

FRANCHISE DISCLOSURE DOCUMENT



ADU Franchise limited liability company
a Texas limited liability company
2401 Luna Road
Carrollton, Texas 75006
Tel. No. 214-422-1203
www.alldogsunleashed.com
info@AllDogsUnleashed.com

You will operate a one-stop dog shop specializing in dog training, daycare, boarding, and grooming, under the trade name and service mark “ALL DOGS UNLEASHED.”

The total investment necessary to begin operation of an ALL DOGS UNLEASHED Commercial Training Facility franchise ranges from \$680,500 to \$1,098,000. This includes \$60,100 to \$60,150 that must be paid to the franchisor or an affiliate.

We offer qualified individuals the right to own and operate multiple Facilities in a designated development area by entering into an Area Development Agreement (“ADA”). The total initial investment necessary to begin operating under the ADA will vary depending on the number of Facilities to be opened in your designated development area. The development fee due under the ADA will range between \$135,000 to \$350,000 if you commit to develop between three to 10 Facilities (the “Development Fee”). The low range is based on a commitment to develop three to five Facilities (in which case the Franchise Fee under each Franchise Agreement would be \$45,000 per Facility), and the high range is based on a commitment to develop 10 or more Facilities (in which case the Franchise Fee under each Franchise Agreement would be \$35,000 per Facility). The Franchise Fee for the development of six to nine Facilities under each Franchise Agreement would be \$40,000 per Facility. The Development Fee must be paid upon execution of the Area Development Agreement.

The total investment necessary to begin development of three Facilities under an ADA is between \$755,500 and \$1,173,000, with between \$195,100 to \$410,150 payable to us or our affiliates.

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 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 Brian Claeys, ADU Franchise limited liability company at 2401 Luna Road, Carrollton, Texas 75006, (214) 442-1203, info@alldogsunleashed.com.

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read your entire 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, D.C. 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.

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ITEM 1
THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

To simplify the language in this disclosure document, the term “we” means ADU Franchise limited liability company, the franchisor. The term “you” means the person buying the franchise, the franchisee. If the franchise is a corporation, partnership, limited liability company, or other business entity, the term “you” does not include the entity’s Owners unless otherwise stated.

The term “Owners” refers to anyone with a beneficial ownership in the franchisee, including general and limited partners of a partnership, shareholders of a corporation, and members of a limited liability company. As described in Item 15, the franchisee’s “Owners” must sign a personal guaranty and agree to be personally bound to the franchise agreement.

The Franchisor and any Parents, Predecessors and Affiliates

We are a Texas limited liability company, formed on July 6, 2021, and we do business only under our corporate name and the name “ALL DOGS UNLEASHED.” Our principal business address is 2401 Luna Road, Carrollton, Texas 75006. We have no parent or predecessor company. Our agents for service of process are identified in Exhibit C. We have been offering franchises of the type described in this disclosure document since December 2021.

We have never operated a business of the type described in this disclosure document and have never offered franchises in any other line of business. However, our affiliate, All Dogs Unleashed, LLC (“ADU LLC”), a Texas limited liability company, opened the first ALL DOGS UNLEASHED facility in December 2012, which is located in Carrollton, Texas. ADU LLC previously licensed the operation of a similar business from 2017 to 2021, and, as of December 1, 2021, had 11 licensees. However, these license agreements were assigned to us on December 1, 2021. ADU LLC shares our principal place of business. ADU LLC has never offered franchises in any other line of business.

Our affiliate ADU Sales, LLC, a Texas limited liability company located at 2401 Luna Road, Carrollton, Texas 75006, was formed on October 28, 2022. ADU Sales, LLC presently handles sales and call center services for corporate locations and two franchise locations. ADU Sales, LLC previously provided services to all franchisees, but is presently phasing out franchise locations from its services to only provide sales and call center services to corporate locations.

