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WHAT IS DREAMMAKER BATH & KITCHEN?

A full-service interior home improvement franchise that builds a better business.

Dale Ressler loved remodeling work — heart, mind, and soul. His body, however, was starting to beg for mercy. After 15 years, his shoulders were worn out. When a surgeon repaired them, he also made clear: Dale was going to need to spend the next 15 years doing something different than slinging drywall, plywood, and 2x4s. Dale's solution: a DreamMaker Bath & Kitchen home improvement franchise.

"DreamMaker had the systems to help me work myself into a complete management role," he said. It also had the vendor relationships that would lower the cost of materials and allow him to enjoy higher margins. "It was all stuff I couldn't do on my own."



Dale Ressler

Almost a decade later, Dale's DreamMaker Bath & Kitchen franchise in Elizabethtown, PA, was going strong. "There are a lot of remodelers just working out of a truck who can do the work, but the experience we give the customer sets us apart," he said. "We do really good quality work, but the process and relationship we build with clients is what sets us apart." Since then, Dale has successfully sold his DreamMaker business and now serves as a Franchise Coach to support other DreamMaker franchise owners who are building their businesses.

HOW DREAMMAKER BUILDS A BETTER HOME IMPROVEMENT FRANCHISE

DreamMaker Bath & Kitchen is a full-service interior home improvement franchise that helps remodelers have the ability to earn higher profits while also improving their quality of life. We do it by providing business systems, vendor relationships, financial and pricing systems, group buying power, marketing tools, training, coaching, and



fellowship. The result: Our franchise owners enjoy much stronger margins than most remodelers — and much, much higher customer satisfaction. The margin is key, because a well-known fact for professionals in the remodeling industry is that for a remodeling business to consistently provide organized and high-level service to clients, it needs to maintain a margin of about 40% or higher in specialty remodeling. We have built our financial models and business systems around this general truth of the industry — that to provide a service that customers will love, you need to have enough margins to support a great team and excellent operations.



Of course, the way you achieve strong margins is important, because customers want to know they're getting a fair value. DreamMaker Bath & Kitchen owners are able to achieve strong profit margins thanks to a combination of preferred vendor relationships and group buying power, which drives down material costs, and sophisticated business systems that vastly improve the efficiency of the business. The same business systems that make the business more efficient also enable a DreamMaker owner to have more time outside of the business for their faith, their family, their community, and their hobbies.

HOW A DREAMMAKER HOME IMPROVEMENT FRANCHISE IMPROVES BUSINESSES AND LIVES



DreamMaker Bath & Kitchen of The Woodlands

Many remodeling businesses rely on the owner being able to answer every question and be involved in every step of each remodeling project that the business tackles. That's why it's not unusual for a remodeler to work 60-, 70-, even 80-hour weeks handling sales, ordering, construction, marketing,

and customer service as well as accounting for the business. DreamMaker has systemized the various tasks that go into running a top-rated remodeling firm, which allows owners to hire strong employees who can follow the systems to succeed. DreamMaker provides a roadmap for both a home improvement franchise owner and their employees.

DreamMaker's systems form a template that new remodeling business owners can use to build a strong operation from the ground-up, and it's also a template that has helped existing remodelers improve.

Tracy Moore and Erik Anderson are good examples. Along with quality work, the pair built the revenue at their business, Anderson-Moore Buildings, high enough to earn recognition on Remodeling Magazine's Big50 remodelers list and earned the right to be featured on the cover of the magazine. They were initially drawn to DreamMaker by the possibility of adding kitchen and bath remodeling to their services. As they learned more, the systems became just as appealing.

"We weren't doing bad by any means, but we wanted to do a lot better," Tracy said. "And what we were doing was taking every waking hour we had. Without help in this industry, you will be working 60 hours a week — at best. We wanted a way to be profitable and not have to work 80 hours a week. And we also wanted to get cabinets into what we were doing. It blossomed from there. For myself, I think the Lord told me personally, this is what you need to do."

When the recession hit and the revenue stream dried up for Anderson-Moore, Tracy said their new DreamMaker franchise allowed them to keep doing business. As the economy has improved and remodeling has begun what is expected to be a long rebound, he said that the difference in the two businesses is dramatic.

"The way we do business, the whole process, it's all different. It's not anything close to how most remodelers operate. There are a lot of little things you can do to improve your bottom line," he said, and DreamMaker has helped find them.

