

FRANCHISE DISCLOSURE DOCUMENT

SHIPLEY FRANCHISE COMPANY LLC

A Delaware Limited Liability Company

55 Waugh Dr. Suite 1200

Houston, Texas 77007

(713) 869-4636

www.shipleydonuts.com



A Shipley Do-Nuts franchisee will operate a retail shop specializing in the offer and sale of donuts, kolaches, coffee and specialty drinks prepared on-site and related products and services.

The total investment necessary to begin operation of a Shipley Do-Nuts shop ranges from \$503,461 to \$1,024,946, including between \$80,000 and \$90,000 that must be paid to the franchisor and/or its affiliates.

If you enter into a Multi-Shop Development Agreement to develop at least three Shipley Do-Nuts shops, when you sign the Multi-Shop Development Agreement, you will pay a development fee equal to 100% of the initial franchise fee for the first Shipley Do-Nuts shop to be developed, plus \$10,000 for each additional Shipley Do-Nuts shop to be developed under the Multi-Shop Development Agreement. The total estimated initial investment necessary to enter into a Multi-Shop Development Agreement for the development of between three and five Shipley Do-Nuts shops ranges from \$62,000 to \$84,000, including between \$60,000 and \$80,000 that must be paid to the franchisor and/or its affiliates. However, the total estimated initial investment under a Multi-Shop Development Agreement will vary depending on the number of Shipley Do-Nuts shops to be developed thereunder. This is not a maximum.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government 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 Jonathan Massey at j.massey@shipleydonuts.com or 55 Waugh Dr. Suite 1200, Houston, Texas 77007.

The terms of your contract will govern your franchise relationship. Don't 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 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 30, 2025, as amended August 11, 2025

ITEM 1 THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, “we”, “SFC” or “us” means Shipley Franchise Company LLC, the franchisor. “You” means the individual, corporation or partnership who buys the franchise. If the franchisee will operate through a corporation, limited liability company, partnership or other business entity, “you” also includes the franchisee's owners or partners. Our agents for service of process in the states whose franchise laws require us to name a state agency as agent for service are shown on Exhibit G.

The Franchisor

We are a Delaware limited liability company organized on December 18, 2020. Our principal business address is 55 Waugh Dr. Suite 1200, Houston, Texas 77007, and our telephone number is (713) 869-4636. We do not do business under any name other than Shipley Franchise Company LLC. We have been offering franchises since December 2020. We have never offered franchises in any other lines of business.

Our agents for service of process for certain states are identified by state in Exhibit G. 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 in Exhibit G in which we have appointed an agent for service of process. There may also be additional agents appointed in some of the states listed.

Parents, Predecessors and Affiliates

Our predecessor is Shipley Franchise Company, a Texas S corporation (our “Predecessor”). In December 2020, our Predecessor was converted to Shipley Franchise Company LLC, a Delaware limited liability company. Our Predecessor offered Shipley Do-Nuts franchises from 1987 until December 2020. Prior to 1987, from about 1957-1987, Shipley Do-Nut Flour and Supply Co., Inc. licensed operators to use the Shipley Do-Nuts System (defined below). Our Predecessor has never offered franchises in any other lines of business.

We are a wholly-owned subsidiary of SDC Holdco, LLC (“~~SFC Parent~~SDC Holdco”), a Delaware limited liability company which shares our principal address. ~~SFC Parent is a wholly-owned subsidiary of SDC Parent, LLC (“SDC Parent”). SDC Parent is jointly owned by SDC Blocker, LLC, SDFS Bobeat, Inc. and SFC Bobeat, Inc. SDC Blocker, LLC~~SDC Holdco is owned through a series of intermediate holding companies by SDC Ultimate Holdings GP LLC (“Ultimate Holdings”), which is majority controlled via an entity managed by ~~Peak Rock~~Leichtman Capital Partners, LLC (“~~Peak Rock Capital~~”). ~~Peak Rock Capital has a principal business address of 13413 Galleria Circle Building Q 300 Austin, TX 78738. SFC Parent, SDC Parent and SDC Blocker~~LLCP”). LLCP is a Beverly Hills, California-based independent investment firm with its principal place of business at 345 N. Maple Drive, Suite 300, Beverly Hills, California 90210. . SDC Holdco and Ultimate Holdings have never offered franchises for Shipley Do-Nuts branded Restaurants or for any other concept and do not provide products or services to the franchisees of franchisor.

Our affiliate, Shipley Do-Nut Flour and Supply Co LLC (“Shipley Supply Co”), a Delaware limited liability company formed on December 18, 2020, supplies the ingredients used by all Shipley Do-Nuts franchisees in making donuts, kolaches, coffee, and specialty drinks prepared on-site and related products and services. Shipley Supply Co does not offer franchises in any line of business.

Our affiliate, Shipley Restaurant Company LLC, owns and operates some Shipley Do-Nuts Shops (defined below). Neither Franchisor nor other affiliates operate Shipley Do-Nuts Shops. Franchisor is not involved in other businesses.