The Franchise Offered

We franchise the operation of a one-stop dog shop providing dog training, daycare, boarding, and grooming under the trademark “ALL DOGS UNLEASHED” (“Franchised Business”). You will operate the Franchised Business using our proprietary business format and operating system (our “System”), our proprietary trademarks (our “Marks”), and other of our intellectual property. Our System includes our distinctive interior and exterior design, décor, color scheme, graphics, fixtures and furnishings, proprietary dog training programs, operations and customer service standards and procedures, advertising and marketing specifications and requirements, and other standards, specifications, techniques, and procedures that we designate, all of which we may change, improve, and further develop (collectively, “Standards”). Our Marks include the trade name and service mark “ALL DOGS UNLEASHED” and other proprietary trademarks, service marks, our trade dress, and other indicia of origin that we designate to identify businesses operating according to the System.

You will operate the Franchised Business from a commercial facility that meets our specifications and which we have approved (“Commercial Training Facility” or “Facility”). The commercial facility required to operate the Franchised Business may range from 4,000 to 6,000 square feet, inclusive of an outdoor area, if applicable. Training services may be provided at the Commercial Training Facility, at a public or private venue, or at a client’s commercial location or residence, in accordance with our Manual and Standards.

Mark Kluge has served as our Director of Operations and Franchise Development since our inception in July 2021 and as the Director of our affiliate, All Dogs Unleashed, LLC in Carrollton, Texas since May 2020. He previously served as Operations Manager for JGX Group in Dallas, Texas from September 2018 to April 2020.

Director of Training: Cesar Rosa

Cesar Rosa has served as our Director of Training since December 2011 and as the Director of Training of our affiliate, All Dogs Unleashed, LLC in Carrollton, Texas for the same amount of time. He previously served as Diver/Tender for Phoenix International Holdings in Morgan City, Louisiana from May 2019 until November 2021.

Director of On-Site Operations: Elise Lively

Elise Lively has served as our Director of On-Site Operations since November 2023 and as well as our affiliate, All Dogs Unleashed, LLC in Carrollton, Texas for the same period. She previously served as Manager for Banfield in Frisco, Texas from September 2021 to November 2023, Manager for HSID in Dallas, Texas from January 2020 to May 2020, and Waitress at Chuys in Frisco, Texas from October 2018 to September 2021.

Director of Kennel Tech Training: Jake Hall

Jake Hall has served as our Director of Kennel Tech Training since April 2022 and as well as our affiliate, All Dogs Unleashed, LLC in Carrollton, Texas for the same period. He previously served as Site Supervisor for GardaWorld in Richardson, Texas from January 2021 to April 2022, Security Guard for Allied Universal in Dallas, Texas from May 2020 to January 2021, and Manager at Toyota of Richardson in Richardson, Texas from November 2019 to May 2020.

**ITEM 3
LITIGATION**

In the Matter of ADU Franchise limited liability company Using the trade name of All Dogs Unleashed: Administrative proceeding, filed by the State of Minnesota Department of Commerce against us following our elective report to the Department stating that, in April 2022, we violated the Minnesota Franchise Act by offering and selling a franchise in Minnesota while our application for registration, filed in December 2021, was still pending. In October 2022, we entered into a Consent Order whereby we agreed to refrain from violating the Minnesota Franchise Agreement, to offer rescission to the franchisee, and to pay a civil penalty in the amount of \$1,000.

Other than this action, 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

When you sign the franchise agreement, you will pay us an initial franchise fee of \$60,000- as a lump sum payment. The initial franchise fee is uniform for all franchisees and is nonrefundable when paid.

Development Fee

If you enter into a Development Agreement, you must pay us a development fee equal to the sum of the discounted Franchise Fees due for each Franchised Business that you agree to develop (the “Development

Fee”). The Development Fee will range between \$135,000 to \$350,000 if you commit to develop between three to 10 Facilities. The low range is based on a commitment to develop three to five Facilities (in which case the Franchise Fee under each Franchise Agreement would be \$45,000 per Facility), and the high range is based on a commitment to develop 10 or more Facilities (in which case the Franchise Fee under each Franchise Agreement would be \$35,000 per Facility). The Franchise Fee for the development of six to nine Facilities under each Franchise Agreement would be \$40,000 per Facility. The Development Fee must be paid as a lump sum upon execution of the Area Development Agreement and is nonrefundable.