WHY NOW IS A GREAT TIME FOR A HOME IMPROVEMENT FRANCHISE

The remodeling industry is full of opportunity for business owners. It's a huge industry that continues to grow and you can make a real difference in your clients' lives by helping them get more enjoyment out of their homes.

Harvard University's Joint Center for Housing Studies (JCHS) lists the size of the market (in 2022) at \$472 billion annually, an all-time high with more than a decade of continuous growth.

As the homeownership rate rises for Millennials, so will their demand for remodeling. Whether it's home remodeling and renovation, home building, or home construction, our franchise opportunities will continue to expand, especially as an unprecedented number of American homes are either in, or entering their peak remodeling years of 25-35 years old. The total number of households has nearly doubled since 1970. With the bulk of those homes having been built in the 1970s, '80s, and '90s, there are tens of millions of homes that have remodeling needs.

On the other end of the spectrum, Baby Boomers are expected to drive the industry by preparing their homes for a comfortable retirement. According to a JCHS survey, 41% of contractors reported a recent increase in revenue from aging-in-place — more than any other type of specialty project.



WHAT MAKES A DREAMMAKER REMODELING FRANCHISE BETTER?

Business systems help remodelers maintain higher margins, delegate tasks.

DreamMaker Bath & Kitchen has its roots in kitchen and bathroom remodeling, two of the biggest and most profitable areas in the remodeling industry. When they wanted to find out how to start a remodeling business, many of our franchisees built their businesses on the strength of DreamMaker's expertise and systems for kitchen and bathroom design. The wonderful thing about DreamMaker, however, is that you don't have to stop there.



HOW TO START A REMODELING BUSINESS

DreamMaker has spent more than two decades mapping out business systems and workflows designed to make remodeling businesses more efficient and more profitable in all parts of the home. In the remodeling industry, as with other high-dollar ticket items, one of the biggest challenges owners face is finding customers. Once a customer has hired you, if you do a great job, they are likely to hire you again.



DreamMaker remodel

Unfortunately, many remodeling franchises restrict themselves to just kitchens, or only baths, or nothing but countertops. DreamMaker has taken a different approach. You get all the systems and training you need to master bathroom and kitchen remodeling, and you also receive systems and vendor partnerships that allow you to

profitably provide other interior remodeling services. After all, most homes only have one kitchen and two or three bathrooms, and a customer who is remodeling often wants to spruce up their entire home. Rather than sending a grateful customer to another remodeler, DreamMaker franchise owners are able to continue the relationship by offering all the interior remodeling services the customer may need. That allows the marketing dollars you put toward customer acquisition to have a bigger impact, delivering a bigger return on investment and a steadier stream of projects.

THAT'S NOT THE ONLY ADVANTAGE.

DreamMaker's detailed systems help improve the sales process, the ordering process, and communications both internally and with customers. The systems empower your employees so they can manage critical tasks with less oversight, which allows owners to have more time for family, faith, community, and hobbies. DreamMaker's systems also

foster communication and friendships within the franchise system so that DreamMaker owners can learn from one another. DreamMaker's systems are designed to help you have a strong margin, good quality of life, and a strong business that you will be able to eventually pass down to family or sell for a price that reflects all the hard work you have put into it.



DreamMaker Bath & Kitchen of Northwest Arkansas

"DreamMaker has certainly influenced my quality of life for the positive. I used to work in the field all the time, and I've been able to focus on the business side more now that I'm with DreamMaker. Time off or away from work doesn't make the business stop, which is great," says Eric Anderson, co-owner of DreamMaker East Georgia. "Of course there is always still potential and we are still growing, but I now have a business instead of a job, and my employees are able to have a good quality of life as well."

DREAMMAKER REMODELING FRANCHISE TRAINING

DreamMaker franchise owners receive extensive training on how to use DreamMaker's systems to run a successful remodeling business, and they also receive ongoing coaching and other learning opportunities. Our help begins as soon as a franchise agreement is signed. New DreamMaker owners receive a pre-training manual, enter into three phases of training spanning 14 weeks as well as coaching to help them with the basics of starting a new business — setting up a dedicated phone line, getting started with a CPA, ordering marketing materials, setting up accounts with preferred vendors, ordering a vehicle wrap for a van, getting business cards printed, etc. DreamMaker provides a comprehensive checklist of everything you need to do before your business launches.