Through common ownership with investment funds controlled by LLCP, we are affiliated with the franchise programs listed below. None of these affiliates have offered franchises in any line of business other than as listed below and none of them have conducted a “Shipley Do-Nuts” franchised business that you will operate.

1. LD Parent, Inc. is the direct or indirect parent company to the following franchisors, all of which have a principal business address of 142 State Route 34, Holmdel, New Jersey 07733:
 - a. Lawn Doctor, Inc. (“LDI”) franchises the right to operate businesses that establish, care for, and maintain, lawns and other vegetation and provide pest control services under the

principal trademark and service mark “Lawn Doctor” (“Lawn Doctor Businesses”). LDI has offered Lawn Doctor Business franchises since 1967. As of December 31, 2024, there were 642 Lawn Doctor Businesses in the United States.

- b. Mosquito Hunters LLC (“MH”) franchises the right to operate businesses that provide mosquito and pest control services through regular spraying applications and follow-up maintenance and do so under the trademark “Mosquito Hunters.” MH has offered franchises since 2013. As of December 31, 2024, there were 137 franchised units operating in the United States.
- c. Ecomaid LLC (“EM”) franchises the right to operate businesses that provide environmentally-friendly home cleaning services under the principal trademark “Ecomaid.” EM has offered franchises since 2019. As of December 31, 2024, there were 45 franchised units operating in the United States.
- d. Elite Franchising Corp. (“Elite”) franchises the right to operate businesses that provide window cleaning, gutter cleaning and power washing services to residential and commercial customers under the principal trademark “Elite Window Cleaning.” Elite began franchising in 2018. As of December 31, 2024, there were 16 franchised units operating in Canada.
- e. Sparkle Squad, LLC (“Sparkle Squad”) franchises the right to operate window cleaning, gutter cleaning, house washing, and screen cleaning service businesses under the principal trademark “Sparkle Squad.” Sparkle Squad began franchising in 2023. As of December 31, 2024, there were 140 franchised Sparkle Squad businesses operating in the United States.

- 2. ZGS Bildungs-GmbH (“Schülerhilfe”) franchises the right to operate businesses in Germany, Austria and Switzerland providing private tutoring services under the principal trademark “Schülerhilfe.” Schülerhilfe has offered franchises since 1983, and as of December 31, 2024, there were 441 franchised Schülerhilfe business operating outside the U.S. Schülerhilfe’s principal business address is Ludwig-Erhard-Straße 2, 45891 Gelsenkirchen, Germany.

- 3. SYNERGY HomeCare Franchising, LLC (“SYNERGY HomeCare”) franchises the right to operate businesses that offer non-medical, in-home personal assistance, such as in-home personal care and companionship, child care, meal preparation, medication reminders, medical and social appointment scheduling and management, organizational and bill paying assistance, house cleaning services and light home maintenance to seniors, the convalescing, disabled persons and others who need help with daily living activities. SYNERGY HomeCare has offered franchises for this business since 2005. As of December 31, 2024, there were 236 SYNERGY HomeCare Businesses operating in 550 territories in the United States. SYNERGY HomeCare's principal place of business is 960 W. Elliot Road, Suite 101, Tempe, Arizona 85264.

- 4. Kilwins Chocolate Franchise, Inc. (“Kilwins”) franchises the right to operate a “Kilwins Full Line Chocolates, Confectionary & Ice Cream Store” or a “Kilwins Ice Cream & Chocolates Shop,” which specializes in the sale of Kilwins-approved hand-crafted chocolates, Kilwins brand original recipe ice cream, fudge, and other confections. Kilwins has offered franchises for these stores since March 1981. As of December 31, 2024, there were 172 franchise Kilwins stores in operation in the United States. Kilwin’s principal place of business address is 1050 Bay View Road, Petoskey, Michigan, 49770.

Except as described above, we have no other parents, predecessors or affiliates that must be disclosed in this Item.

Description of the Franchise

We and our affiliates have developed a proprietary system (the “System”) for opening and operating retail shops that offer and sell donuts, kolaches, coffee and specialty drinks prepared on-site and related products and services (each, a “Shop”). Shops are generally located in high traffic locations, including strip mall complexes, lifestyle centers and free-standing locations. Shops will typically need between 1,400 and 2,000 square feet of space. The System makes use of the trademark, service mark and fictitious business name

obtain all necessary licenses and permits. There are other laws and regulations applicable to businesses generally (such as the Americans with Disabilities Act) with which you must comply. You should consult with your attorney concerning all laws and regulations that may affect your Shipley Do-Nuts Shop.

ITEM 2

BUSINESS EXPERIENCE

Flynn Dekker - Chief Executive Officer

Mr. Dekker has served in this role for Franchisor since May 2023. Mr. Dekker previously served as Chief Executive Officer for Bonchon Franchise, LLC from May 2019 to May 2023, based in New York, New York and Dallas, Texas.