Initial Training Fee

Your Operating Principal, General Manager (if different from your Operating Principal), and Assistant Manager must attend and successfully complete our initial training program (see Item 11). For each person who attends initial training, you must pay us \$50.00 to cover the costs of course materials, the total of which must be paid as a lump sum. This payment is uniform for all franchisees and is nonrefundable when paid.

ITEM 6 OTHER FEES

Type of Fee ¹	Amount	Due Date	Remarks
Royalty Fee	7% of Gross Sales	Monthly	See Note 2
Brand Development Fund	Currently \$0, but may be increased up to 2% of Gross Sales	Monthly	
Local Marketing Expenditure	\$5,000	Monthly	
Advertising Cooperative	An amount established by the applicable Cooperative	As determined by the applicable Cooperative	Currently, we have no Advertising Cooperatives. We may designate any area with two or more Facilities as a region for an Advertising Cooperative and require you to participate. The fees for the Advertising Cooperative will be determined by a majority vote, with each participating Facility and the Franchisor receiving one vote.
Management Consulting Fee	\$400.00 per person, per day, plus reimbursement of our travel, lodging, and dining expenses	Upon demand	Payable only if you request our on-site management assistance
Technology Fee	Currently \$250 per month, which we may increase by 10% per year	Monthly	Payable to us for the development and use of online communications and technologies

amounts. ~~You should review these figures carefully with a business advisor before making any decision to purchase the franchise.~~

Note 18. All amounts are non-refundable unless otherwise noted. Neither we nor any of our affiliates offer direct or indirect financing.

**B. YOUR ESTIMATED INITIAL INVESTMENT
UNDER THE AREA DEVELOPMENT AGREEMENT¹**

If you sign an Area Development Agreement, you should review both the above tables of estimated initial investment expenses applicable to Franchise Facilities as well as the following table of fees.

Type of Expenditure	Amount	Method of Payment	When Due	To Whom Payment Is to Be Made
Development Fee ²	\$135,000 for the first three Facilities	Lump Sum; non-refundable	Payment for the Facilities in full at signing of the ADA	Franchisor
Initial Investment for the First Facility ³	\$620,500 to \$1,038,000	See Chart 7(A) above. The range is equal to the range of the total from Chart 7(A) minus the Initial Franchise Fee. See Note 3.		
Total Initial Investment⁴	<i>Dependent on the number of Facilities you commit to open under the development schedule</i>	In addition to the Development Fee, you will incur initial investment expenses for the development and opening of each Facility you are obligated to open under the development schedule. The current estimated initial investment range for the development of a Facility is disclosed in the above table and is subject to adjustment and increase in the future.		

Note 1. All fees and payments are non-refundable, unless otherwise stated or permitted by the payee.

Note 2. The Development Fee is described in greater detail in Item 5 of this FDD. This Development Fee in this table represents that of a developer opening three (3) Facilities.

Note 3. This estimated initial investment for each Facility you are obligated to develop under the ADA is subject to change for future Facilities, based on our then current offer at the time of sale, and costs associated with the types of expenditures listed in Chart 7(A) above. As stated in the table above, the estimate included only applies to the first Facility you open under the ADA. You will incur initial investment expenses for each Facility you are obligated to open under the ADA, and that initial investment estimate may change and/or increase in the future.

Note 4. The total initial investment necessary to begin operating under the ADA will vary depending on the number of Facilities to be opened in your designated development area. The development fee due under the ADA will range between \$135,000 to \$350,000 if you commit to develop between three to 10 Facilities (the “Development Fee”). The low range is based on a commitment to develop three to five Facilities (in which case the Franchise Fee under each Franchise Agreement would be \$45,000 per Facility), and the high range is based on a commitment to develop 10 or more Facilities (in which case the Franchise Fee under each Franchise Agreement would be \$35,000 per Facility). The Franchise Fee for the development of six to nine Facilities under each Franchise Agreement would be \$40,000 per Facility. The Development Fee must be paid upon execution of the Area Development Agreement.

