marietta, GA, 30067

Opinion

We have audited the accompanying financial statements of Art of Drawers Franchise Systems, LLC (a Georgia limited liability company), as of December 31, 2024 and 2023, and the related statements of income, changes in members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Art of Drawers Franchise Systems, LLC as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Art of Drawers Franchise Systems, LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that is free from misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Art of Drawers Franchise Systems, LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Art of Drawers Franchise Systems, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Art of Drawers Franchise Systems, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Divine, Blalock, Martin & Sellari, LLC

West Palm Beach, FL
March 28, 2025

ART OF DRAWERS FRANCHISE SYSTEMS, LLC
BALANCE SHEET
AS OF DECEMBER 31, 2024 and 2023

	<i>Assets</i>	
	2024	2023
Current Assets		
Cash & cash equivalents	\$ 280,267	\$ 10,000
Accounts receivable	61,980	4,290
Due from parent	632,829	105,182
Total Current Assets	975,076	119,472
Total Assets	\$ 975,076	\$ 119,472
<i>Liabilities and Members' Equity</i>		
Current Liabilities		
Credit cards payable	\$ 83,630	\$ 1,602
Deferred revenue - current portion	6,000	6,000
Total Current Liabilities	89,630	7,602
Long-Term Liabilities		
Deferred revenue, net of current portion	418,668	53,958
Total Long-Term Liabilities	418,668	53,958
Total Liabilities	508,298	61,560
Members' Equity:		
Members' equity	466,778	57,912
Total Members' Equity	466,778	57,912
Total Liabilities and Members' Equity	\$ 975,076	\$ 119,472

The accompanying notes are an integral part of these financial statements.



ART OF DRAWERS FRANCHISE SYSTEMS, LLC
STATEMENT OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

	<u>2024</u>	<u>2023</u>
Revenue		
Franchise license fee revenue	\$ 15,208	\$ 42
Initial franchise fee revenue	2,693,601	480,000
Royalty fees	202,676	-
Media buy fees	353,825	-
Technology fees	88,605	1,790
Other fees & income	239,067	-
Total Revenue	<u>3,592,982</u>	<u>481,832</u>
Expenses		
Bank charges	1,192	326
Bonus	72,000	7,500
Commissions	2,306,000	378,000
Entertainment	7,844	-
Legal & Professional fees	55,463	1,013
Management fee	18,000	-
Marketing	255,037	400
Meals	7,619	6,011
Media buy	325,236	-
Miscellaneous	7,062	-
Office supplies	2,985	15,976
Postage	7,371	257
Rent expense	4,316	-
Software	61,121	207
Training costs	1,105	12,550
Travel	51,765	1,680
Total Expenses	<u>3,184,116</u>	<u>423,920</u>
Net Income	<u>\$ 408,866</u>	<u>\$ 57,912</u>

The accompanying notes are an integral part of these financial statements.



ART OF DRAWERS FRANCHISE SYSTEMS, LLC
STATEMENT OF CHANGES IN MEMBERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

	2024	2023
Members' equity @ January 1	\$ 57,912	\$ -
Net income	408,866	57,912
Members' equity @ December 31	\$ 466,778	\$ 57,912

The accompanying notes are an integral part of these financial statements.



ART OF DRAWERS FRANCHISE SYSTEMS, LLC
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2024 and 2023

	2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 408,866	\$ 57,912
<i>Adjustments to reconcile net income to net cash used by operating activities:</i>		
<i>Decrease (Increase) in operating assets</i>		
Accounts receivable	(57,690)	(4,290)
Due from parent (sweep)	(527,647)	(105,182)
<i>Increase (Decrease) in operating liabilities</i>		
Accounts payable	82,028	1,602
Deferred revenue	364,710	59,958
Total adjustments	(138,599)	(47,912)
Net cash provided by operating activities	270,267	10,000
INCREASE IN CASH AND CASH EQUIVALENTS	270,267	10,000
CASH AND CASH EQUIVALENTS, BEG OF YEAR	10,000	-
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 280,267	\$ 10,000

The accompanying notes are an integral part of these financial statements.



ART OF DRAWERS FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 1 – BUSINESS ACTIVITY

Art of Drawers Franchise Systems, LLC was formed in the state of Georgia in December, 2022; the Company is in the business of offering franchises to operate an Art of Drawers business that provides design and installation of lighting fixtures and custom-built pull-out shelving and storage solutions to retrofit cabinets, pantries, closets, drawers, and other household areas and related services. Unless otherwise indicated, the terms “we,” “us,” “our,” and “Company” refer to Art of Drawers Franchise Systems, LLC.

Parent

Art of Drawers, LLC (“AOD”), owns and licenses the intellectual property to Art of Drawers franchises. AOD has not offered franchises in this line or any other line of business.

Affiliates

AOD Markets, LLC, operates two Art of Drawers Businesses and has done so in Georgia since 2019 and in Florida since 2022.

Onarail Logistics, LLC (“OLL”), is the approved supplier of shelving, initial inventory package, ongoing inventory, and demo kits and accessories.

Shelf Solver, LLC (“SSL”), owns and licenses the proprietary Art of Drawer software system.

These affiliates have never offered franchises for Art of Drawers Businesses or franchises in any other line of business.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Company’s policy is to prepare its financial statements on the accrual basis of accounting; consequently, revenues are recognized when earned rather than when received, and expenses are recognized when the obligation is incurred rather than when cash is disbursed.

Cash and Cash Equivalents

The Company considers all highly liquid investments with original maturities of three months or less to be cash equivalents. During 2023 the Company transferred excess cash to their parent company, Art of Drawers, LLC’s interest-bearing money market account for investment purposes.

Concentrations of Credit Risk

The Company maintains cash in bank and deposit accounts, which at times may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash and cash equivalents.

ART OF DRAWERS FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable and Allowance for Credit Losses

Accounts receivable are stated at the amount management expects to collect on balances and represents royalties and other monthly fees due from franchisees. Management evaluates the collectability of receivables at each reporting date, considering factors such as historical collection patterns, the aging of accounts, and known economic or operational risks. For the years ended December 31, 2024 and 2023, no allowance for credit losses was recorded.

Property and Equipment

Property and equipment are stated at cost. Depreciation and amortization are generally provided using the straight-line method over the estimated useful lives of the related assets which ranges between 3 to 10 years. At December, 2023, the Company did not own any fixed assets.

Advertising

Advertising costs are expensed as incurred.

Income Taxes

Certain transactions of the Company may be subject to accounting methods for income tax purposes that differ significantly from the accounting methods used in preparing the financial statements in accordance with generally accepted accounting principles. Accordingly, the taxable income of the Company reported for federal and state income tax purposes may differ from net income in the financial statements.

As a limited liability company, income or loss of the Company is allocated to the members. No provision for federal or state income taxes is necessary because any income or loss is includable in the tax returns of the individual members. Local income taxes, if any, are paid by the Company. The Company was not subject to any local income taxes for the period ended December 31, 2023.

The Company's tax returns are subject to possible examination by the taxing authorities. For federal income tax purposes, the tax returns essentially remain open for possible examination for a period of three years after the respective filing deadlines of those returns.

The Company accounts for uncertain tax positions in accordance with ASC 740-10, *Accounting for Uncertainty in Income Taxes*. ASC 740-10 prescribes a recognition threshold and measurement attribute for financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. ASC 740-10 also provides guidance on de-recognition, classification, interest and penalties, and disclosure and transition accounting. The Company has concluded that no liability for uncertain tax positions is required at December 31, 2024 and 2023.

ART OF DRAWERS FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates in the Preparation of Financial Statements

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America (U.S. GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Significant estimates made by the Company's management include, but are not limited to, allowances for doubtful accounts and contracts receivable, the allowance for losses on contracts in process and the percentage of completion on uncompleted contracts. Actual results could materially differ from those estimates.

Revenue Recognition

The Company's revenue recognition policies are in compliance with accounting standards ASC Topic 606, *Revenue from Contracts with Customers*. The new guidance includes the following five-step revenue recognition model:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

In 2020, the Financial Accounting Standards Board (FAB) issued Accounting Standards Update (ASU), *Franchisors-Revenue from Contracts with Customers (Subtopic 952-606) Practical Expedient*. This new practical expedient will allow franchisors that are not public business entities to account for pre-opening services provided to a franchise as a single performance obligation in the services are in line with the services listed within the guidance, and they meet certain other conditions.

The Company recognizes franchise royalty, local marketing and brand fund contribution fees on a weekly and monthly basis and are generally based upon a percentage of sales made by the Company's franchises, when they are earned and deemed collectible.

The following services are provided by the Company prior to the opening of a franchised location:

- An initial training program.
- Copy of the confidential operation manual.
- Designate a territory.
- Provide materials and consultation in connection with the grand opening marketing.

ART OF DRAWERS FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fair Value of Financial Assets and Liabilities

We measure and disclose certain financial assets and liabilities at fair value. ASC Topic 820, Fair Value Measurements and Disclosures, defines fair value as the exchange price that would be received for an asset or paid to transfer a liability (an exit price) in the principal or most advantageous market for the asset or liability in an orderly transaction between market participants on the measurement date. ASC Topic 820 also establishes a fair value hierarchy which requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The standard describes three levels of inputs that may be used to measure fair value:

Level 1 – Quoted prices in active markets for identical assets or liabilities.

Level 2 – Observable inputs other than Level 1 prices such as quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.

Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

We utilize the active market approach to measure fair value for our financial assets and liabilities. We report separately each class of assets and liabilities measured at fair value on a recurring basis and include assets and liabilities that are disclosed but not recorded at fair value in the fair value hierarchy.

Recently Issued and Adopted Accounting Pronouncements

In June 2016, the FASS issued ASU 2016-13, Measurement of Credit Losses on Financial Instruments which significantly changed how entities will measure credit losses for most financial assets and certain other instruments that aren't measured at fair value through net income. The most significant change in this standard is a shift from the incurred loss model to the expected loss model.