Bradford Reynolds - Chief Financial Officer

Mr. Reynolds has served in this role for Franchisor since September 2023, [but is expected to depart Franchisor on or about September 12, 2025](#). Previously, Mr. Reynolds served as Chief Financial Officer with Blaze Pizza in Pasadena, California from March 2021 to September 2023. From January 2020 to February 2021, Mr. Reynolds served as Chief Operating Officer for Creating Culinary Communities in Beverly Hills, California.

~~Laurie Curtis - SVP Marketing~~

~~Ms. Curtis has served in this role for Franchisor since September 2024. Previously, Ms. Curtis served as CMO with Walk-On's Sports Bistreaux, Georgia from December 2023 to June 2024. From February 2015 to June 2023, Ms. Curtis served as VP Marketing & Menu Innovation and VP Communications & Brand Integration for Denny's in South Carolina.~~

Jim Fisher - Senior Vice President Supply Chain

Mr. Fisher has served in this role for Franchisor since February 2022. Previously, Mr. Fisher served as Sr. Director Strategic Sourcing with Krispy Kreme in Winston-Salem, North Carolina from January 2016 to February 2022.

Keith Sizemore - Senior Vice President of Development

Mr. Sizemore has served in this role for Franchisor since November 2023. Previously, Mr. Sizemore served in various roles for Marco's Pizza in Houston, Texas, including as VP of Development from May 2021 to August 2022, VP of New Territory Development from June 2018 to May 2021, and Director of Operations from April 2016 to June 2018. Mr. Sizemore has also been the owner of MP Size Inc. and Size Enterprise LLC that operate various Marco's Pizza locations in Spring, Tomball, Magnolia and Montgomery, Texas since June 2017.

Chris Smith - Senior Vice President of Operations and Training

Mr. Smith has served in this role for Franchisor since September 2023. Previously, Mr. Smith served as Chief Operating Officer with Eskimo Hut in Houston, Texas from January 2018 to September 2023.

Kerry Leo - Vice President of Technology

Mr. Leo has served in this role for Franchisor since July 2021. Previously, Mr. Leo served as Sr. Director, Information Technology with Church's Chicken in Atlanta, Georgia from April 2019 to July 2021. From August 2018 to July 2020, Mr. Leo served as an independent consultant with CTIO Consulting Group in Atlanta, Georgia.

Jonathan Massey - Vice President of Franchise Recruitment

Mr. Massey has served in this role for Franchisor since March 2024. Mr. Massey previously served as Director, Franchise Sales for Wingstop Restaurants, Inc from August 2022 to March of 2024, based in Addison, Texas. From October 2019 to August 2022, Mr. Massey served as the Senior Manager, Franchise Growth and Franchise Development Manager for Pizza Hut, LLC in Plano, Texas.

practices act and breach of contract as a result of the Defendant's failure to comply with the franchise agreement during the term thereof, and then use of advertising and trademarks similar to SFC's following the termination thereof. In response, the Defendant filed an answer and counterclaim against the Plaintiffs on June 27, 2022, alleging that SFC wrongfully terminated the Defendant's franchise agreement, violated the Arkansas Franchise Practices Act, Ark. Cod. Ann. § 4-72-201 and failed to act in a commercially reasonable manner or in good faith. On March 14, 2025, the Court entered an Order dismissing the Defendant's Counterclaim against Plaintiffs. The parties are currently engaged in written discovery. Trial in this case has not yet been set.

Shipley Franchise Company LLC, and Shipley Do-Nut Flour and Supply Co LLC v. Carolyn Ros, d/b/a Monticello Donuts, Case No. 22CV-22-111 (Drew Co. Cir., Ark.) (Filed: August 8, 2022)

SFC and Shipley Do-Nut Flour and Supply Co LLC filed a lawsuit against the Defendant, a former franchisee, and asserted a claim for breach of contract as a result of the Defendant's failure to comply with the franchise agreement during the term thereof, unilateral abandonment of the franchise and then continued operation of a competitive business following the termination thereof. In response, the Defendant filed an answer and counterclaim against the Plaintiffs on November 9, 2022, alleging that SFC wrongfully terminated the Defendant's franchise agreement, violated the Arkansas Franchise Practices Act, Ark. Cod. Ann. § 4-72-201 and failed to act in a commercially reasonable manner or in good faith. On March 10, 2025, the Court entered an Order dismissing the Defendant's Counterclaim against Plaintiffs. The parties are currently engaged in written discovery. Trial in this case has not yet been set.