4. Provide up to three days of additional on-site assistance within the first 45 days of your business operations. (Franchise Agreement, Section 5.3).
5. Loan you one copy of our Manuals. (Franchise Agreement, Section 8.1). The Table of Contents of our Manuals, which reflects the total number of pages and pages devoted to each subject, is attached to this disclosure document as Exhibit A. The total number of pages in the Operations Manual is 182 pages.

Continuing Obligations.

During the operation of the Franchised Business:

1. We will provide such ongoing consultation and advice as we deem appropriate, which may include providing information about new services, programs, and products, advertising and marketing advice, and financial and accounting advice. (Franchise Agreement, Section 5.4).
2. At your request, we will provide additional on-site training assistance subject to availability of personnel and your agreement to pay our then-current rates (Franchise Agreement, Section 5.5).
3. We will provide you with additional training, as we deem appropriate. We reserve the right to charge a tuition fee for such training. (Franchise Agreement, Section 5.6).
4. We will communicate to you information about our approved and designated suppliers. (Franchise Agreement, Section 6.5).
5. We have the right, but not the obligation, to establish minimum and maximum pricing unless prohibited by law (Franchise Agreement, Section 6.9).

Advertising

Our advertising program for the services that you will provide currently consists of Internet and social media marketing. Our advertising materials currently are created with an outside advertising agency. You may develop your own advertising and marketing materials, at your own expense, subject to the requirements described below.

We must approve all of your promotional and marketing materials before you use them. To obtain approval, you must provide samples of the proposed materials and notify us of the intended media at least 14 days before their intended use. Any proposed materials not approved within 10 days after we receive them will be deemed not approved. We have the right to disapprove materials that we have previously approved by providing you written notice of our disapproval.

We may, in our sole discretion, elect to form an advertising council for the benefit of the franchise system. As of the date of this disclosure document, there is no advertising council in effect for the franchise system.

Brand Development Fund

We reserve the right to establish a Brand Development Fund (“Fund”). If we establish a Fund, we may require you to contribute to the Fund in an amount we specify but not to exceed 2% of your Gross Sales, which contribution will be collected in the same manner as the Royalty Fee. Existing franchisees may have lower Fund contribution requirements based on the time period in which they signed their Franchise Agreement.

We may use Fund monies to pay for creative development services (including creation and modification of Facility design and trade dress, logos, graphics and vehicle wraps, and advertising and promotional items, including the cost of photography services and design software); preparing and procuring market studies, providing or obtaining marketing services (including, conducting customer surveys, focus groups, and marketing and compliance-related mystery shops and customer interviews); employing advertising and/or public relations agencies; developing, producing, distributing, and placing advertising (including, without limitation, preparing and conducting media advertising campaigns in various media, local Facility

area in which your Franchised Business is located, you must become a member of the Cooperative and participate in the Cooperative. Cooperative contributions will be maintained and administered under the Cooperative's governing documents, and the Cooperative will be operated solely as a conduit for the collection and expenditure of advertising contributions. Contribution levels will be established by majority vote, with each Facility entitled to one vote. We anticipate that franchisor-owned Facilities will contribute to the fund on the same basis as franchisees. Any amounts contributed to an Advertising Cooperative are credited against your Local Marketing requirement.

We have the sole right to form, change, dissolve, and merge Cooperatives and to create and amend any organizational and governing documents of any Cooperative. As no Cooperatives have yet been established for the franchise system, governing documents are not available for your review. Once established, we may terminate and/or dissolve the Cooperative at any time. The Cooperative will not be terminated, however, until all monies in the Cooperative have been expended for authorized purposes or returned to contributing Facilities (whether franchised or company or affiliate-owned), without interest, on the basis determined by a majority vote of its members. Each Cooperative must prepare annual, unaudited financial statements, which will be made available to its contributing members.

Computer Systems

You must purchase, install, and maintain electronic point-of-sale cash register systems to record sales and transaction data and track purchases. To operate the POS System, you will need to connect to a high-speed communications device which is capable of accessing the Internet via a third-party network. We have the right to independently access all information and financial data recorded by the system for daily polling, audit, and sales verification. You must provide us with login information and access to your POS system. Updates or replacement of the POS System, both hardware and software, may be required. There is no contractual limitation on the frequency or cost of these obligations.