Doug Dwyer

DreamMaker owners receive initial training consisting of our Foundations Prep Training (lasting 5 six weeks via phone calls, webinars, and self study) and Foundations Core Training (lasting 17 hours spread over 6 business days, delivered via webinar). In these trainings, President Doug Dwyer and other members of the DreamMaker team work with the franchisee on how to start a remodeling business, set targets and goals for their business and their life, and help them understand how to build a healthy culture within their company — which is essential to long-term success and fulfillment. Franchisees are trained how to spot and hire great employees — yes, we have a system for that, too — and how the DreamMaker sales process works to build trust and rapport with homeowners. Foundations Core also includes a program in which you will learn about the marketing resources available to you, and will have more in-depth training on the 12-month marketing plan you and our Marketing Strategist will create for your first year in business. You will also be trained on our estimating system and our financial management system, which tracks overall profitability as well as line item costs, allowing you to quickly spot and correct any slippage in your bottom line.

The last phase of our training — simulation — is our latest training advancement. During simulation, you will simulate many aspects of running a DreamMaker business and host members of the team from technology to marketing in your local market all before you open your doors.

You will also receive an individual franchise coach who is like a personal trainer for your business — holding you accountable to your goals and helping you stay motivated to keep your business growing. Your franchise coach will host you at a franchise location for a 'week in the life' during the simulation training phase, in addition to visiting your location within one year of launch to help you execute various aspects of the business. As your business grows, you will eventually open a Design Center that will serve as a home base for your operations, giving customers a place to come and get a feel for the materials that will go into their home, as well as a feel for the professionalism and caring that epitomize a DreamMaker business.



DreamMaker franchise owners work together closely to help each other. Franchise owners take part in Next Level peer groups of about a half-dozen franchise owners who get to know each other and each other's businesses. Next Level peers analyze each other's businesses, share best practices and help keep each other strong.

DreamMaker knows how to start a remodeling business, using their carefully designed systems, procedures, coaching, and training to help new remodeling businesses grow and existing remodelers reach a new level of personal and professional success.

OUR WELL-ESTABLISHED VENDOR RELATIONSHIPS CAN HELP FRANCHISEES GET A BETTER PRICE ON THE PRODUCTS THEY PROVIDE, LEADING TO BETTER MARGINS FOR THE BUSINESS.

WHAT ARE THE STARTUP COSTS?

A Comprehensive Look at DreamMaker Franchise Costs

The DreamMaker franchise costs are based on several factors:

- The size of your exclusive territory. DreamMaker franchises have a minimum of 200,000 people in their territory, and franchisees can expand their territories for an additional fee to cover more population.
- Whether you are a new startup or an existing remodeler. A startup business will incur additional costs as they get their business up-to-speed. Established remodeling businesses can benefit significantly from joining DreamMaker and using its systems, and they may have already incurred many of the expenses that a startup would face.
- Discounts for veterans, existing remodelers, and large territories. DreamMaker offers discounts to veterans, existing remodelers who want to join the DreamMaker family, and to franchisees who want to purchase a larger territory.

HOW MUCH MONEY DO I NEED?

The chart below, from Item 7 of our Franchise Disclosure Document, outlines the startup costs for a DreamMaker franchise. The estimated startup costs include \$18,000 to \$91,500 that we suggest franchisees reserve for working capital and personal expenses during their first six to 12 months in business. Not all franchise systems account for costs during the ramp-up phase when estimating startup costs, but they are important to consider so that you'll be prepared ahead of time to effectively address reasonable cash flow needs in building your business once it is open.

Financing is available, so you won't need to have all of this money up front. What you will need is a net worth of \$250,000 to \$500,000 and liquid cash available (savings and checking accounts, retirement accounts, stocks and bonds, etc.) of \$120,000 to \$150,000.

We understand that you will have questions, and we are happy to answer them — and to get to know you and give you a chance to get to know us!

Buying a franchise is a big decision, which is why we want to give you as much information as you need to make the best decision for you and your family.