Shipley Franchise Company LLC, and Shipley Do-Nut Flour and Supply Co LLC v. Evelyn Jones, d/b/a Doughboy Donuts, Case No. 60CV-22-5184 (Pulaski Co. Cir., Ark.) (Filed: August 4, 2022)

SFC and Shipley Do-Nut Flour and Supply Co LLC filed a lawsuit against the Defendant, a former franchisee, and asserted a claim for breach of contract as a result of the Defendant's failure to comply with the franchise agreement during the term thereof, unilateral abandonment of the franchise and then continued operation of a competitive business following the termination thereof. In response, the Defendant filed an answer and counterclaim against the Plaintiffs on October 3, 2022, alleging that SFC wrongfully terminated the Defendant's franchise agreement, violated the Arkansas Franchise Practices Act, Ark. Cod. Ann. § 4-72-201 and failed to act in a commercially reasonable manner or in good faith. The Plaintiffs believe that the Defendant's claims are entirely without merit and intend to vigorously defend themselves. The Plaintiffs served the Defendant with discovery demands, but as of April 14, 2025, no such discovery has been produced. The Court entered an Order compelling Defendant to produce the requested documents and information and awarding Plaintiffs their reasonable attorneys' fees and costs incurred in seeking such discovery. Plaintiffs have filed a petition for the Court to quantify the award of attorneys' fees and costs. This petition remains pending. Trial in this case has not yet been set.

Shipley Franchise Company LLC, and Shipley Do-Nut Flour and Supply Co LLC v. Bun Chhhun, and Vin Thada TV, Case No. 14CV-22-179-4 (Columbia Co. Cir., Ark.) (Filed: August 8, 2022)

SFC and Shipley Do-Nut Flour and Supply Co LLC filed a lawsuit against the Defendants, former franchisees, and asserted a claim for breach of contract as a result of the Defendant's failure to comply with the franchise agreement during the term thereof. In response, the Defendants filed an answer and counterclaim against the Plaintiffs on October 14, 2022, alleging that SFC wrongfully terminated the Defendant's franchise agreement, violated the Arkansas Franchise Practices Act, Ark. Cod. Ann. § 4-72-201 and failed to act in a commercially reasonable manner or in good faith. The Plaintiffs believe that the Defendants' claims are entirely without merit and intend to vigorously defend themselves. The Plaintiffs served the Defendant with discovery demands, but as of April 14, 2025, no such discovery has been produced. Plaintiffs ~~have~~ filed a motion to compel discovery responses from Defendant. ~~This motion remains pending, and the Court granted this motion. The Court took Plaintiffs' request for an award of their attorneys' fees and costs and other sanctions under advisement.~~ Trial in this case has not yet been set.

Concluded Litigation:

Georgia Taco, LLC v. Shipley Franchise Company, LLC, et al.; Civil Action No. 24-A-08227-10, Gwinnett County, Georgia

Plaintiff, a landlord of a premises - - that we leased and then subsequently assigned our franchisee, AFRD Shipley 1, LLC (“Franchisee”) - - brought an action against us alleging breach of contract and seeking possession of the premises and reimbursement of its attorneys’ fees and expenses, along with punitive damages, resulting from Franchisee’s failure to comply with the lease, representing a material breach of the lease assignment and the franchise agreement. Franchisee’s actions resulted in our termination of the franchise agreement with Franchisee and of the multi-shop development agreement with Franchisee’s affiliate, ARFD Food Company, LLC (“Developer”). We asserted a cross-claim against Franchisee for indemnification, breach of the assignment and assumption of lease, and attorneys’ fees and expenses, and filed a Third-Party Complaint against Franchisee’s affiliates - Robertson Capital, ARFD Food Company, LLC, and Advanced Louisiana Operating LLC f/k/a Robertson Energy LLC seeking indemnification, breach of the multi-shop development agreement, breach of the franchise agreement, piercing the corporate veil, and attorneys’ fees and expenses. In response, Franchisee brought a crossclaim against us asserting breach of contract, and seeking attorney’s fees, repayment of the \$240,000 development fee, contribution and indemnification if Georgia Taco prevails, and attorney’s fees. In addition, Developer raised a counterclaim to the Third-Party Complaint, and ~~alleges~~alleged that Shipley breached the contract and unspecified damages. ~~We are currently in discovery; no depositions have yet been scheduled and no trial date is set. The parties entered into a confidential global Settlement and Release Agreement on July 24, 2024, which included terms that were substantially favorable to us (we did not pay any money or other consideration to any party or otherwise take any action adverse to our interests) and this case was dismissed with prejudice on July 31, 2025.~~

Material Civil Action Initiated by Franchisor Involving the Franchise Relationship in the Last Fiscal Year:

| Date Filed | Court | Case No. | Against | Claims Asserted |
|-------------------|--|-----------------|----------------------------|-------------------------------|
| June 5, 2024 | Circuit Court of Faulkner County, Arkansas | 23CV-24-1038 | Rany Pao, d/b/a L&M Donuts | Breach of Franchise Agreement |

Except with respect to the foregoing, there is no litigation that must be disclosed in this Item.