You may either purchase or lease the POS system. If you choose to lease your POS system, we anticipate that there will be no upfront costs and that the annual cost of the lease will be \$240. If you choose to purchase the POS system, we anticipate that your cost will be \$420.

We estimate the cost of purchasing required computer hardware will be \$1,500 for a Commercial Training Facility. As technology or software is developed in the future, we may require you to acquire additional, new, or substitute software, and replace or upgrade your computer system and software.

You must: (a) use any software programs, system documentation manuals, and other materials that we require in connection with the operation of the Franchised Business; (b) input and maintain in your computer such data and information as we prescribe; and (c) purchase new or upgraded software programs, system documentation manuals, and other materials at then-current prices whenever we adopt new or upgraded programs, manuals, and materials system-wide. You must enter into all software license agreements, "terms of use" agreements, and software and hardware maintenance agreements, in the form and manner we prescribe, and pay all fees imposed under the agreements. We anticipate the annual costs of required update and maintenance contracts to be \$0.

We may require that you connect to a web-based application that enables us to independently access and poll all information and electronic files relating to the Franchised Business, whether stored on your hard drive, on-site, or off-site servers. There is no contractual limitation on our right to independently access this information. You are responsible for complying with all applicable and current Payment Card Industry Data Security Standards ("PCI DSS") requirements and other data security policies that we may implement. For more information about PCI DSS, you may visit <https://www.pcisecuritystandards.org/>.

Except as described above, neither we nor our affiliates, nor any third-party, must provide ongoing maintenance, repairs, upgrades, or updates to your computer system or other computer equipment. ~~Except as described above, there are currently no optional or required maintenance/upgrade contracts for your computer hardware or software.~~

without your consent.

Area Development Agreement (“ADA”)

Under the terms of the ADA, we grant you the right to establish, according to a schedule, three (3) or more Facilities within a geographical territory (“Development Area”). A Development Area is usually defined by zip codes or other boundaries such as streets, city, county, or state limits or by other reasonable boundaries. The number of Facilities to be developed may be adjusted depending on demographics and other characteristics of a Development Area, including population density and other characteristics of the surrounding area, natural boundaries, extent of competition and whether the proposed Development Area is urban, suburban or rural in nature. You have no option, right of first refusal or similar contractual right to acquire additional Franchised Businesses within your Development Area or in contiguous areas.

Each additional Franchised Business must be open according to the Development Schedule described in the ADA, which will specify the number of Franchised Businesses to be open and the time frames within which they must be open. In the event that you fail to meet the mandatory Development Schedule, and the ADA is terminated, you will retain your rights to any individual Franchised Businesses, including the territorial rights described in the Franchise Agreement for such Businesses, provided that the ADA was not terminated as a result of your failure to comply with the terms of your existing Franchise Agreement(s). Your rights to any Businesses for which there is no Franchise Agreement and your protection in the Development Area will terminate immediately. Thereafter, we will have the right to develop the Development Area on our own or through third parties.

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

ITEM 13 TRADEMARKS

We own and have registered the following Marks on the Principal Register of the U.S. Patent and Trademark Office and all required affidavits and renewals have been filed:

Mark	Registration Number	Registration Date	International Class
ALL DOGS UNLEASHED (Standard Characters)	4945034	April 26, 2016	041, 043
	6939846	January 3, 2023	041, 043

Our affiliate licensed us the right to use the mark, and the right to license others to use the mark, in connection with the franchise system. The term of the license agreement is 20 years and is automatically renewed for additional 10-year terms. If the license agreement is terminated or expires, your franchise agreement will be assigned to the trademark owner or its designee, authorizing you the right to continue