Under the standard, disclosures are required to provide users of the financial statements with useful information in analyzing an entity's exposure to credit risk and the measurement of credit losses. Financial assets held by the Company that are subject to the guidance in FASS ASC 326 were trade accounts receivable. The Company adopted the standard effective February 2, 2023. The impact of the adoption was not considered material to the financial statements and primarily resulted in new disclosures.

The Company's management has evaluated recently issued accounting pronouncements through the date of this report and concluded that they will not have a material effect on the financial statements as of December 31, 2024.

ART OF DRAWERS FRANCHISE SYSTEMS, LLC
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023

NOTE 3 – RELATED PARTY TRANSACTIONS

The Company participates in a cash management arrangement with its parent company, under which excess funds in the Company's bank accounts are periodically transferred to the parent company's centralized account. These transfers are facilitated through a sweep account agreement designed to optimize liquidity and manage cash flow efficiently.

Under this arrangement:

- Funds swept to the parent company's account are recorded as "Due from Parent Company" in the accompanying financial statements.
- The Company may access these funds upon request to meet its operational needs.

The sweep account arrangement does not impact the classification of cash and cash equivalents, as funds remain readily available for use by the Company. The Company has evaluated the arrangement and concluded that it is consistent with regulatory and tax requirements. As of December 31, 2024 and 2023 the due from parent company balance was \$632,829 and \$105,182, respectively.

NOTE 4 – DEFERRED REVENUE

Deferred revenue represents initial franchise sales for which substantially all the services to be provided by the Company have not yet been performed. These revenues are fully recognized when Franchisees open their doors. A portion of the initial franchise fee is allocated to the license fee and amortized over the life of the contract. The total amount deferred as of December 31, 2024 and 2023 was \$424,668 and \$59,958, respectively.

NOTE 5 – COMMITMENTS AND CONTINGENCIES

The company may be party to various claims, legal actions and complaints arising in the ordinary course of business. In the opinion of management, all matters are of such kind, or involve such amounts, that unfavorable disposition, if any, would not have a material effect on the financial position of the company.

NOTE 6 – SUBSEQUENT EVENTS

The Company has evaluated subsequent events through March 28, 2025 the date which the financial statements was available to be issued and nothing has occurred that would require disclosure.

EXHIBIT C
FRANCHISE AGREEMENT



EXHIBIT D

LIST OF CURRENT AND FORMER FRANCHISEES



Current Franchisees as of December 31, 2024:

Last Name	First Name	City	State	Phone	Email	Territories Operated
McBrayer	Kim	Birmingham and Gulf Shores	AL	205-368-2425	kmcbrayer@artofdrawers.com	AL: 3
Maroney	Chris	Southern Connecticut and Westchester, NY	CT	203-249-4029	cmaroney@artofdrawers.com	CT: 3
Dyer	Briana	Fort Lauderdale	FL	917-733-2362	bdyer@artofdrawers.com	FL: 3
Gross	Brian	Tampa	FL	573-701-6530	bgross@artofdrawers.com	FL: 6
Dickson	Amy and Dennis	North Atlanta	GA	678-977-4437 and 404-732-4440	adickson@artofdrawers.com and ddickson@artofdrawers.com	GA: 3
Faxel	Dave	Naperville / Orland Park / Glen Ellyn	IL	312-502-0993	dfaxel@artofdrawers.com	IL: 3
Peebles	Jessie and Ryan	Kansas City, KS and Kansas City, MO	KS and MO	913-579-5210 and 217-433-1675	jpeebles@artofdrawers.com and rpeebles@artofdrawers.com	KS: 3
Pritzl	Eric	Detroit	MI	248-835-6493	Eric.pritzl@gmail.com	MI: 3
Sawyer	Aaron	Charlotte	NC	808-675-6987	asawyer@artofdrawers.com	NC: 3
Holzapfel	Scott	Cincinnati	OH	513-260-9537	sholzapfel@artofdrawers.com	OH: 3
Langone	Danielle	Portland	OR	503-320-4761	dlangone@artofdrawers.com	OR: 3
Watson	Lea	Nashville	TN	541-941-7058	lwatson@artofdrawers.com	TN: 3
Burpo	Kevin	Austin	TX	512-903-0301	kburpo@artofdrawers.com	TX: 3
Lyons	Jennifer and Tyler	Dallas	TX	972-467-4722 and 806-928-1282	jlyons@artofdrawers.com and tlyons@bsbdgroup.com	TX: 3

Franchisees with Unopened Outlets as of December 31, 2024:

Last Name	First Name	City	State	Phone	Email	Territories to be operated
Foster	Gretchen	Boulder / Fort Collins / Colorado Springs	CO	970-631-6588	fgfoster@artofdrawers.com	CO: 3
Leher	Ellen	Englewood / Parker / Golden / Louisville	CO	303-809-2083	eleher@artofdrawers.com	CO: 6
Buck	Scott	Minneapolis	MN	763-458-1044	sbuck@artofdrawers.com	MN: 6
Greer	Tina	St. Louis	MO	314-440-8160	tgreer@artofdrawers.com	MO: 2
Boonstra	Andrew	Omaha	NE	402-830-2588	aboonstra@artofdrawers.com	NE: 2
Chang	Sharron	Cedar Grove	NJ	806-928-1283	schang@artofdrawers.com	NJ: 2
DiMatteo	Kevin	Buffalo	NY	716-725-3148	kdimatteo@artofdrawers.com	NY: 2
Feehrer	David	Raleigh	NC	760-405-2617	dfeehrer@artofdrawers.com	NC: 3
Sears	Mike	King of Prussia	PA	610-757-5308	msears@artofdrawers.com	PA: 3
Josey	Steve	Spartanburg	SC	864-216-5630	sjosey@artofdrawers.com	SC: 2
Warner	Adrian	Milwaukee / Madison	WI	425-971-7824	awarner@artofdrawers.com	WI: 4



Former Franchisees:

The name and last known address of every franchisee who had an Art of Drawers Franchise transferred, terminated, cancelled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during the period January 1, 2024 to December 31, 2024, or who has not communicated with us within ten weeks of the Issuance Date of this Franchise Disclosure Document are listed below. If you buy this Franchise, your contact information may be disclosed to other buyers when you leave the Franchise System.

None



EXHIBIT E

FRANCHISE OPERATIONS MANUAL
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Company Overview and Values	5
Office and Warehouse Procedures	42
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Financial Systems and Processes	86
Recruiting	9

Total Number of Pages: 401



EXHIBIT F
STATE ADDENDA
AND AGREEMENT RIDERS



STATE ADDENDA AND AGREEMENT RIDERS

ADDENDUM TO FRANCHISE AGREEMENT, SUPPLEMENTAL AGREEMENTS, AND FRANCHISE DISCLOSURE DOCUMENT FOR CERTAIN STATES FOR Art of Drawers Franchise Systems, LLC

The following modifications are made to the Art of Drawers Franchise Systems, LLC (“**Franchisor**,” “**us**,” “**we**,” or “**our**”) Franchise Disclosure Document (“**FDD**”) given to franchisee (“**Franchisee**,” “**you**,” or “**your**”) and may supersede, to the extent then required by valid applicable state law, certain portions of the Franchise Agreement between you and us dated _____, 20__ (“**Franchise Agreement**”). When the term “**Franchisor’s Choice of Law State**” is used, it means Georgia. When the term “**Supplemental Agreements**” is used, it means none.

Certain states have laws governing the franchise relationship and franchise documents. Certain states require modifications to the FDD, Franchise Agreement and other documents related to the sale of a franchise. This State-Specific Addendum (“**State Addendum**”) will modify these agreements to comply with the state’s laws. The terms of this State Addendum will only apply if you meet the requirements of the applicable state independently of your signing of this State Addendum. The terms of this State Addendum will override any inconsistent provision of the FDD, Franchise Agreement or any Supplemental Documents. This State Addendum only applies to the following states: California, Hawaii, Illinois, Iowa, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Ohio, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

If your state requires these modifications, you will sign this State Addendum along with the Franchise Agreement and any Supplemental Agreements.

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the Commissioner.

The California Franchise Investment Law requires a copy of all proposed agreements relating to the sale of the Franchise be delivered together with the FDD.

California Corporations Code Section 31125 requires us to give to you an FDD approved by the Department of Financial Protection and Innovation before we ask you to consider a material modification of your Franchise Agreement.

The Franchise Agreement contains provisions requiring binding arbitration with the costs being awarded to the prevailing party. The arbitration will occur in Franchisor’s Choice of Law State. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of the Franchise Agreement restricting venue to a forum outside the State of California. The Franchise Agreement contains a mediation provision. The parties shall each bear their own costs of mediation and shall share equally the filing fee and the mediator’s fees.

The Franchise Agreement requires the application of the law of Franchisor’s Choice of Law State. This provision may not be enforceable under California law.



Neither Franchisor nor any other person listed in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code Sections 20000 through 20043 provide rights to you concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the California Franchise Investment Law, the California Franchise Investment Law will control.

The Franchise Agreement provides for termination upon bankruptcy. Any such provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. SEC. 101 et seq.).

The Franchise Agreement contains a covenant not to compete provision which extends beyond the termination of the Franchise. Such provisions may not be enforceable under California law.

Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable. Any such provisions contained in the Franchise Agreement may not be enforceable.

You must sign a general release of claims if you renew or transfer your Franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violations of the law.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

Our website has not been reviewed or approved by the California Department of Financial Protection and Innovation. Any complaints concerning the content of this website may be directed to the California Department of Financial Protection and Innovation at www.dfpi.ca.gov.

The Franchise Disclosure Document and Franchise Agreement are revised to state: No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



HAWAII

The following is added to the Cover Page:

THIS FRANCHISE WILL BE/HAS BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED IN THIS FRANCHISE DISCLOSURE DOCUMENT IS TRUE, COMPLETE AND NOT MISLEADING.

THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO YOU OR SUBFRANCHISOR AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY YOU OR SUBFRANCHISOR OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY YOU, WHICHEVER OCCURS FIRST, A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.