ITEM 4 BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5 INITIAL FEES

Franchise Agreement

If you develop a single Shop under a single Franchise Agreement, you must pay us an initial franchise fee equal to \$40,000 (the “Initial Franchise Fee”). The Initial Franchise Fee is due in one lump sum when you sign the Franchise Agreement, will be fully earned when paid and is not refundable for any reason.

Initial Supply of Inventory

In addition, before your Shop opens, you will be required to purchase from us or our affiliate, Shipley Supply Co, an initial inventory of our proprietary donut mixes, filling and icings, fry shortening, sugar,

any standard license agreements reasonably necessary to do so. You will also be responsible for paying for any future updates or revisions to the Computer and Point of Sale System. See Item 11.

You must purchase the following categories of insurance coverage in forms and through insurance companies satisfactory to us: (i) Commercial general liability coverage of at least \$2,000,000 aggregate and at least \$1,000,000 per occurrence; (ii) Cyber coverage of at least \$100,000 for any claims related to credit card breaches; (iii) Property insurance on your Shop and property in an amount adequate to replace them in case of an insured loss; (iv) if any vehicle is operated in connection with the Shop, automobile liability insurance (including coverage for all owned, non-owned, leased or hired vehicles) with minimum liability of \$500,000 combined single limit; (v) Workers' compensation, employer's liability and any other employee insurance required by any applicable federal, state or local law, rule or regulation (but in no event less than \$1,000,000 for employer's liability insurance); (vi) Insurance coverage of such types, nature and scope sufficient to satisfy your indemnification obligations under the Franchise Agreement; and (vii) Umbrella liability coverage in no event less than \$1,000,000 per occurrence and \$2,000,000 aggregate.

We do not currently maintain written criteria for approving suppliers, and thus these criteria are not available to you or your proposed supplier. To request our approval for an alternative supplier, you must submit a written request to us for approval of the supplier. The supplier must meet our specifications to our reasonable satisfaction and must demonstrate to our reasonable satisfaction that it is in good standing in the business community for financial soundness and reliability of its product or service.

Shipley Supply Co is currently the sole approved supplier for a number of items, which products are then intended to be distributed through one or more designated approved distributors, including the following: donut mixes, filling and icings, fry shortening, sugar, flour, kolache fillings, branded packaging materials as well as meats, cheeses, coffee beans and grounds, and specialty drinks; however, we reserve the right to update and modify this list from time to time in our sole business judgment. You are expressly prohibited from purchasing these items from any source other than Shipley Supply Co. We reserve the right, from time to time, to designate additional products that must be purchased from us, Shipley Supply Co and/or our other affiliates or designees.

None of our officers owns an interest in any other third party approved suppliers.

During the 2024 fiscal year, we did not derive any revenue from required purchases or leases by our franchisees; however, our affiliate, Shipley Supply Co, received a sum of approximately ~~\$20,000,000~~ \$55,100,000 from required purchases by our franchisees, ~~representing approximately 100% of~~ This figure represents 79% of total revenues received by Shipley Supply Co's total revenue Co. in the fiscal year 2024.

We currently negotiate certain purchase arrangements, including price terms, with suppliers for the benefit of franchisees. There are no purchasing or distribution cooperatives. We provide you with no material benefits (such as granting additional franchises) based on your use of designated or approved sources. We and our affiliates currently receive no payments or rebates from any supplier, nor do we nor our affiliates currently receive any special discount on purchases from any supplier for ourselves or themselves, in connection with purchases from our franchisees; however, we and our affiliates receive the right to receive such payments, rebates and/or special discounts from suppliers in the future.

We estimate that the required purchases described above are approximately 80% of the cost to establish and operate your Shop.

the type contemplated by the MSDA and franchised under the individual Franchise Agreements. These restrictions do not apply to any Shipley Do-Nuts Shop business in operation or under lease or other commitment to open in the Development Area as of the effective date of the MSDA. We and our affiliates reserve all rights not specifically granted to you pursuant to the MSDA, including but not limited to the following:

1. We and our affiliates reserve the right to operate any number of Shops, or authorize others to operate any number of Shops, at any location whatsoever, including one or more locations that may be immediately proximate to, but not within, the Development Area.
2. Within the Development Area, we and our affiliates may engage in any business activity and deploy any business concept whatsoever, and use the Marks or any other names or marks owned or developed by us or our affiliates, in connection with such other concepts and business activities, including:
 - (a) owning, operating or authorizing others to own or operate any type of business whatsoever so long as such other business does not sell under identical Marks the identical type of programs, products or services which your Shops will offer and sell;
 - (b) offering and selling, under the Marks, any and all System programs, products or services at wholesale or retail, through any alternative methods of distribution, or through any alternative channels of distribution;
 - (c) developing, opening and operating, and granting third parties the right to develop open and operate, Shops located in Non-Traditional Locations;
 - (d) opening Shops at and selling System programs, products and services to, National, Regional and Institutional Accounts;
 - (e) selling and distributing products identified by the Marks in to restaurants and food service establishments other than donut shops identified by the Marks, or awarding national, regional or local licenses to third parties to sell products under the Marks in foodservice facilities primarily identified by the third-party's trademark, provided those food service establishments and facilities are not licensed to use the Marks in connection with their retail sales;
 - (f) developing or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Marks; and
 - (g) purchasing, merging, acquiring, being acquired by or affiliating with an existing competitive or non-competitive franchise or non-franchise network, chain or any other business regardless of the location of that other business's facilities and then operating, franchising or licensing those other businesses or facilities under any names or marks, including the Marks.