ITEM 7 ESTIMATED INITIAL INVESTMENT

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee (see Note 2)	\$40,000 to \$54,000 plus \$200 per 1,000 additional population over the minimum	Lump sum	When you sign the Franchise Agreement	Us
Software Support Fee (see Note 3)	\$3,495	Lump sum	When you sign the Franchise Agreement	Us
Vehicle (see Note 4)	\$0 to \$9,000	As arranged	As incurred	Independent Vendors
Equipment, Supplies & Inventory (see Note 5)	\$29,690 to \$33,690	As arranged	As incurred	Independent Vendors and Us
Insurance (see Note 6)	\$7,500 to \$10,000	As arranged	As incurred	Independent Carriers
Initial Advertising & Promotional Deposit (see Note 7)	\$36,000 to \$48,000	Lump sum	When you sign the Franchise Agreement	Us
Training, Travel, Lodging & Food (see Notes 8 & 12)	\$4,000 to \$7,500	As arranged	As incurred	Independent Vendors

DreamMaker Bath & Kitchen

Deposits, Permits & Licenses (see Note 9)	\$0 to \$2,000	As arranged	As incurred	Independent Vendors
Real Estate (see Note 10)	\$62,000 to \$125,000	As arranged	As incurred	Third party suppliers
Professional Fees (see Note 11)	\$8,275 to \$12,500	As arranged	As incurred	Third party suppliers & Us
Additional Funds - 9 to 12 mo. (includes estimated personal living expenses for 6 to 12 mo.) (see Note 13)	\$18,000 to \$91,500	As needed	As incurred	Various Payees
Refundable Design Center Buildout Deposit (see Note 14)	\$2,500	Lump sum	When you sign the Franchise Agreement	Us
Totals (see Note 15)	\$211,460 to \$399,185 plus any additional franchise fee			



HOW MUCH CAN I MAKE?

Vendor relationships, estimating system, detailed financial tracking help kitchen and bath franchise owners maintain strong margins.

As of December 31, 2022, there were 42 System franchisees in operation, 39 of which operated for the full 2022 calendar year. The following chart represents the average Gross Sales for these 39 franchisees:

2022						
Quartiles	Average Retail Sales Per Franchise Per Quartile	High Retail Sales Per Quartile	Lowest Retail Sales Per Quartile	Number of Franchisees in Quartile	Number Meeting or Surpassing Average	Percent Meeting or Surpassing Average
Top	\$3,308,409	\$7,050,066	\$1,717,673	10	3	30.0%
Second	\$1,332,202	\$1,667,668	\$1,117,835	10	4	40.0%
Third	\$857,346	\$1,060,943	\$608,515	10	6	60.0%
Bottom	\$339,595	\$599,463	\$61,824	9	4	44.4%

We sent a request for financial information to these 39 franchisees and received information from 36 of them (92.3%).

The following chart reflects average and median Gross Profit Margin for these 36 franchisees:

2022			
Average Gross Profit Margin	Median Gross Profit Margin	Meeting or Surpassing Average	Meeting or Surpassing Median
43.8%	45.4%	23	19

The following chart reflects average and median Gross Profit Margin for these 36 franchisees, separated by quartile.

2022					
Quartiles	Average Gross Profit Margin ¹ Per Quartile	Median Gross Profit Margin Per Quartile	Number of Franchisees in Quartile	Meeting or Surpassing Average	Meeting or Surpassing Median
Top	52.9%	51.7%	9	44.4%	55.6%
Second	47.7%	48.7%	9	55.6%	48.7%
Third	42.7%	44.1%	9	55.6%	55.6%
Bottom	31.8%	33.1%	9	66.7%	66.7%

Note 1. "Gross Profit Margin" is the total Gross Sales for each franchisee minus the Cost of Goods Sold, expressed as a percent of Gross Sales. The "Cost of Goods Sold" is defined as direct costs to each job, including: 1) equipment costs; 2) production labor costs—insurance, workers compensation insurance, and burden; 3) production vehicle expenses—lease, maintenance and repair, fuel, license and registrations; 4) materials and freight costs; 5) general production supply expenses; 6) permit costs; 7) debris removal; 8) subcontractor costs; and 9) small tools and equipment.

Note 2. The figures reflected in the charts above were compiled from unaudited information reported to us by our franchisees. We have not independently verified any of the information upon which this financial performance representation is based.

The above definition of Gross Profit Margin is what we teach as a part of the DREAMMAKER BATH & KITCHEN BY WORLDWIDE® System and we rely on our franchisees to implement and submit reports based on the System taught.

SOME FRANCHISED BUSINESSES HAVE EARNED THIS AMOUNT. YOUR INDIVIDUAL RESULTS MAY DIFFER. THERE IS NO ASSURANCE THAT YOU WILL EARN AS MUCH.