THIS FRANCHISE DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH US AND YOU.

Registered agent in the state authorized to receive service of process:

Commissioner of Securities of the State of Hawaii
Department of Commerce and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The status of the Franchisor's franchise registrations in the states which require registration is as follows:

1. States in which this proposed registration is effective are listed in Exhibit I of the FDD on the page entitled, "State Effective Dates."
2. States which have refused, by order or otherwise, to register these Franchises are:

None



3. States which have revoked or suspended the right to offer the Franchises are:

None

4. States in which the proposed registration of these Franchises has been withdrawn are:

None

ILLINOIS

~~Sections 4 and 41 and Rule 608~~

Illinois law governs the Franchise Agreement.

~~In conformance with Section 4 of the Illinois Franchise Disclosure Act states, any provision in a franchise agreement that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms designates jurisdiction and venue in a forum outside of this Agreement or the relationship State of the parties and conducted through Illinois is void. However, a franchise agreement may provide for arbitration or litigation shall be subject to take place outside of Illinois law. The FDD, Franchise Agreement.~~

~~Your rights upon Termination and Supplemental Agreements Non-Renewal of an agreement are amended accordingly. set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.~~

~~The governing law or choice of law clause described in the FDD and contained in the Franchise Agreement and Supplemental Agreements is not enforceable under Illinois law. This governing law clause shall not be construed to negate the application of Illinois law in all situations to which it is applicable.~~

~~Section In conformance with section 41 of the Illinois Franchise Disclosure Act states that “, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void.” The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act.~~

~~Item 17.v, Choice of Forum, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.” or any other law of Illinois is void.~~

~~Item 17.w, Choice of Law, of the FDD is revised to include the following: “provided, however, that the foregoing shall not be considered a waiver of any right granted upon you by Section 4 of the Illinois Franchise Disclosure Act.”~~

~~The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections 19 and 20 of the Illinois Franchise Disclosure Act.~~

~~Under Section 705/27 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three years after~~



~~the act or transaction constituting the violation upon which it is based, the expiration of one year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent with the Illinois Franchise Disclosure Act, Illinois law will control and supersede any inconsistent provision(s).~~

_____ No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. -This provision supersedes any other term of any document executed in connection with the franchise.

Fee Deferral

_____ Items 5 and 7 of the FDD and Franchise Agreement are hereby revised to state that payment of the Initial Franchise Fee shall be deferred until after all of Franchisor's initial obligations are complete and the Franchise is open for business. -The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

See the last page of this Exhibit F for your required signature.

INDIANA

Item 8 of the FDD is amended to add the following:

Under Indiana Code Section 23-2-2.7-1(4), we will not accept any rebates from any person with whom you do business or associate in relation to transactions between you and the other person, other than for compensation for services rendered by us, unless the rebate is properly accounted for and submitted to you.

Item 17 of the FDD is amended to add the following:

Indiana Code 23-2-2.7-1(7) makes it unlawful for us to unilaterally terminate your Franchise Agreement unless there is a material violation of the Franchise Agreement and termination is not in bad faith.

Indiana Code 23-2-2.7-1(5) prohibits us to require you to agree to a prospective general release of claims subject to the Indiana Deceptive Franchise Practices Act.

The "Summary" column in Item 17.r. of the FDD is deleted and the following is inserted in its place:

No competing business for two years within the Territory.

The "Summary" column in Item 17.t. of the FDD is deleted and the following is inserted in its place:

Notwithstanding anything to the contrary in this provision, you do not waive any right under the Indiana Statutes with regard to prior representations made by us.



The “Summary” column in Item 17.v. of the FDD is deleted and the following is inserted in its place:

Litigation regarding Franchise Agreement in Indiana; other litigation in Franchisor’s Choice of Law State. This language has been included in this Franchise Disclosure Document as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement, including all venue provisions, is fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement and all other documents signed by them, including but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.

The “Summary” column in Item 17.w. of the FDD is deleted and the following is inserted in its place:

Indiana law applies to disputes covered by Indiana franchise laws; otherwise Franchisor’s Choice of Law State law applies.

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Indiana:

1. The laws of the State of Indiana supersede any provisions of the FDD, the Franchise Agreement, or Franchisor’s Choice of Law State law, if such provisions are in conflict with Indiana law.
2. The prohibition by Indiana Code 23-2-2.7-1(7) against unilateral termination of the Franchise without good cause or in bad faith, good cause being defined under law as including any material breach of the Franchise Agreement, will supersede the provisions of the Franchise Agreement relating to termination for cause, to the extent those provisions may be inconsistent with such prohibition.
3. Any provision in the Franchise Agreement that would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Indiana Deceptive Franchise Practices Law is void to the extent that such provision violates such law.
4. The covenant not to compete that applies after the expiration or termination of the Franchise Agreement for any reason is hereby modified to the extent necessary to comply with Indiana Code 23-2-2.7-1 (9).
5. The following provision will be added to the Franchise Agreement:

No Limitation on Litigation. Despite the foregoing provisions of this Agreement, any provision in the Agreement which limits in any manner whatsoever litigation brought for breach of the Agreement will be void to the extent that any such contractual provision violates the Indiana Deceptive Franchise Practices Law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



IOWA

Any provision in the Franchise Agreement or Compliance Questionnaire which would require you to prospectively assent to a release, assignment, novation, waiver or estoppel which purports to relieve any person from liability imposed by the Iowa Business Opportunity Promotions Law (Iowa Code Ch. 551A) is void to the extent that such provision violates such law.

The following language will be added to the Franchise Agreement:

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within three business days from the above date. If you cancel, any property traded in, any payments made by you under the contract or sale, and any negotiable instrument executed by you will be returned within ten business days following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be canceled.

If you cancel, you must make available to the seller at your residence or business address, in substantially as good condition as when received, any goods delivered to you under this contract or sale; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller's expense and risk.

If you do not agree to return the goods to the seller or if the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of the goods without any further obligation.

To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Art of Drawers Franchise Systems, LLC, 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia 30067 not later than midnight of the third business day after the Effective Date.

I hereby cancel this transaction.

Franchisee: _____

By: _____

Print Name: _____

Its: _____

Date: _____



MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS, AND MULTI-FRANCHISE ADDENDUM

Item 17 of the FDD and the Franchise Agreement are amended to state: “The general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.”

Representations in the Franchise Agreement are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three years after the grant of the Franchise.

The Franchise Agreement and Franchise Disclosure Questionnaire are amended to state that all representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to, nor shall they act as, a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under Federal Bankruptcy Law (11 U.S.C.A Sec. 101 et seq.).

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following risk factor is added to the Special Risks to Consider About *This Franchise* page:

Significant Expansion: During the last year, the franchisor expanded significantly and plans to continue to expand aggressively. This franchise is likely to be a riskier investment than a franchise that grows gradually.

Fee Deferral

Item 5 and Item 7 of the FDD, the Franchise Agreement, and the Multi-Franchise Addendum are amended to state: Based upon the franchisor’s financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all initial franchise fees and initial payments by area developers shall be deferred until the first franchise under the multi-franchise addendum opens.



The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20 ____.

FRANCHISOR

FRANCHISEE

MICHIGAN

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on your right to join an association of franchisees.
- (b) A requirement that you assent to a release, assignment, novation, waiver, or estoppel which deprives you of rights and protections provided in this act. This shall not preclude you, after entering into a Franchise Agreement, from settling any and all claims.
- (c) A provision that permits us to terminate a Franchise prior to the expiration of its term except for good cause. Good cause shall include your failure to comply with any lawful provision of the Franchise Agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits us to refuse to renew your Franchise without fairly compensating you by repurchase or other means for the fair market value at the time of expiration of your inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to us and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the Franchise business are not subject to compensation. This subsection applies only if: (i) the term of the Franchise is less than five years; and (ii) you are prohibited by the Franchise Agreement or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the Franchise or you do not receive at least six months' advance notice of our intent not to renew the Franchise.
- (e) A provision that permits us to refuse to renew a Franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside the State of Michigan. This shall not preclude you from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits us to refuse to permit a transfer of ownership of a Franchise, except for good cause. This subdivision does not prevent us from exercising a right of first refusal to purchase the Franchise. Good cause shall include, but is not limited to:



(i) the failure of the proposed transferee to meet our then-current reasonable qualifications or standards.

(ii) the fact that the proposed transferee is a competitor of us or our subfranchisor.

(iii) the unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) your or proposed transferee's failure to pay any sums owing to us or to cure any default in the Franchise Agreement existing at the time of the proposed transfer.

(h) A provision that requires you to resell to us items that are not uniquely identified with us. This subdivision does not prohibit a provision that grants to us a right of first refusal to purchase the assets of a Franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants us the right to acquire the assets of a Franchise for the market or appraised value of such assets if you have breached the lawful provisions of the Franchise Agreement and have failed to cure the breach in the manner provided in subdivision I.

(i) A provision which permits us to directly or indirectly convey, assign, or otherwise transfer our obligations to fulfill contractual obligations to you unless provision has been made for providing the required contractual services.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
Consumer Protection Division
Attn: Franchise
670 Law Building
525 W. Ottawa Street
Lansing, Michigan 48913
Telephone Number: (517) 373-7117

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

Despite anything to the contrary in the Franchise Agreement, the following provisions will supersede and apply to all Franchises offered and sold in the State of Minnesota:

1. Any provision in the Franchise Agreement which would require you to assent to a release, assignment, novation or waiver that would relieve any person from liability imposed by Minnesota



Statutes, Sections 80C.01 to 80C.22 will be void to the extent that such contractual provision violates such law.