You will receive no compensation for these activities.

If you fail to comply with your Development Schedule, we may immediately terminate the MSDA. However, we also have the right, in lieu of terminating the MSDA, to: (a) reduce in whole or in part the size of your Development Area; or (b) reduce in whole or in part the total number of Shops that you have the right to develop under the MSDA. There is no minimum sales quota, but you must comply with the Development Schedule. Except with respect to the foregoing, during the term of your MSDA, there are no circumstances when we can alter your Development Area. You have no options, rights of first refusal or similar rights to acquire additional franchises at any location, although you may apply for the right to operate additional Shops under separate franchise agreements.

The MSDA confers no marketing exclusivity in the Development Area on you, and all Shipley Do-Nuts Shops (whether company-owned, company joint-ventured, franchised or otherwise) may solicit, service, advertise and offer their products and services to any individual or entity, regardless of your or its geographic location, including your Development Area.

We and our affiliates have not established and do not currently intend to establish any other franchises, company-owned outlets or other distribution channels offering similar products or services under a different trademark anywhere in the United States, but we may do so in the future. [However, our affiliates, including](#)

those described in Item 1 above (and other companies that currently or in the future may be owned by investment funds managed by LLC), may operate or franchise businesses that sell similar goods or services to those that our franchisees sell. These other brands currently maintain offices and training facilities that are physically separate from ours. Most of our affiliates are not direct competitors of the “Shipley Do-Nuts” franchise network, given the products or services they sell, although some may be, as described in Item 1. The businesses that our affiliates and their franchisees operate may solicit and accept orders from guests near your “Shipley Do-Nuts” business. Because they are separate companies operating under separate brands, we do not expect any conflicts between our franchisees and our affiliates’ franchisees regarding territory, guests, and support, and we have no obligation to resolve any perceived conflicts that might arise.

ITEM 13 TRADEMARKS

The principal commercial symbol which we will license to you appears on the cover of this disclosure document. “Marks” means our symbols, trademarks, service marks, logotypes and trade names.

The table below provides a description of the Marks which we may license to you in operating your Shipley Do-Nut Shop.

REGISTERED TRADEMARKS

The following Marks are registered on the Principal Register of the United States Patent and Trademark Office:

| REGISTERED TRADEMARK | FEDERAL REG. DATE | FEDERAL REG. NO. |
|--|------------------------------|-----------------------------|
| SHIPLEY | 7/15/69 | 873147 |
| SHIPLEY & Design | 7/15/69 | 873149 |
| SHIPLEY DO-NUTS & Design | 7/15/69 | 873148 |
| THE GREATEST NAME IN DO-NUTS | 7/29/69 | 873993 |
| MAKE LIFE DELICIOUS | 10/23/07 | 3,321,574 |
| SHIPLEY DO-NUTS & Design (Long Red Bar) | 12/13/2016 | 5,098,617 |
| SHIPLEY DO-NUTS & Design (Short Red Bar) | 12/13/2016 | 5,098,616 |
| SHIPLEY | 1/3/2017 | 5,112,154 |
| SHIPLEY & Design | 1/3/2017 | 5,112,153 |
| SHIPLEY DO-NUTS & Design | 3/7/2017 | 5,153,752 |
| SHIPLEY BOLD | 5/4/2021 | 6,343,393 |

The following Mark has an application for registration pending (the “Pending Mark”) on the Principal Register of the United States Patent and Trademark Office:

| PENDING MARK | APPLICATION DATE | SERIAL NO. |
|-------------------------|-----------------------------|-----------------------|
| DO-HAPPY | 4/15/2025 | 99138231 |

Except for the Pending Mark, there are presently no effective determinations of the U.S. Patent and Trademark Office, any trademark trial and appeal board, any state trademark administrator or any court, any pending interference, opposition, or cancellation proceeding, or any pending material litigation involving any of the above-referenced Marks which is relevant to your use. There are no agreements which significantly limit our rights to use or license the Marks. There are no infringing uses or superior previous rights known to us that can materially affect your use of the Marks in any state in which your Shop is to be

Table No. 5
Projected Openings as of December 31, 2024

| Column 1 State | Column 2 Franchise Agreements Signed But Outlet Not Opened | Column 3 Projected New Franchised Outlet in the Next Fiscal Year | Column 4 Projected New Company-Owned Outlet in the Next Fiscal Year |
|---------------------------|---|---|--|
| Alabama | 1 | 0 | 0 |
| Florida | 1 | 1 | 0 |
| Georgia | 1 | 0 | 0 |
| Maryland | 0 | 0 | 0 |
| New Mexico | 1 | 1 | 0 |
| North Carolina | 2 | 2 | 0 |
| Tennessee | 1 | 2 | 0 |
| Texas | 58 | 40 | 0 |
| Virginia | 1 | 2 | 0 |
| All other states | 0 | 0 | 0 |
| Total | 66 | 48 | 0 |

A list of the names of all current franchisees and the addresses and telephone numbers of them is provided in Exhibit D to this disclosure document.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the [April 30, 2025](#) issuance date is listed on Exhibit E to this disclosure document.