FAQS

How many DreamMaker Bath & Kitchen franchises are there?

We have 42 franchisees operating nationwide.

How much can I make?

Several DreamMaker franchise owners have made Remodeling Magazine's annual Big50 list of top remodelers

nationwide, but performance varies based on the marketplace, skills, and work of individual franchisees. We don't make financial representations about actual earnings, although individual franchisees you interview during your investigation process are typically willing to share their data. What we choose to focus on is margins — the profit per job that our franchisees earn from their work. Low margins, which are common in the remodeling industry, can hinder your ability to hire, grow, and prosper — and we focus a lot of energy on helping franchisees maintain strong margins and quality of life.



Why is owning a DreamMaker home remodeling franchise better than having my own remodeling firm?

DreamMaker's buying power and vendor relationships allow you to earn higher margins on materials while remaining price competitive, and our pricing, financial, and management systems help you run your business at peak efficiency, holding down costs while speeding your workflow — and that allows you to make more money per job. There are also other benefits - leveraging our Five Pillars

Marketing System™ to generate leads and comprehension of our sales system are keys to growth. DreamMaker franchisees enjoy strong training, support, and ongoing coaching, as well as a family of remodeling professionals who are willing to share strategies and solutions to help your business thrive. Our systems are ultimately designed to help you grow the business, hire the right people to make your business easier to manage, and achieve success while still having time for your faith, your family, your friends, your community, and your hobbies.



Do I need construction experience?

Construction experience helps, but it is not required. You do need to have some basic knowledge of home repair and be interested in home design, but you can hire skilled carpenters to handle production work. The ability to learn and apply new information is needed. The most important thing is to have a passion for listening to people and helping make their dreams a reality, while offering guidance to help them get the most enjoyment out of their home.

Can I be an absentee owner of a DreamMaker Bath & Kitchen Franchise?

Eventually, yes. It is important to be an active owner for the first few years as you grow your business and establish DreamMaker's systems, but part of our franchise philosophy is having well-defined roles for new employees so that you are able to assign different responsibilities and step into a managerial role. That's how remodelers who join DreamMaker are able to transition from working 80-hour weeks (where they are the contractor, marketer, salesman, and accountant) to working normal workweeks, reducing the number of hats they wear and focus in more while overseeing the business more effectively. Eventually, as your staff matures, you can grow the business to have a general manager to oversee day-to-day operations.

How much are royalties?

Royalties for new DreamMaker franchises range from 3% to 7%, depending on gross sales, with higher sales resulting in lower royalties. Royalties for existing remodeling businesses that join the DreamMaker system range from 2% to 3% based on the total revenue being rolled into the system.



Do I have to have a Design Center?

Yes, within 6 months of purchasing the franchise. The Design Center is one of the things that sets DreamMaker apart in the marketplace because it allows potential customers to experience a variety of cabinets, sinks, faucets, tubs, showers, and surfaces in actual displays of kitchens, baths, and more — and it also demonstrates your permanence in the community. Most franchisees do not start out with a Design Center. It is required to open your Design Center by the end of your third year with us, and the timing is based on when your business has hit a tipping point on its way to accelerating revenue.

Do I have to offer full-service interior remodeling, or can I focus on kitchens and baths?

You can absolutely focus on kitchens and baths! Our name and our marketing materials reflect how important kitchen and bath remodeling is for a successful remodeler, and many of our most successful franchisees have built their businesses by focusing on kitchens and baths. The nice thing about DreamMaker is that, once you are comfortable in your new business and have a great team of carpenters, if a customer asks you to tackle a different remodeling project, you will have the systems in place to do a great job and make a solid margin.