2. Minnesota Statute Section 80C.21 and Minnesota Rule 2860.4400J prohibit the franchisor from requiring litigation to be conducted outside of Minnesota. In addition, nothing in the FDD or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of Minnesota.
3. Minn. Rule Part 2860.4400J prohibits a franchisee from waiving his rights to a jury trial or waiving his rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or consenting to liquidated damages, termination penalties or judgment notes. Any provision in the Franchise Agreement which would require you to waive your rights to any procedure, forum or remedies provided for by the laws of the State of Minnesota is deleted from any agreement relating to Franchises offered and sold in the State of Minnesota; provided, however, that this paragraph will not affect the obligation in the Franchise Agreement relating to arbitration.
4. With respect to Franchises governed by Minnesota law, we will comply with Minnesota Statute Section 80C.14, Subds. 3, 4 and 5, which require (i) good cause for termination and except in certain specified cases that you be given 90 days' notice of termination (with 60 days to cure), and (ii) 180 days' notice for non-renewal of the Franchise Agreement and that consent to the transfer of the Franchise will not be unreasonably withheld.
5. Item 13 of the FDD is hereby amended to state that we will protect your rights under the Franchise Agreement to use the Marks, or indemnify you from any loss, costs, or expenses arising out of any third-party claim, suit or demand regarding your use of the Marks, if your use of the Marks is in compliance with the provisions of the Franchise Agreement and our System standards.
6. Minnesota Rule 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release. As a result, the FDD and the Franchise Agreement, which require you to sign a general release prior to renewing or transferring your Franchise, are hereby deleted from the Franchise Agreement to the extent required by Minnesota law.
7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C.
8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.
9. The franchisee cannot be required to consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400(J). Also, a court will determine if a bond is required.
10. Minnesota Rules 2860.4400(G) prohibits a franchisor from imposing on a franchisee by contract or rule, whether written or oral, any standard of conduct that is unreasonable.



11. NSF checks and related interest and attorneys' fees are governed by Minnesota Statute § 604.113, which puts a cap of \$30 on initial service charges and requires notice and opportunity to cure prior to assessing interest and attorneys' fees.
12. The following risk factor is added to the Special Risks About This Franchise page: **Additional Training and Experience Required**. The training program provided by the franchisor prior to opening (see Item 11) is not designed to provide the knowledge and skills that will be necessary to begin operating the franchise business. Franchisees will either need to possess the additional knowledge and skills themselves, or hire employees that possess the knowledge and skills, to be able to perform and provide the franchise's services professionally and safely at the time of opening.
13. No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
14. Fee Deferral: Items 5 and 7 of the FDD, and the Franchise Agreement are amended to state: Payment of the initial franchise fees shall be deferred until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SERVICES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CAN NOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

With the exception of what is stated above, the following applies to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices or comparable civil or misdemeanor allegations.



B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge, or within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend**,” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”: You may terminate the agreement on any grounds available by law.

5. The following is added to the end of the “Summary” sections of Item 17(v), titled “**Choice of forum**,” and Item 17(w), titled “**Choice of law**”:

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements - No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

7. Receipts - Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law



requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

NORTH DAKOTA

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring that you sign a general release, estoppel or waiver as a condition of renewal and/or assignment may not be enforceable as they relate to releases of the North Dakota Franchise Investment Law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring resolution of disputes to be outside North Dakota may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Sections of the FDD, the Franchise Agreement, and the Supplemental Agreements relating to choice of law may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any section of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to liquidated damages and/or termination penalties may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of trial by jury may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Any sections of the FDD, the Franchise Agreement, and the Supplemental Agreements requiring you to consent to a waiver of exemplary and punitive damages may not be enforceable under Section 51-19-09 of the North Dakota Franchise Investment Law, and are amended accordingly to the extent required by law.

Item 17(r) of the FDD and Section 18 of the Franchise Agreement disclose the existence of certain covenants restricting competition to which Franchisee must agree. The Commissioner has held that covenants restricting competition contrary to Section 9-08-06 of the North Dakota Century Code, without further disclosing that such covenants may be subject to this statute, are unfair, unjust, or inequitable within the intent of Section 51-19-09 of the North Dakota Franchise Investment Law. The FDD and the Franchise Agreement are amended accordingly to the extent required by law.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.



OHIO

The following language will be added to the front page of the Franchise Agreement:

You, the purchaser, may cancel this transaction at any time prior to midnight of the fifth business day after the date you sign this agreement. See the attached notice of cancellation for an explanation of this right.

Initials _____ Date _____

NOTICE OF CANCELLATION

_____ (enter date of transaction)

You may cancel this transaction, without penalty or obligation, within five business days from the above date. If you cancel, any payments made by you under the agreement, and any negotiable instrument executed by you will be returned within ten business days following the seller’s receipt of your cancellation notice, and any security interest arising out of the transaction will be cancelled. If you cancel, you must make available to the seller at your business address all goods delivered to you under this agreement; or you may, if you wish, comply with the instructions of the seller regarding the return shipment of the goods at the seller’s expense and risk. If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your notice of cancellation, you may retain or dispose of them without further obligation. If you fail to make the goods available to the seller, or if you agree to return them to the seller and fail to do so, then you remain liable for the performance of all obligations under this agreement. To cancel this transaction, mail or deliver a signed and dated copy of this cancellation notice or any other written notice to Art of Drawers Franchise Systems, LLC, 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia 30067 not later than midnight of the fifth business day after the Effective Date.

I hereby cancel this transaction.

Franchisee:

Date: _____

By: _____

Print Name: _____

Its: _____

RHODE ISLAND

§ 19-28.1-14 of the Rhode Island Franchise Investment Act provides that “A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.” The FDD, the Franchise Agreement, and the Supplemental Agreements are amended accordingly to the extent required by law.

The above language has been included in this FDD as a condition to registration. The Franchisor and the Franchisee do not agree with the above language and believe that each of the provisions of the Franchise Agreement and the Supplemental Agreements, including all choice of law provisions, are fully enforceable. The Franchisor and the Franchisee intend to fully enforce all of the provisions of the Franchise Agreement, the Supplemental Agreements, and all other documents signed by them, including, but not limited to, all venue, choice-of-law, arbitration provisions and other dispute avoidance and resolution provisions and to rely on federal pre-emption under the Federal Arbitration Act.



No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

SOUTH DAKOTA

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Fee Deferral

Item 5 and 7 of the Franchise Disclosure Document and the Franchise Agreement are hereby amended to state that the Initial Franchise Fee will be deferred until the Franchisor has completed all of its pre-opening obligations and the franchise is open for business. The following language will be added to the franchise agreement:

**ART OF DRAWERS FRANCHISE SYSTEMS, LLC
ACKNOWLEDGEMENT OF DEFERRAL OF INITIAL FRANCHISE FEE**

_____ (“Franchisee”) entered into a Franchise Agreement with Art of Drawers Franchise Systems, LLC (“Franchisor”) on _____, 20__ for the operation of an Art of Drawers franchise in South Dakota. As a condition for Franchisor’s registration to offer franchises for sale in South Dakota, the South Dakota Department of Labor and Regulation, based on Franchisor’s financial condition, required Franchisor to defer the initial franchise fee for the purchase of such franchise until Franchisor has fulfilled all of its initial obligations under the Franchise Agreement and Franchisee has commenced doing business. This is an acknowledgement that such initial franchise fee has been deferred by Franchisor until such time.

FRANCHISOR:

ART OF DRAWERS FRANCHISE SYSTEMS, LLC
a Georgia limited liability company

Date: _____

By: _____

FRANCHISEE:

Date: _____

By: _____



VIRGINIA

Item 17(h). The following is added to Item 17(h):

“Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any right given to him under the franchise. If any provision of the Franchise Agreement or Supplemental Agreements involve the use of undue influence by the Franchisor to induce a franchisee to surrender any rights given to franchisee under the Franchise, that provision may not be enforceable.”

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the FDD for Art of Drawers Franchise Systems, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure. The following statements are added to Item 8 and Item 17.h.

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the Franchise Agreement does not constitute “reasonable cause,” as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

~~The following risk factor is added to the “Special Risks About *This Franchise*” page in the FDD:~~

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

WASHINGTON

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.
2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.



3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.
4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).
5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.
6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.
7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.
8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.
9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).
10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).
11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.
12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold



harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.
14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.
15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor.

As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

16. **Questionnaires and Acknowledgments.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).
18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.
19. A liquidated damages provision in a Franchise Agreement may be construed as a penalty under Washington law if the amount is found to bear no reasonable relation to actual damages. As a result, the liquidated damages provision in Item 6 of the FDD and the Franchise Agreement will be modified for Washington franchisees to remove the \$30,000 minimum liquidated damages and to provide for liquidated damages equal to the expected Royalty Fees for the lesser of two years or the remainder of the Franchise Agreement.



20. To be consistent with RCW 19.100.180, Item 17(o) of the FDD and Section 27 of the Franchise Agreement are amended to state the franchisor shall purchase from the franchisee the relevant assets upon expiration and termination with good cause at their fair market value at the time of expiration or termination, with such amounts permitted to be offset by any amounts owed by the franchisee to the franchisor.
21. Section 7.1 of the Franchise Agreement does not waive any claim that may arise under the Franchise Investment Protection Act of Washington.
22. Section 22.1 of the Franchise Agreement is revised to state that the franchisee will not indemnify the franchisor parties for the franchisor parties' gross negligence or willful misconduct.
23. The general release included in Sections 5.2.4 and 16.3.8 of the Franchise Agreement do not apply to claims arising under the Franchise Investment Protection Act, chapter 19.100 RCW, or any rule or order adopted thereunder, in accordance with RCW 19.100.220(2).
24. RCW 19.100.180 provides that the franchisor deals with the franchisee in good faith. As a result, Section 30.10 of the Franchise Agreement is deleted for Washington franchisees.
25. Section 30.12 of the Franchise Agreement is revised to state: "All of our and your and your owners' obligations which expressly or by their nature survive this Franchise Agreement's expiration or termination, including those post-termination obligations set forth in this Section 30, will continue in full force and effect subsequent to and notwithstanding its expiration or termination and until they are satisfied in full or expire by their nature.
26. Section 8.4 of the Owners Agreement contained in the Franchise Agreement is revised to delete the following sentence for Washington franchisees: "The language of this Franchise Owner Agreement will be construed according to its fair meaning, and not strictly for or against either party."
27. Section 8.8 of the Owner Agreement contained in the Franchise Agreement does not apply to Washington franchisees to the extent it contravenes RCW 19.100.220(2) or RCW 19.100.180(2)(g).
28. Section 8.9 of the Owner Agreement contained in the Franchise Agreement is revised to state: "In the event of any discrepancy between this Franchise Owner Agreement and the Franchise Agreement, this Franchise Owner Agreement shall control. Notwithstanding the foregoing, we are not expressly aware of any such discrepancies as of the effective date of this Franchise Owner Agreement.
29. Section 7 of the System Protection Agreement and Section 5 of the Confidentiality Agreement state franchisee agrees to waive any right to challenge the terms of the brand covenants as being overly broad, unreasonable or otherwise unenforceable. These provisions do not apply to Washington franchisees to the extent they contravene RCW 19.100.220(2) and RCW 111.180(2)(g).
30. Section 7 of the Approval of Requested Assignment contained in Exhibit G-5 of the FDD states: "New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor." This provision does not apply to Washington franchisees to the extent it contravenes RCW 19.100.