If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

Certain franchisees have signed confidentiality clauses during the past three fiscal years that would restrict their ability to speak openly about their experiences with the System.

Trademark-specific franchisee organizations associated with the franchise system are disclosed in Exhibit D.

ITEM 21 FINANCIAL STATEMENTS

Our audited financial statements as of December 31, 2022, December 31, 2023 and December 31, 2024, along with our unaudited financial statements as of April 1, 2025, are in Exhibit C.

ITEM 22 CONTRACTS

The following agreements and other required exhibits are attached to this disclosure document in the pages immediately following:

| | |
|-----------|--|
| Exhibit A | Franchise Agreement with Exhibits A – Shop Location |
|-----------|--|

FRANCHISE AGREEMENT ADDENDUM FOR MINNESOTA

This Addendum to the Franchise Agreement dated as of _____ (“Franchise Agreement”) between Shipley Franchise Company LLC (“Franchisor,” “you” or “us”) and _____ (“Franchisee,” “you” or “your”) is entered into simultaneously with the execution of the Franchise Agreement.

1. The provisions of this Addendum form an integral part of, and are incorporated into the Franchise Agreement. This Addendum is being executed because: (a) the offer or sale of the franchise to Franchisee was made in the State of Minnesota; (b) Franchisee is a resident of the State of Minnesota; and/or (c) the Shipley Do-Nut Shop will be located or operated in the State of Minnesota.

2. The following sentence is added to the end of Section 5.01:

The franchisor is required to defer the collection of initial fees until all initial obligations owed to the franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business.

23. The following sentence is added to the end of Sections 16.03:

Notwithstanding the foregoing, you will not be required to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

34. The following sentence is added to the end of Section 14.07:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of this Agreement and the System.

45. The following sentence is added to the end of Section 18:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5 which requires, except in certain cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of franchise agreements.

56. The following sentences are added to the end of Section 21.03:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements 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 the jurisdiction.

67. The following sentence is added to the end of Section 21.09:

MULTI-SHOP DEVELOPMENT AGREEMENT ADDENDUM FOR MINNESOTA

This Addendum to the Multi-Shop Development Agreement dated as of ____ (“Multi-Shop Development Agreement”) between Shipley Franchise Company LLC (“Franchisor,” “you” or “us”) and _____ (“Developer,” “you” or “your”) is entered into simultaneously with the execution of the Multi-Shop Development Agreement.

1. The following sentence is added to the end of Section 3:

The franchisor is required to defer the collection of initial fees until all initial obligations owed to the franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business.

12. The provisions of this Addendum form an integral part of, and are incorporated into, the Multi-Shop Development Agreement. This Addendum is being executed because: (a) the offer or sale of a franchise to Developer was made in the State of Minnesota; (b) Developer is a resident of the State of Minnesota; and/or (c) part or all of the Development Area is located in the State of Minnesota.

23. The following sentence is added to the end of Section 23:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, Subdivision 3, 4, and 5, which require, except in certain cases, that you be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreements.

4. The following sentences are added to the end of Section 26.5:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements 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 the jurisdiction.

5. The following sentence is added to the end of Section 26.1:

Minnesota Statute § 80C.17, Subdivision 5, provides that no action may be commenced pursuant to that Section more than three years after the cause of action accrues.

6. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: (a) waiving any claims under any applicable state franchise law, including fraud in the inducement; or (b) 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. The provisions of this Addendum will be effective only to the extent that the

ADDITIONAL DISCLOSURES FOR MINNESOTA

The Special Risk Factor page is revised to include the following:

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 also may experience delays in opening your own outlet.

1. **Initial Fees.** The following statement is added to Item 5:

The franchisor is required to defer the collection of initial fees until all initial obligations owed to the franchisee under the franchise agreement or other documents have been fulfilled by the franchisor and the franchisee has commenced doing business.

12. **Trademarks.** The following statement is added to Item 13:

Notwithstanding the foregoing, we will indemnify you against liability to a third party resulting from claims that your use of a Mark infringes trademark rights of a third party; provided, that we will not indemnify against the consequences of your use of the Marks unless the use is in accordance with the requirements of the Franchise Agreement and the System.