Provision	Section in Area Development Agreement	Summary
r. Non-competition covenants after the franchise is terminated or expires	Section 7.1.2	<p>During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any Competitive Business that is located: (a) anywhere in the Development Area; (b) within a twenty-five (25) mile radius of the Development Area; or (c) within a 25-mile radius of any Facility in operation, under lease, or under construction as of the date of termination or expiration, as applicable.</p> <p>During the two (2) year period after expiration or termination of this Agreement, you and your owners, officers and agents will not directly or indirectly participate as an owner, director, partner, officer, franchisee, employee, consultant, advisor, salesperson, distributor, or agent or serve in any other capacity in any franchise system that is offering or selling the right to develop, open or operate Competitive Businesses anywhere in the United States. The covenants not to compete are in addition to and not in lieu of your express agreements set forth above to not use any trade secrets, confidential information or personal contacts except as authorized by us.</p>
s. Modification of the agreement	Section 9.10	No modification except by written agreement signed by both parties.
t. Integration/merger clause	Section 9.10	Only the terms of the ADA are binding (subject to state law). Any representations made outside of the disclosure document and ADA may not be enforceable.
u. Dispute resolution by arbitration or mediation	Section 8	Except for certain claims, all disputes must be mediated and if not resolved through mediation, arbitrated (subject to state law).
v. Choice of forum	Section 9.1	Mediation and arbitration must be held in Carrollton, TX (subject to state law). (or if our corporate headquarters is no longer in Carrollton, TX, the county in which our corporate headquarters is then-located) <u>(subject to applicable state law)</u> .
w. Choice of law	Section 9.1	Disputes are governed under the laws of the State of Texas, (subject to applicable state law) without regard to its conflict of law rules.

**ITEM 18
PUBLIC FIGURES**

We do not currently use any public figure to promote the franchise.

**ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC’s Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in 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 possible performance at a particular location or under particular circumstances.

HISTORICAL FINANCIAL PERFORMANCE REPRESENTATION

During our calendar year ended December 31, 2024, there were: (i) four affiliate-owned ALL DOGS UNLEASHED Facilities in operation, one of which was acquired by our affiliate from a former franchisee in the 2024 calendar year, and all of which are operated from commercial Facilities; and (ii) 14 licensee or franchisee-owned ALL DOGS UNLEASHED Facilities, four of which are operated from commercial Facilities and ten of which are home-based operations. During the 2024 calendar year, one franchised Facility closed and as disclosed above, one franchised Facility was acquired by our affiliate.

As of the issuance date of this Disclosure Document, we are only offering franchise opportunities for commercial Facilities and are no longer offering the opportunity to operate franchised Facilities from a home-based model. This Item sets forth certain historical financial performance information for all six (6) of the franchised and affiliate-owned Facilities that are operated from a commercial Facility (the “Commercial Facilities”) and excludes performance information for the ten (10) franchised Facilities that are operated from home-based locations (as these locations may not be considered substantially similar to the type of franchised Facility offered under this Disclosure Document). The historical revenue and cost information set forth in this Item 19 is an historical representation of certain revenues generated by the Commercial Facilities, and certain costs and expenses incurred by the two affiliate-owned Commercial Facilities that were owned and operated by our affiliates for the entire 2024 calendar year. ~~The financial information presented in this Item 19 is not a representation that the Commercial Facilities will generate the same revenues or incur the same costs or expenses in the future, nor is it a representation that you will achieve the same results. Your individual results may vary.~~

Some outlets have sold this amount. Your individual results may differ. There is no assurance that you’ll sell as much.

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above. Actual results vary from franchise to franchise and we cannot estimate the results of any particular franchisee.

Note 3. ~~Investing in a franchise is an important decision. We strongly urge you to make your own independent investigation and evaluation of this franchise opportunity, whether it is a right fit for you, whether the area within which you are looking to open the Franchised Facility may encounter any unique issues.~~ You should consult with financial, business and legal advisors to assist you with your due diligence and analysis.

Note 4. Attached as Exhibit H to this Disclosure Document is our current and former franchisee exhibit, which lists the contact information for the franchisees listed. You are strongly encouraged to contact as many franchisees as you can in your due diligence investigation.

Note 5. Written substantiation for the financial performance representation will be made available to you upon request.