31. **Fee Deferral.** Items 5 and 7 of the FDD and the Franchise Agreement are amended to state that franchisor will defer collection of the initial franchise fee until franchisor has fulfilled its pre-opening obligations to the franchisee and the franchise is open for business.

The undersigned parties do hereby acknowledge receipt of this Addendum.

Dated this _____ day of _____ 20_____.

Signature of Franchisor Representative

Signature of Franchisee Representative

Title of Franchisor Representative

Title of Franchisee Representative

WISCONSIN

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provision of the Franchise Agreement if such provision is in conflict with that law. The Franchise Disclosure Document, the Franchise Agreement and the Supplemental Agreements are amended accordingly.

No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

(Signatures on following page)



APPLICABLE ADDENDA

If any one of the preceding Addenda for specific states (“**Addenda**”) is checked as an “Applicable Addenda” below, then that Addenda shall be incorporated into the Franchise Disclosure Document, Franchise Agreement and any other specified agreement(s) entered into by us and the undersigned Franchisee. To the extent any terms of an Applicable Addenda conflict with the terms of the Franchise Disclosure Document, Franchise Agreement and other specified agreement(s), the terms of the Applicable Addenda shall supersede the terms of the Franchise Agreement.

- California
- Hawaii
- Illinois
- Iowa
- Indiana
- Maryland

- Michigan
- Minnesota
- New York
- North Dakota
- Ohio

- Rhode Island
- South Dakota
- Virginia
- Washington
- Wisconsin

Dated: _____, 20____

FRANCHISOR:

ART OF DRAWERS FRANCHISE SYSTEMS, LLC

By: _____

Title: _____

FRANCHISEE:

By: _____

Title: _____

Rev. 071823



EXHIBIT G

CONTRACTS FOR USE WITH THE ART OF DRAWERS FRANCHISE

The following contracts contained in Exhibit G are contracts that Franchisee is required to utilize or execute after signing the Franchise Agreement in the operation of the Art of Drawers Business. The following are the forms of contracts that Art of Drawers Franchise Systems, LLC uses as of the Issuance Date of this Franchise Disclosure Document. If they are marked “Sample,” they are subject to change at any time.



EXHIBIT G-1

ART OF DRAWERS FRANCHISE

SAMPLE GENERAL RELEASE AGREEMENT

WAIVER AND RELEASE OF CLAIMS

This Waiver and Release of Claims (“Release”) is made as of _____, 20__ by _____, a(n) _____ (“Franchisee”), and each individual holding an ownership interest in Franchisee (collectively with Franchisee, “Releasor”) in favor of Art of Drawers Franchise Systems, LLC, a Georgia limited liability company (“Franchisor,” and together with Releasor, the “Parties”).

WHEREAS, Franchisor and Franchisee have entered into a Franchise Agreement (“Agreement”) pursuant to which Franchisee was granted the right to own and operate an Art of Drawers business;

WHEREAS, (Franchisee has notified Franchisor of its desire to transfer the Agreement and all rights related thereto, or an ownership interest in Franchisee, to a transferee/enter into a successor franchise agreement/amend the Agreement) or (the Agreement is being terminated/or indicate other reason for the requirement of this waiver and release), and Franchisor has consented to such (transfer/successor franchise agreement/amendment/termination/other reason); and

WHEREAS, as a condition to Franchisor’s consent to (transfer the Agreement/enter into a successor franchise agreement/amend the Agreement/terminate the Agreement/other reason), Releasor has agreed to execute this Release upon the terms and conditions stated below.

NOW, THEREFORE, in consideration of Franchisor’s consent, and for other good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, and intending to be legally bound, Releasor hereby agrees as follows:

1. **Representations and Warranties**. Releasor represents and warrants that it is duly authorized to enter into this Release and to perform the terms and obligations herein contained, and has not assigned, transferred, or conveyed, either voluntarily or by operation of law, any of its rights or claims against Franchisor or any of the rights, claims, or obligations being terminated and released hereunder. Each individual executing this Release on behalf of Franchisee represents and warrants that he/she is duly authorized to enter into and execute this Release on behalf of Franchisee. Releasor further represents and warrants that all individuals that currently hold a direct or indirect ownership interest in Franchisee are signatories to this Release.

2. **Release**. Releasor and its subsidiaries, affiliates, parents, divisions, successors and assigns, and all persons or firms claiming by, through, under, or on behalf of any or all of them, hereby release, acquit, and forever discharge Franchisor, any and all of its affiliates, parents, subsidiaries, or related companies, divisions, and partnerships, and its and their past and present officers, directors, agents, partners, shareholders, employees, representatives, successors and assigns, and attorneys, and the spouses of such individuals (collectively, the “Released Parties”), from any and all claims, liabilities, damages, expenses, actions, or causes of action which Releasor may now have or has ever had, whether known or unknown, past or present, absolute or contingent, suspected or unsuspected, of any nature whatsoever, including without limiting the generality of the foregoing, all claims, liabilities, damages, expenses, actions, or causes of action directly or indirectly arising out of or relating to the execution and performance of the Agreement and the offer and sale of the franchise related thereto, except to the extent such liabilities are payable by the applicable indemnified party



in connection with a third-party claim. Releasor represents and warrants to the Released Parties, and agrees, that it may later learn of new or different facts, but that still, it is Releasor's intention to fully, finally, and forever release all of the claims that are released above. This includes the Releasor's waiver of state laws that might apply to limit a release (such as Calif. Civil Code Section 1542, which states that "[a] general release does not extend to claims which the creditor does not know or suspect exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor").

3. Nondisparagement. Releasor expressly covenants and agrees not to make any false representation of facts, or to defame, disparage, discredit, or deprecate any of the Released Parties or otherwise communicate with any person or entity in a manner intending to damage any of the Released Parties, their business, or their reputation.

4. Confidentiality. Releasor agrees to hold in strictest confidence and not disclose, publish, or use the existence of, or any details relating to, this Release to any third party without Franchisor's express written consent, except as required by law.

5. Miscellaneous.

a. Releasor agrees that it has read and fully understands this Release and that the opportunity has been afforded to Releasor to discuss the terms and contents of said Release with legal counsel and/or that such a discussion with legal counsel has occurred.

b. This Release shall be construed and governed by the laws of the State of Georgia.

c. Each individual and entity that comprises Releasor shall be jointly and severally liable for the obligations of Releasor.

d. In the event that it shall be necessary for any Party to institute legal action to enforce or for the breach of any of the terms and conditions or provisions of this Release, the prevailing Party in such action shall be entitled to recover all of its reasonable costs and attorneys' fees.

e. All of the provisions of this Release shall be binding upon and inure to the benefit of the Parties and their current and future respective directors, officers, partners, attorneys, agents, employees, shareholders, and the spouses of such individuals, successors, affiliates, and assigns. No other party shall be a third-party beneficiary to this Release.

f. This Release constitutes the entire agreement and, as such, supersedes all prior oral and written agreements or understandings between and among the Parties regarding the subject matter hereof. This Release may not be modified except in a writing signed by all of the Parties. This Release may be executed in multiple counterparts, each of which shall be deemed an original and all of which together shall constitute but one and the same document.

g. If one or more of the provisions of this Release shall for any reason be held invalid, illegal, or unenforceable in any respect, such invalidity, illegality, or unenforceability shall not affect or impair any other provision of this Release, but this Release shall be construed as if such invalid, illegal, or unenforceable provision had not been contained herein.

h. Releasor agrees to do such further acts and things and to execute and deliver such additional agreements and instruments as any Released Party may reasonably require to consummate, evidence, or confirm the Release contained herein in the matter contemplated hereby.



i. This Release is inapplicable with respect to claims arising under the Washington Franchise Investment Protection Act, chapter 19.100 RCW, and the rules adopted thereunder in accordance with RCW 19.100.220.

(Signatures on following page)

IN WITNESS WHEREOF, Releasor has executed this Release as of the date first written above.

FRANCHISEE:

_____, a

Sign: _____

Printed Name: _____

Title: _____

FRANCHISEE'S OWNERS:

Date _____

Signature

Typed or Printed Name

Signature

Typed or Printed Name

Rev. 060524



EXHIBIT G-2

ART OF DRAWERS FRANCHISE

SAMPLE SYSTEM PROTECTION AGREEMENT

This System Protection Agreement (“SP Agreement”) is entered into by the undersigned (“you” or “your”) in favor of Art of Drawers Franchise Systems, LLC, a Georgia limited liability company, and its successors and assigns (“us,” “we,” or “our”), upon the terms and conditions set forth in this SP Agreement.