32. **Notice of Termination.** The following statement is added to Item 17:

With respect to franchises governed by Minnesota law, we will comply with Minnesota Statute § 80C.14, subdivisions 3, 4, and 5, which require, except in certain specified cases, that a franchisee be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the franchise agreements.

34. **Choice of Forum and Law.** The following statement is added to the State Cover page and Item 17:

Minnesota Statute § 80C.21 and Minnesota Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreements 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 the jurisdiction.

45. **General Release.** The following statement is added to Item 17:

Minnesota Rule 2860.4400D prohibits us from requiring you to assent to a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota Statute §§ 80C.01 - 80C.22.

56. **Waiver of Right to Jury Trial.** The following statement is added to Item 17:

Minnesota Rule 2860.4400J, among other things, prohibits us from requiring you to waive your rights to a jury trial.

67. No statement, questionnaire or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship will have the effect of: (a) waiving any claims under any applicable state franchise law, including fraud in the inducement; or (b) 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.

78. NSF checks are governed by Minnesota Statute 60A.113, which puts a cap of \$30 on service charges.

89. Each provision of these Additional Disclosures will be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Franchise Act are met independently without reference to these Additional Disclosures.

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 | April 30, 2025 |
| Hawaii | Not effective |
| Illinois | April 30, 2025 |
| Indiana | April 30, 2025 |
| Maryland | |
| Michigan | April 30, 2025 |
| Minnesota | |
| New York | April 30, 2025 |
| North Dakota | |
| Rhode Island | |
| South Dakota | April 30, 2025 |
| Virginia | |
| Washington | Not effective |
| Wisconsin | |

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.

RECEIPT
(RETURN THIS COPY TO US)

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 Shipley Franchise Company 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. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Shipley Franchise Company 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 listed on Exhibit F.

The franchisor is Shipley Franchise Company LLC, located at 55 Waugh Dr. Suite 1200, Houston, Texas 77007. Its telephone number is (713) 869-4636.

Issuance date: April 30, 2025, as amended August 11, 2025

The name, principal business address and telephone number of our primary franchise sellers offering the franchise is as follows: Keith Sizemore, 55 Waugh Dr. Suite 1200, Houston, Texas 77007, (713) 869-4636, Jonathan Massey, 55 Waugh Dr. Suite 1200, Houston, Texas 77007, (713) 869-4636, and each other franchise seller offering the franchise is as follows:_____.

Shipley Franchise Company LLC authorizes the agents listed in Exhibit G to receive service of process for it.

I have received a disclosure document dated April 30, 2025, as amended August 11, 2025 that included the following Exhibits:

| | |
|--|-------------------------------------|
| A – Franchise Agreement | G – Agents for Service of Process |
| B – Multi-Shop Development Agreement | H – Current Form of General Release |
| C- Financial Statements | I – State Specific Addenda |
| D – List of Current Franchisees and Trademark-Specific Organizations | J – Manual Table of Contents |
| E – List of Former Franchisees | K – State Effective Dates |
| F – List of State Agencies | L – Receipts |

Date:_____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

YOU MUST RETURN THIS COPY TO US. You may return the signed receipt either by signing, dating and mailing it to Shipley Franchise Company LLC, 55 Waugh Dr. Suite 1200, Houston, Texas 77007, or by emailing a copy of the signed and dated receipt to Shipley Franchise Company LLC at franchise@shipleydonuts.com.

RECEIPT
(KEEP THIS COPY FOR YOUR RECORDS)

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 Shipley Franchise Company 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. New York and Rhode Island require that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Shipley Franchise Company 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 listed on Exhibit F.

The franchisor is Shipley Franchise Company LLC, located at 55 Waugh Dr. Suite 1200, Houston, Texas 77007. Its telephone number is (713) 869-4636.

Issuance date: April 30, 2025, as amended August 11, 2025

The name, principal business address and telephone number of our primary franchise sellers offering the franchise is as follows: Keith Sizemore, 55 Waugh Dr. Suite 1200, Houston, Texas 77007, (713) 869-4636, Jonathan Massey, 55 Waugh Dr. Suite 1200, Houston, Texas 77007, (713) 869-4636, and each other franchise seller offering the franchise is as follows:_____.

Shipley Franchise Company LLC authorizes the agents listed in Exhibit G to receive service of process for it.

I have received a disclosure document dated April 30, 2025, as amended August 11, 2025 that included the following Exhibits:

| | |
|--|-------------------------------------|
| A – Franchise Agreement | G – Agents for Service of Process |
| B – Multi-Shop Development Agreement | H – Current Form of General Release |
| C- Financial Statements | I – State Specific Addenda |
| D – List of Current Franchisees and Trademark-Specific Organizations | J – Manual Table of Contents |
| E – List of Former Franchisees | K – State Effective Dates |
| F – List of State Agencies | L – Receipts |

Date:_____
(Do not leave blank)

Signature of Prospective Franchisee

Print Name

KEEP THIS COPY FOR YOUR RECORDS.