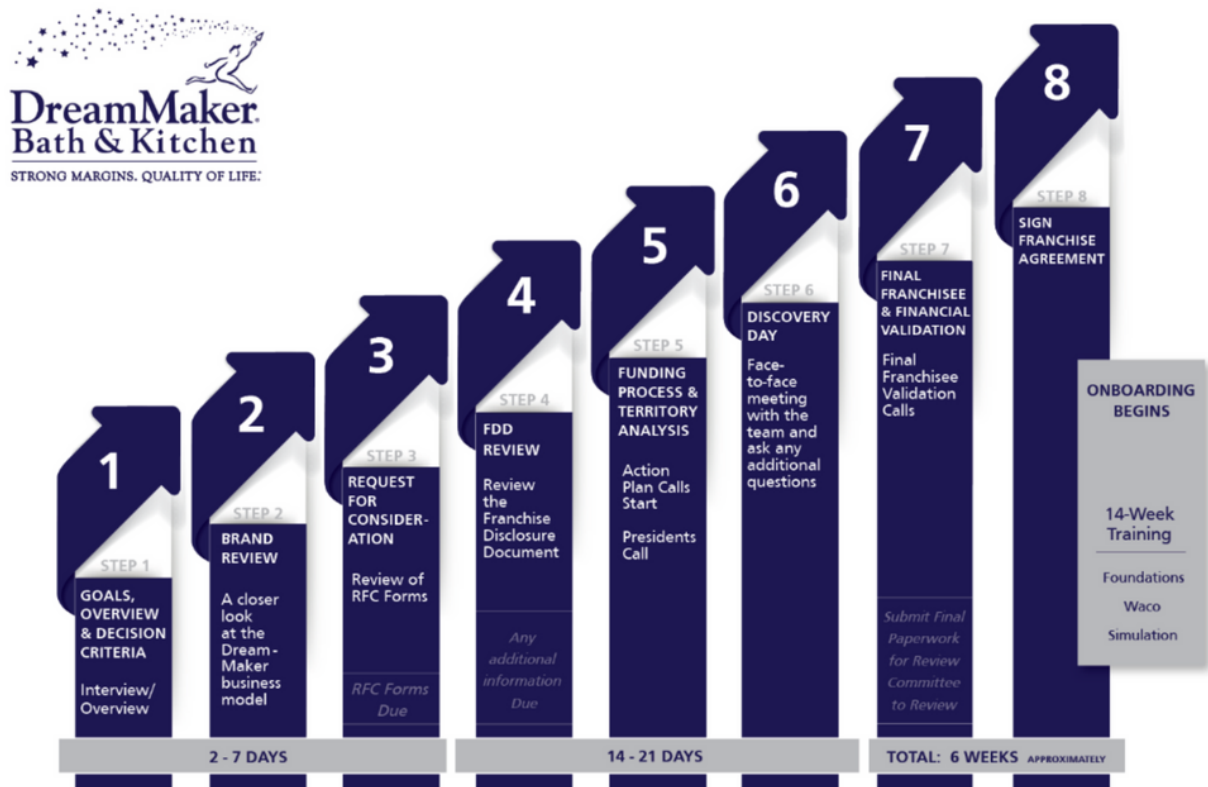
Does DreamMaker help with financing?

DreamMaker may finance up to 70% of the franchise fee for your business, and can also help you secure other financing to start your business.



NEXT STEPS

8-STEP MUTUAL EVALUATION PROCESS



STRONG MARGINS. QUALITY OF LIFE.®

What you can expect as we get to know each other

Buying a franchise business is a big decision — and so is welcoming someone into a franchise family! That's why DreamMaker wants you to ask a lot of questions, and why we'll ask you a lot of questions, as we explore whether we're a great fit.

Tracy Moore, DreamMaker co-owner, described the process this way: "Even as we interviewed them to see if it was the right fit, we could tell they were interviewing us, too. They asked at the end of every meeting how we felt and if we wanted to continue. It was never pushy. It was people talking about something they felt would be mutually beneficial."

Our mutual evaluation process takes a total of about 10 weeks. Once you fill out a form on our website, a recruiter will reach out for an initial call to discuss basics about the company. We will invite you to research the company and answer questions you might have about the business, and we will teach you about the DreamMaker Transformational Process™ for achieving stronger business results that enable you to meet your personal goals for your business and your family.

You will then be invited to talk to DreamMaker franchise owners so they can tell you their stories and answer any questions you might have about the

business and about their relationships with the corporate office. You will also be asked to turn in qualification forms.

If everything looks like a good fit, you will have a conversation with DreamMaker President and Chief Stewarding Officer Doug Dwyer, and you will then set up an in-person meeting at DreamMaker headquarters in Waco, Texas. If you are offered and choose to accept a DreamMaker franchise, pre-training will begin.



About DreamMaker

DreamMaker Bath & Kitchen is the Premier Kitchen and Bath Remodeling Franchise opportunity that helps entrepreneurs and remodelers earn strong financial numbers while having a focus on improving their quality of life. As you are considering DreamMaker, we encourage you to give us a call at 800-253-9153 or visit our website at DreamMakerFranchise.com.

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