1. **Definitions.** For purposes of this SP Agreement, the following terms have the meanings given to them below:

“*Competitive Business*” means any business that: (i) sells or offers to sell products the same as or similar to the type of products sold by you in and/or from the Franchisee Territory (including, but not limited to, the products we authorize); or (ii) provides or offers to provide services the same as or similar to the type of services sold by you in and/or from the Franchisee Territory (including, but not limited to, the services we authorize), but excludes an Art of Drawers business operating pursuant to a franchise agreement with us.

“*Copyrights*” means all works and materials for which we or our affiliate have secured common law or registered copyright protection and that we allow franchisees to use, sell, or display in connection with the marketing and/or operation of an Art of Drawers business or the solicitation or offer of an Art of Drawers franchise, whether now in existence or created in the future.

“*Franchisee*” means the Art of Drawers franchisee for which you are a manager or officer.

“*Franchisee Territory*” means the territory granted to you pursuant to a franchise agreement with us.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an Art of Drawers business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an Art of Drawers business, which may be periodically modified by us.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Art of Drawers business, including “Art of Drawers ,” and any other trademarks, service marks, or trade names that we designate for use by an Art of Drawers business. The term “Marks” also includes any distinctive trade dress used to identify an Art of Drawers business, whether now in existence or hereafter created.

“*Prohibited Activities*” means any or all of the following: (i) owning, operating, or having any other interest (as an owner, partner, director, officer, employee, manager, consultant, shareholder, creditor, representative, agent, or in any similar capacity) in a Competitive Business (other than owning an interest of five percent (5%) or less in a publicly-traded company that is a Competitive Business); (ii) diverting or attempting to divert any business from us (or one of our affiliates or franchisees); and/or (iii) inducing or attempting to induce any customer of ours (or of one of our affiliates or franchisees) to transfer their business to you or to any other person that is not then a franchisee of ours.



“*Restricted Period*” means the two-year period after you cease to be a manager or officer of Franchisee’s Art of Drawers business; provided, however, that if a court of competent jurisdiction determines that this period of time is too long to be enforceable, then the “*Restricted Period*” means the one-year period after you cease to be a manager or officer of Franchisee’s Art of Drawers business.

“*Restricted Territory*” means the geographic area within: (i) a 25-mile radius from Franchisee’s Art of Drawers business; and (ii) a 25-mile radius from all other Art of Drawers businesses that are operating or under development as of the beginning of the *Restricted Period*; provided, however, that if a court of competent jurisdiction determines that the foregoing *Restricted Territory* is too broad to be enforceable, then the “*Restricted Territory*” means the geographic area within a 12-mile radius from Franchisee’s Art of Drawers business (and including the premises of the approved location of Franchisee).

“*System*” means our system for the establishment, development, operation, and management of an Art of Drawers business, including Know-how, proprietary programs and products, Manual, and operating system.

2. Background. You are a manager or officer of Franchisee. As a result of this relationship, you may gain knowledge of our System. You understand that protecting the Intellectual Property and our System are vital to our success and that of our franchisees and that you could seriously jeopardize our entire System if you were to unfairly compete with us. In order to avoid such damage, you agree to comply with the terms of this SP Agreement.

3. Know-How and Intellectual Property. You agree: (i) you will not use the Know-how in any business or capacity other than the Art of Drawers business operated by Franchisee; (ii) you will maintain the confidentiality of the Know-how at all times; (iii) you will not make unauthorized copies of documents containing any Know-how; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Know-how; and (v) you will stop using the Know-how immediately if you are no longer a manager or officer of Franchisee’s Art of Drawers business. You further agree that you will not use all or part of the Intellectual Property or all or part of the System for any purpose other than the performance of your duties for Franchisee and within the scope of your employment or other engagement with Franchisee. These restrictions on Know-how, Intellectual Property and the System shall not apply to any information which is information publicly known or becomes lawfully known in the public domain other than through a breach of this SP Agreement or is required or compelled by law to be disclosed, provided that you will give reasonable notice to us to allow us to seek protective or other court orders.

4. Unfair Competition During Relationship. You agree not to unfairly compete with us at any time while you are a manager or officer of Franchisee’s Art of Drawers business by engaging in any Prohibited Activities.

5. Unfair Competition After Relationship. You agree not to unfairly compete with us during the *Restricted Period* by engaging in any Prohibited Activities; provided, however, that the Prohibited Activity relating to having an interest in a Competitive Business will only apply with respect to a Competitive Business that is located within or provides competitive goods or services to customers who are located within the *Restricted Territory*. If you engage in any Prohibited Activities during the *Restricted Period*, then you agree that your *Restricted Period* will be extended by the period of time during which you were engaging in the Prohibited Activity.

6. Immediate Family Members. You acknowledge that you could circumvent the purpose of this SP Agreement by disclosing Know-how to an immediate family member (i.e., spouse, parent, sibling, child, grandparent or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Know-how to family members. Therefore, you agree that you will be presumed to have violated the terms of this SP Agreement if any member of your immediate family: (i) engages in any



Prohibited Activities during any period of time during which you are prohibited from engaging in the Prohibited Activities; or (ii) uses or discloses the Know-how. However, you may rebut this presumption by furnishing evidence conclusively showing that you did not disclose the Know-how to the family member.

7. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this SP Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this SP Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS SP AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

8. Breach. You agree that failure to comply with the terms of this SP Agreement will cause substantial and irreparable damage to us and/or other Art of Drawers franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of the terms of this SP Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours in the event of the entry of such injunction will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this SP Agreement are exclusive of any other, but may be combined with others under this SP Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action that you may have against us, our owners or our affiliates, or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this SP Agreement.

9. Miscellaneous.

a. If we pursue legal remedies against you because you have breached this SP Agreement and prevail against you, you agree to pay our reasonable attorneys' fees and costs in doing so.

b. This SP Agreement will be governed by, construed, and enforced under the laws of Georgia, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this SP Agreement.

c. Each section of this SP Agreement, including each subsection and portion thereof, is severable. If any section, subsection, or portion of this SP Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this SP Agreement agrees that the court may impose such limitations on the terms of this SP Agreement as it deems in its discretion necessary to make such terms reasonable in scope, duration, and geographic area.

d. You and we both believe that the covenants in this SP Agreement are reasonable in terms of scope, duration, and geographic area. However, we may at any time unilaterally modify the terms of this SP Agreement upon written notice to you by limiting the scope of the Prohibited Activities, narrowing the definition of a Competitive Business, shortening the duration of the Restricted Period, reducing the geographic scope of the Restricted Territory, and/or reducing the scope of any other covenant imposed upon you under this SP Agreement to ensure that the terms and covenants in this SP Agreement are enforceable under applicable law.

(Signature Page Follows)



EXECUTED on the date stated below.

Date _____

Signature _____

Typed or Printed Name _____

Rev. 120619



EXHIBIT G-3

ART OF DRAWERS FRANCHISE

SAMPLE CONFIDENTIALITY AGREEMENT

This Confidentiality Agreement (“Confidentiality Agreement”) is entered into by the undersigned (“you”) in favor of Art of Drawers Franchise Systems, LLC, a Georgia limited liability company, and its successors and assigns (“us”), upon the terms and conditions set forth in this Confidentiality Agreement.

1. Definitions. For purposes of this Confidentiality Agreement, the following terms have the meanings given to them below:

“*Art of Drawers Business*” means a business that provides design and installation services to retrofit cabinets, pantries, closets, garages and other areas and other related products and services using our Intellectual Property.

“*Copyrights*” means all works and materials for which we or our affiliate(s) have secured common law or registered copyright protection and that we allow Art of Drawers franchisees to use, sell, or display in connection with the marketing and/or operation of an Art of Drawers Business, whether now in existence or created in the future.

“*Franchisee*” means the Art of Drawers franchisee for which you are an employee, independent contractor, agent, representative, or supplier.

“*Intellectual Property*” means, collectively or individually, our Marks, Copyrights, Know-how, Manual, and System.

“*Know-how*” means all of our trade secrets and other proprietary information relating to the development, construction, marketing, and/or operation of an Art of Drawers Business, including, but not limited to, methods, techniques, specifications, proprietary practices and procedures, policies, marketing strategies, and information comprising the System and the Manual.

“*Manual*” means our confidential operations manual for the operation of an Art of Drawers Business.

“*Marks*” means the logotypes, service marks, and trademarks now or hereafter involved in the operation of an Art of Drawers Business, including “Art of Drawers” and any other trademarks, service marks, or trade names that we designate for use by an Art of Drawers Business. The term “Marks” also includes any distinctive trade dress used to identify an Art of Drawers Business, whether now in existence or hereafter created.

“*System*” means our system for the establishment, development, operation, and management of an Art of Drawers Business, including Know-how, proprietary programs and products, confidential operations manuals, and operating system.

2. Background. You are an employee, independent contractor, agent, representative, or supplier of Franchisee. Because of this relationship, you may gain knowledge of our Intellectual Property. You understand that protecting the Intellectual Property is vital to our success and that of our franchisees, and that you could seriously jeopardize our entire Franchise System if you were to use such Intellectual Property in any way other than as described in this Confidentiality Agreement. In order to avoid such damage, you agree to comply with this Confidentiality Agreement.

3. Know-How and Intellectual Property: Nondisclosure and Ownership. You agree: (i) you will not use the Intellectual Property in any business or capacity other than for the benefit of the Art



of Drawers Business operated by Franchisee or in any way detrimental to us or to the Franchisee; (ii) you will maintain the confidentiality of the Intellectual Property at all times; (iii) you will not make unauthorized copies of documents containing any Intellectual Property; (iv) you will take such reasonable steps as we may ask of you from time to time to prevent unauthorized use or disclosure of the Intellectual Property; and (v) you will stop using the Intellectual Property immediately if you are no longer an employee, independent contractor, agent, representative, or supplier of Franchisee. You further agree that you will not use the Intellectual Property for any purpose other than the performing your duties for Franchisee and within the scope of your employment or other engagement with Franchisee.