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

Other than the preceding financial performance representation, we do 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 Brian Claeys at 2401 Luna Road, Carrollton, Texas 75006, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20 OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
System-Wide Outlet Summary
For Years 2022 to 2024

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2022	11	12	+1
	2023	12	16	+4
	2024	16	14	-2
Company Owned	2022	1	3	+2
	2023	3	3	0
	2024	3	4	+1
Total Outlets	2022	12	15	+3
	2023	15	19	+4
	2024	19	18	-1

Table No. 2
Transfers of Training Facilities from Franchisee
to New Owners (other than the Franchisor)
For Years 2022 to 2024

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired From Franchisees	Outlets Closed	Outlets Sold to Franchisees	Outlets at End of the Year
	2024	1	0	1	0	0	2
Total	2022	1	1	1	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	1	0	0	4

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
Total	0	0	0

Our current list of the names and current addresses of our franchisees is located in [Exhibit H](#). Any franchisees who have not renewed or have otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during our most recently completed fiscal year or who have not communicated with us within 10 weeks of the issuance date of this disclosure document in listed in [Exhibit H](#). If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.

No franchisee has signed within the last three years a confidentiality clause with us that would restrict the franchisee’s ability to openly communicate with you. There are no franchisee organizations sponsored or endorsed by us and no independent franchisee organizations have asked to be included in this disclosure document.

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as [Exhibit F](#), are our audited financial statements as of December 31, 2024, December 31, 2023, and December 31, 2022.

Our fiscal year ends December 31. ~~We have not been in business for three years or more and, therefore, cannot include all the financial statements required by this Item.~~

ITEM 22
CONTRACTS

Attached to this disclosure document is a copy of the following:

EXHIBIT D Franchise agreement and the following attachments to the franchise agreement:

- Attachment A Glossary of Additional Terms
- Attachment B-1 Site Selection Area
- Attachment B-2 Facility Location and Service Area
- Attachment C Entity Information
- Attachment D-1 Personal Guaranty and Undertaking
- Attachment D-2 Confidentiality and Non-competition Agreement

EXHIBIT I
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

STATE ~~EFFECTIVE DATES~~ SPECIFIC ADDENDA

ADU FRANCHISE, LLC
ILLINOIS ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

In recognition of the requirements of the Illinois Franchise Disclosure Act, Ill. Comp. Stat. Section 705/1 through 705/44 the Franchise Disclosure Document for use in the State of Illinois shall be amended as follows:

The following are revisions to Item 17 of the disclosure document:

The Illinois Franchise Disclosure Act governs the franchise agreement between the parties to this franchise. The conditions under which the franchise can be terminated and the rights upon non-renewal may be affected and are governed by Illinois Compiled Statutes 1992, Chapter 815, Section 705/19 through 705/20.

With respect to any agreement executed and operational in the State of Illinois, any governing law or choice of law clause granting authority to a state other than Illinois is hereby amended to grant authority of the Illinois Franchise Disclosure Act.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside of Illinois is void. However, a franchise agreement may provide for arbitration or mediation in a venue outside of Illinois.

Any releases and/or waivers that we require you to sign must conform with Section 41, Waivers Void, of the Illinois Franchise Disclosure Act of 1987 which 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. This Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of this Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.”

The time frame to cure defaults, excluding defaults for safety or security issues, will be 30 days.

By reading this disclosure document, you are not agreeing to, acknowledging, or making any representations whatsoever to the Franchisor and its affiliates.

Illinois law governs the Franchise Agreement(s).

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

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.

ADU FRANCHISE, LLC
ILLINOIS ADDENDUM TO THE FRANCHISE AGREEMENT AND AREA
DEVELOPMENT AGREEMENT

ALL FRANCHISE AGREEMENTS EXECUTED IN AND OPERATIVE WITHIN THE STATE OF ILLINOIS ARE HEREBY AMENDED AS FOLLOWS:

1. Illinois law governs the Franchise Agreement(s).
2. In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.
3. Your rights upon Termination and Non-Renewal of an agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.
4. In conformance with section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act **or any other law of Illinois** is void.
5. 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.
6. Section 18.1 of the Franchise Agreement(s) is hereby amended to delete the following section:

“[N]othing in this Agreement disclaims or requires you to waive reliance on any representation that Franchisor made in the franchise disclosure document (including its exhibits and amendments) that Franchisor delivered to you in connection with this franchise offering”

The above paragraph of Section 18.1 of the Franchise Agreement(s) is hereby replaced with the following:

“[N]othing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.”