The Intellectual Property is and shall continue to be the sole property of Art of Drawers Franchise Systems, LLC. You hereby assign and agree to assign to us any rights you may have or may acquire in such Intellectual Property. Upon the termination of your employment or engagement with Franchisee, or at any time upon our or Franchisee's request, you will deliver to us or to Franchisee all documents and data of any nature pertaining to the Intellectual Property, and you will not take with you any documents or data or copies containing or pertaining to any Intellectual Property.

4. Immediate Family Members. You acknowledge you could circumvent the purpose of this Confidentiality Agreement by disclosing Intellectual Property to an immediate family member (i.e., spouse, parent, sibling, child, or grandchild). You also acknowledge that it would be difficult for us to prove whether you disclosed the Intellectual Property to family members. Therefore, you agree you will be presumed to have violated the terms of this Confidentiality Agreement if any member of your immediate family uses or discloses the Intellectual Property. However, you may rebut this presumption by furnishing evidence conclusively showing you did not disclose the Intellectual Property to the family member.

5. Covenants Reasonable. You acknowledge and agree that: (i) the terms of this Confidentiality Agreement are reasonable both in time and in scope of geographic area; and (ii) you have sufficient resources and business experience and opportunities to earn an adequate living while complying with the terms of this Confidentiality Agreement. **YOU HEREBY WAIVE ANY RIGHT TO CHALLENGE THE TERMS OF THIS CONFIDENTIALITY AGREEMENT AS BEING OVERLY BROAD, UNREASONABLE, OR OTHERWISE UNENFORCEABLE.**

6. Breach. You agree that failure to comply with this Confidentiality Agreement will cause substantial and irreparable damage to us and/or other Art of Drawers franchisees for which there is no adequate remedy at law. Therefore, you agree that any violation of this Confidentiality Agreement will entitle us to injunctive relief. You agree that we may apply for such injunctive relief, without bond, but upon due notice, in addition to such further and other relief as may be available at equity or law, and the sole remedy of yours, in the event of the entry of such injunction, will be the dissolution of such injunction, if warranted, upon hearing duly held (all claims for damages by reason of the wrongful issuance of any such injunction being expressly waived hereby). If a court requires the filing of a bond notwithstanding the preceding sentence, the parties agree that the amount of the bond shall not exceed \$1,000. None of the remedies available to us under this Confidentiality Agreement are exclusive of any other but may be combined with others under this Confidentiality Agreement, or at law or in equity, including injunctive relief, specific performance, and recovery of monetary damages. Any claim, defense, or cause of action you may have against us or against Franchisee, regardless of cause or origin, cannot be used as a defense against our enforcement of this Confidentiality Agreement.

7. Miscellaneous.

a. Although this Confidentiality Agreement is entered into in favor of Art of Drawers Franchise Systems, LLC, you understand and acknowledge that your employer/employee, independent



contractor, agent, representative, or supplier relationship is with Franchisee and not with us, and for all purposes in connection with such relationship, you will look to Franchisee and not to us.

b. If we pursue legal remedies against you because you have breached this Confidentiality Agreement and prevail against you, you agree to pay our reasonable attorney fees and costs in doing so.

c. This Confidentiality Agreement will be governed by, construed, and enforced under the laws of Georgia, and the courts in that state shall have jurisdiction over any legal proceedings arising out of this Confidentiality Agreement.

d. Each section of this Confidentiality Agreement, including each subsection and portion, is severable. If any section, subsection, or portion of this Confidentiality Agreement is unenforceable, it shall not affect the enforceability of any other section, subsection, or portion; and each party to this Confidentiality Agreement agrees that the court may impose such limitations on the terms of this Confidentiality Agreement as it deems in its discretion necessary to make such terms enforceable.

EXECUTED on the date stated below.

Date _____

Signature

Typed or Printed Name

Rev. 032916



EXHIBIT G-4

AUTOMATED CLEARING HOUSE PAYMENT AUTHORIZATION FORM

Franchisee Information:

Franchisee Name	Business No.
Franchisee Mailing Address (street)	Franchisee Phone No.
Franchisee Mailing Address (city, state, zip)	
Contact Name, Address and Phone number (if different from above)	
Franchisee Fax No.	Franchisee Email Address

Bank Account Information:

Bank Name		
Bank Mailing Address (street, city, state, zip)		
<input type="checkbox"/> Checking <input type="checkbox"/> Savings		
Bank Account No.	(check one)	Bank Routing No. (9 digits)
Bank Mailing Address (city, state, zip)		Bank Phone No.

Authorization:

Franchisee hereby authorizes Art of Drawers Franchise Systems, LLC (“Franchisor”) to initiate debit entries to Franchisee’s account with the Bank listed above, and Franchisee authorizes the Bank to accept and to debit the amount of such entries to Franchisee’s account. Each debit shall be made from time to time in an amount sufficient to cover any fees payable to Franchisor pursuant to any agreement between Franchisor and Franchisee as well as to cover any purchases of goods or services from Franchisor or any affiliate of Franchisor. Franchisee agrees to be bound by the National Automated Clearing House Association (NACHA) rules in the administration of these debit entries. Debit entries will be initiated only as authorized above. This authorization is to remain in full force and effect until Franchisor has received written notification from Franchisee of its termination in such time and in such manner as to afford Franchisor and the Bank a reasonable opportunity to act on it. Franchisee shall notify Franchisor of any changes to any of the information contained in this authorization form at least 30 days before such change becomes effective.

Signature: _____ Date: _____
Printed Name: _____
Its: _____

Federal Tax ID Number: _____

Rev. 032916

NOTE: FRANCHISEE MUST ATTACH A VOIDED CHECK RELATING TO THE BANK ACCOUNT.



EXHIBIT G-5

ART OF DRAWERS FRANCHISE

SAMPLE APPROVAL OF REQUESTED ASSIGNMENT

This Approval of Requested Assignment ("Approval Agreement") is entered into on _____, 20____, between Art of Drawers Franchise Systems, LLC ("Franchisor"), a Georgia limited liability company, _____ ("Former Franchisee"), the undersigned owners of Former Franchisee ("**Owners**") and _____, ("New Franchisee").

RECITALS

WHEREAS, Franchisor and Former Franchisee entered into that certain franchise agreement dated _____, 20____ ("Former Franchise Agreement"), in which Franchisor granted Former Franchisee the right to operate an Art of Drawers franchise located at _____ ("Franchised Business"); and

WHEREAS, Former Franchisee desires to assign ("Requested Assignment") the Franchised Business to New Franchisee, New Franchisee desires to accept the Requested Assignment of the Franchised Business from Former Franchisee, and Franchisor desires to approve the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon the terms and conditions contained in this Approval Agreement, including that New Franchisee sign Franchisor's current form of franchise agreement together with all exhibits and attachments thereto ("New Franchise Agreement"), contemporaneously herewith.

NOW, THEREFORE, in consideration of the mutual covenants, promises, and agreements herein contained, the parties hereto hereby covenant, promise, and agree as follows:

1. Payment of Fees. In consideration for the Requested Assignment, Former Franchisee acknowledges and agrees to pay Franchisor the Transfer Fee, as required under the Franchise Agreement ("Franchisor's Assignment Fee").

2. Assignment and Assumption. Former Franchisee hereby consents to assign all of its rights and delegate its duties with regard to the Former Franchise Agreement and all exhibits and attachments thereto from Former Franchisee to New Franchisee, subject to the terms and conditions of this Approval Agreement, and conditioned upon New Franchisee's signing the New Franchise Agreement pursuant to Section 5 of this Approval Agreement.

3. Consent to Requested Assignment of Franchised Business. Franchisor hereby consents to the Requested Assignment of the Franchised Business from Former Franchisee to New Franchisee upon receipt of the Franchisor's Assignment Fee from Former Franchisee and the mutual execution of this Approval Agreement by all parties. Franchisor waives its right of first refusal set forth in the Former Franchise Agreement.

4. Termination of Rights to the Franchised Business. The parties acknowledge and agree that effective upon the date of this Approval Agreement, the Former Franchise Agreement shall terminate and all of Former Franchisee's rights to operate the Franchised Business are terminated and that from the date of this Approval Agreement only New Franchisee shall have the sole right to operate the Franchised Business under the New Franchise Agreement. Former Franchisee and the undersigned Owners agree to



comply with all of the covenants in the Former Franchise Agreement that expressly or by implication survive the termination, expiration, or transfer of the Former Franchise Agreement. Unless otherwise precluded by state law, Former Franchisee shall execute Franchisor's current form of General Release Agreement.

5. New Franchise Agreement. New Franchisee shall execute the New Franchise Agreement for the Franchised Business (as amended by the form of Addendum prescribed by Franchisor, if applicable), and any other required contracts for the operation of an Art of Drawers franchise as stated in Franchisor's Franchise Disclosure Document.

6. Former Franchisee's Contact Information. Former Franchisee agrees to keep Franchisor informed of its current address and telephone number at all times during the three-year period following the execution of this Approval Agreement.

7. Acknowledgement by New Franchisee. New Franchisee acknowledges and agrees that the purchase of the rights to the Franchised Business ("Transaction") occurred solely between Former Franchisee and New Franchisee. New Franchisee also acknowledges and agrees that Franchisor played no role in the Transaction and that Franchisor's involvement was limited to approving the Requested Assignment and any required actions regarding New Franchisee's signing of the New Franchise Agreement for the Franchised Business. New Franchisee agrees that any claims, disputes, or issues relating New Franchisee's acquisition of the Franchised Business from Franchisee are between New Franchisee and Former Franchisee, and shall not involve Franchisor.

8. Representation. Former Franchisee warrants and represents that it has not heretofore assigned, conveyed, or disposed of any interest in the Former Franchise Agreement or Franchised Business. New Franchisee hereby represents that it received Franchisor's Franchise Disclosure Document and did not sign the New Franchise Agreement or pay any money to Franchisor or its affiliate for a period of at least 14 calendar days after receipt of the Franchise Disclosure Document.