7. Section 9.10 of the Franchise Agreement(s) is hereby amended to delete the following section:

“[N]othing in this Agreement is intended to disclaim the representations we made in the FDD provided to you before you sign this Agreement.”

The above paragraph of Section 9.10 of the Franchise Agreement(s) is hereby replaced with the following:

“[N]othing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.”

The undersigned hereby acknowledge and agree that this addendum is hereby made part of and incorporated into the foregoing Franchise Agreement.

ADU FRANCHISE, LLC

FRANCHISEE

By: _____ By: _____

Name: _____ Name: _____

Title: _____ Title: _____

Date Signed: _____ Date Signed: _____

ADU FRANCHISE, LLC
MINNESOTA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT

NOTICE TO PROSPECTIVE FRANCHISEES IN THE STATE OF MINNESOTA

With respect to franchises governed by Minnesota law, the franchisor will comply with Minn. Stat. Sec. 80c. 14, subsections 3, 4 and 5 which require, except in certain specified cases, that an FRANCHISEE be given 90 days notice of termination (with 60 days to cure) and 180 days notice for non-renewal of the Franchise Agreement or Area Development Agreement.

Notwithstanding anything to the contrary in the Franchise Agreement or Area Development Agreement, pursuant to Minn. Stat. Sec. 80C.21 and Minn. Rule Part 2860.4400J, the Franchisor is prohibited from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or 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 the jurisdiction.

Notwithstanding anything contained in the Franchise Agreement or Area Development Agreement to the contrary, the Franchisor shall protect the FRANCHISEE's right to use the trademarks, service marks, trade names, logotypes, symbols, and other commercial symbols belonging to the Franchisor and which the FRANCHISEE has been permitted to use under the Franchise Agreement or Area Development Agreement.

Pursuant to Minn. Rule 2860.4400D, any general release of claims that you or a transferor may have against us or our shareholders, directors, employees and agents, including without limitation claims arising under federal, state, and local laws and regulations shall exclude claims you or a transferor may have under the Minnesota Franchise Law and the Rules and Regulations promulgated thereunder by the Commissioner of Commerce.

No statement, questionnaire, or acknowledgement 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 with the franchise.

ADU FRANCHISE, LLC
NEW YORK STATE ADDENDUM TO FDD

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 RESOURCES 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 CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS THAT ARE LESSFAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

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

Except as provided 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 that is 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 ten years 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 a 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; this proviso intends 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 a 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 earliest 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

8. State Specific Risk Factors:

GENERAL 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.

Mandatory minimum payments.

You must make minimum advertising, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

ADU FRANCHISE, LLC
VIRGINIA ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT AND
OTHER AGREEMENTS

In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for ADU Franchise, LLC for use in the Commonwealth of Virginia shall be amended as follows:

Additional Risk Factor:

Estimated Initial Investment. The franchisee will be required to make an estimated initial investment ranging from \$680,500 to \$1,098,000. This amount exceeds the franchisor's stockholder's equity as of December 31, 2024, which is \$140,898.

Additional Disclosure: The following statements are added to Item 17:

Under 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.

EXHIBIT J
ADU FRANCHISE LIMITED LIABILITY COMPANY
FRANCHISE DISCLOSURE DOCUMENT

STATE EFFECTIVE DATES

v.1

- EXHIBIT H List of Current and Former Franchisees
- EXHIBIT I State Specific Addenda
- EXHIBIT J State Effective Dates
- EXHIBIT JK Receipt

Signature

Print Name

Date

If signing on behalf of a corporation or other entity, please complete the following:

Name of Entity

Title

Keep this copy for your records.

EXHIBIT H List of Current and Former Franchisees
EXHIBIT I State Specific Addenda
EXHIBIT J State Effective Dates
EXHIBIT JK Receipt

Signature

Print Name

Date

If signing on behalf of a corporation or other entity, please complete the following:

Name of Entity

Title