9. Notices. Any notices given under this Approval Agreement shall be in writing, and if delivered by hand, or transmitted by U.S. certified mail, return receipt requested, postage prepaid, or via telegram or telefax, shall be deemed to have been given on the date so delivered or transmitted, if sent to the recipient at its address or telefax number appearing on the records of the sending party.

10. Further Actions. Former Franchisee and New Franchisee each agree to take such further actions as may be required to effectuate the terms and conditions of this Approval Agreement, including any and all actions that may be required or contemplated by the Former Franchise Agreement.

11. Affiliates. When used in this Approval Agreement, the term "Affiliates" has the meaning as given in Rule 144 under the Securities Act of 1933.

12. Miscellaneous. This Approval Agreement may not be changed or modified except in a writing signed by all of the parties hereto. This Approval Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, and all of which together shall constitute one and the same document. This Approval Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13. Governing Law. This Approval Agreement shall be governed by, and construed and enforced in accordance with, the laws of the State of Georgia.

(Signature Page Follows)



IN WITNESS WHEREOF, the parties have executed this Approval Agreement under seal, with the intent that this be a sealed instrument, as of the day and year first above written.

FRANCHISOR:

Art of Drawers Franchise Systems, LLC

By: _____
Printed Name: _____
Title: _____

FORMER FRANCHISEE:

By: _____
Printed Name: _____
Title: _____

NEW FRANCHISEE:

By: _____
Printed Name: _____
Title: _____

Rev. 031821



EXHIBIT G-6

ART OF DRAWERS FRANCHISE

MULTI-FRANCHISE ADDENDUM TO FRANCHISE AGREEMENT

THIS ADDENDUM (the “Addendum”) is entered into and made effective as of the date set forth on the signature page hereof, by and between Art of Drawers Franchise Systems, LLC (“Franchisor”) and the franchisee named on the signature page of this Addendum (“Franchisee”). This Addendum relates to that certain Art of Drawers franchise agreement dated _____, 20__ (“Franchise Agreement”) and supplements the terms of the Franchise Agreement in relation to the opening of additional Art of Drawers franchises. All capitalized terms not otherwise defined in this Addendum shall have the meaning set forth in the Franchise Agreement. To the extent this Addendum conflicts with the terms of the Franchise Agreement, the terms of this Addendum shall control.

1. **Initial Franchise Fee.** Franchisee has paid the initial franchise fee listed in Section 2 of this Addendum. The initial franchise fee is fully earned immediately upon receipt and non-refundable, regardless of whether Franchisee opens any additional Art of Drawers franchises.

2. **Type of Franchise.** Franchisee has purchased the franchise listed in the chart below, which allows Franchisee to open a certain number of additional Art of Drawers franchises at a later date (“Additional Franchises”) without paying an initial franchise fee.

Applicable Number of Art of Drawers Businesses (check one)	Number of Art of Drawers Business	Development Fee per Art of Drawers Business	Total Initial Franchise Fee
	2	\$55,000	\$110,000
	3	\$45,000	\$135,000
	4	\$45,000	\$180,000
	5	\$45,000	\$225,000
	6	\$40,000	\$240,000
	7	\$40,000	\$280,000
	8	\$40,000	\$320,000
	9	\$40,000	\$360,000
	10	\$35,000	\$350,000

3. **Franchise Agreement.** Franchisee shall exercise the rights under this Addendum only by entering into a separate franchise agreement with Franchisor for each Additional Franchise. Franchisee shall sign the current form of Art of Drawers Franchise Agreement and Unit Rider then being used by Franchisor for a Art of Drawers franchise for each Additional Franchise. Franchisee will not be required to pay a separate initial franchise fee under the franchise agreement for each Additional Franchise.

4. **Limited Rights.** This Addendum does not grant Franchisee the right to franchise, license, subfranchise, or sublicense others to operate Art of Drawers Businesses. Only Franchisee (and/or Franchisee-affiliated entities Franchisor approves) may develop, open, and operate Additional Franchises pursuant to this Addendum. This Addendum only grants Franchisee the right to enter into franchise agreements to open Additional Franchises, subject to the terms of the franchise



agreement for such Additional Franchises. Franchisee is not granted any territorial rights or other rights except those granted under the franchise agreement for each Additional Franchise. Except for the initial franchise fee, Franchisee shall be liable for all costs and expenses incurred in opening the Additional Franchises.

5. Term. This Addendum and Franchisee's right to open Additional Franchises shall terminate as of the date of termination or expiration of the Franchise Agreement.

IN WITNESS WHEREOF, the parties hereto have duly signed and delivered this Agreement on the day and year first written above.

FRANCHISOR:

ART OF DRAWERS FRANCHISE SYSTEMS, LLC,
A Georgia limited liability company

By: _____

Name: _____

Title: _____

FRANCHISEE:

A(n) _____

By: _____

Name: _____

Title: _____



EXHIBIT H

FRANCHISE DISCLOSURE QUESTIONNAIRE

(This questionnaire is not to be used for any franchise sale in or to residents of California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)

As you know, Art of Drawers Franchise Systems, LLC (“we” or “us”), and you are preparing to enter into a Franchise Agreement for the operation of an Art of Drawers franchise. **You cannot sign or date this questionnaire the same day as the Receipt for the Franchise Disclosure Document, but you must sign and date it the same day you sign the Franchise Agreement.** Please review each of the following questions carefully and provide honest responses to each question. If you answer “No” to any of the questions below, please explain your answer in the table provided below.

Do not sign this Questionnaire if you are a resident of Maryland or the franchise is to be operated in Maryland.

1. Yes__ No__ Have you received and personally reviewed the Franchise Agreement and each attachment or exhibit attached to it that we provided?

2. Yes__ No__ Have you received and personally reviewed the Franchise Disclosure Document and each attachment or exhibit attached to it that we provided?

3. Yes__ No__ Did you sign a receipt for the Franchise Disclosure Document indicating the date you received it?

4. Yes__ No__ Do you understand all the information contained in the Franchise Disclosure Document, Franchise Agreement?

5. Yes__ No__ Have you reviewed the Franchise Disclosure Document and Franchise Agreement with a lawyer, accountant, or other professional advisor, or have you had the opportunity for such review and chosen not to engage such professionals?

6. Yes__ No__ Have you had the opportunity to discuss the benefits and risks of developing and operating an Art of Drawers Franchise with an existing Art of Drawers franchisee?

7. Yes__ No__ Do you understand the risks of developing and operating an Art of Drawers Franchise?

8. Yes__ No__ Do you understand the success or failure of your Art of Drawers Franchise will depend in large part upon your skills, abilities, and efforts, and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, and other relevant factors?



- 9. Yes__ No__ Do you understand all disputes or claims you may have arising out of or relating to the Franchise Agreement must be arbitrated in Georgia, if not resolved informally or by mediation (subject to state law)?
- 10. Yes__ No__ Do you understand that you must satisfactorily complete the initial training program before we will allow your Art of Drawers Franchise to open or consent to a transfer of the Art of Drawers Franchise to you?
- 11. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the costs involved in operating an Art of Drawers Franchise that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- 12. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement and any addendum, concerning advertising, marketing, media support, marketing penetration, training, support service, or assistance that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- 13. Yes__ No__ Do you agree that no employee or other person speaking on our behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue an Art of Drawers Franchise will generate that is not contained in the Franchise Disclosure Document or that is contrary to, or different from, the information contained in the Franchise Disclosure Document?
- 14. Yes__ No__ Do you understand that the Franchise Agreement including each attachment or exhibit to the Franchise Agreement contains the entire agreement between us and you concerning the Art of Drawers Franchise?
- 15. Yes__ No__ Do you understand that we are relying on your answers to this questionnaire to ensure that the franchise sale was made in compliance of state and federal laws?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

Signature of Franchise Applicant

Name (please print)

Date

Signature of Franchise Applicant

Name (please print)

Date



EXPLANATION OF ANY NEGATIVE RESPONSES (REFER TO QUESTION NUMBER):

Question Number	Explanation of Negative Response

Rev. 071823



EXHIBIT I
STATE EFFECTIVE DATES



State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

State	Effective Date
California	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Michigan	Pending August 7, 2025
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	Pending April 25, 2025
Virginia	Pending
Washington	Pending
Wisconsin	Pending

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.



EXHIBIT J

RECEIPTS



RECEIPT
(Retain This Copy)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Art of Drawers Franchise Systems, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

Under Iowa law, if applicable, Art of Drawers Franchise Systems, LLC must provide this disclosure document to you at your first personal meeting to discuss the franchise. Michigan requires Art of Drawers Franchise Systems, LLC to give you this disclosure document at least ten business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. New York requires you to receive this disclosure document at the earlier of the first personal meeting or ten business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Art of Drawers Franchise Systems, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580, and the appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise is:
Allan Young, 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia 30067, (770) 800-8410

Issuance Date: April 24, 2025, as amended August 21, 2025

I received a disclosure document issued April 24, 2025, as amended August 21, 2025 which included the following exhibits:

- Exhibit A List of State Administrators and Agents for Service of Process
- Exhibit B Financial Statements
- Exhibit C Franchise Agreement
- Exhibit D List of Current and Former Franchisees
- Exhibit E Franchise Operations Manual Table of Contents
- Exhibit F State Addenda and Agreement Riders
- Exhibit G Contracts for use with the Art of Drawers Franchise
- Exhibit H Franchise Disclosure Questionnaire
- Exhibit I State Effective Dates
- Exhibit J Receipt

Date Signature Printed Name

Date Signature Printed Name

PLEASE RETAIN THIS COPY FOR YOUR RECORDS.



**RECEIPT
(Our Copy)**

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Art of Drawers Franchise Systems, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

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- Exhibit H Franchise Disclosure Questionnaire
- Exhibit I State Effective Dates
- Exhibit J Receipt

Date Signature Printed Name

Date Signature Printed Name

Rev. 012417

Please sign this copy of the receipt, date your signature, and return it to Art of Drawers Franchise Systems, LLC, 1395 South Marietta Pkwy SE Bldg. 900, Suite 904, Marietta, Georgia, 30067.

