

FRANCHISE DISCLOSURE DOCUMENT

American Dairy Queen Corporation
8000 Tower, Suite 700
8331 Norman Center Drive
Bloomington, Minnesota 55437

A Delaware Corporation

(952) 830-0200

Email: development@idq.com

www.dq.com



DQ Grill & Chill® Franchise. American Dairy Queen Corporation (“ADQ”) offers single unit and multiple unit franchises for the operation of DQ Grill & Chill® restaurants at authorized locations. A DQ Grill & Chill® restaurant is a quick service food restaurant with seating from which you will sell the full line of approved soft-serve, treat, food and beverage menu items.

The total investment necessary to begin operation of a single DQ Grill & Chill® franchise is \$1,516,200 - \$2,543,050.00. This includes the \$45,600 that must be paid to the franchisor or affiliate for the initial franchise fee and management training readiness assessment. In addition, if you enter a multiple trade area reservation agreement, you will pay a trade area reservation fee determined by multiplying the number of restaurants you are granted the right to develop by \$22,500, which amount may be applied to offset the initial franchise fee you must pay for each restaurant you develop under the agreement.

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.**

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 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 “Consumer 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.

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

Issuance Date: March 27, 2025, as amended April 23, 2025

Support Services from March 2007 to December 2011; and Business Consultant from June 2005 to February 2007.

Vice President of U.S. Franchise Operations, East: David Giacone

David Giacone has been Vice President of U.S. Franchise Operations, East since May 2021. He served as Vice President of Concept Support Services from July 2018 through April 2021. Mr. Giacone was employed as Director of Operations for the Texas Region from February 2017 through June 2018 and Director of Development Operations from 2013 to 2017. From 2011 to 2013, Mr. Giacone was Director of Operations for Fourteen Foods, Inc., a multi-unit franchisee of ADQ. From 2000 to 2011, Mr. Giacone held various field operation positions with ADQ.

Vice President, Restaurant Training and Curriculum, U.S. and Canada: Angie Ballinger

Angie Ballinger has served as Vice President, Restaurant Training & Curriculum since April 2024. Prior to that she served as Global Lead, Learning & Development at Cargill, Inc. from January 2011 to October 2023.

Item 3: Litigation

Pending Cases

~~Oakland Family Restaurants, Inc. and Lake Area Restaurants, Inc. v. American Dairy Queen Corporation (United States District Court, Eastern District of Michigan, Southern Division, #2:21-cv-12539-TGB-EAS, filed October 28, 2021). Plaintiffs, Dairy Queen® franchisees, initiated this litigation seeking a declaratory judgment that ADQ must allow them to divide their respective territories and assign their existing 1965 agreement to multiple transferees, each for a separate portion of their territory, rather than requiring each transferee to sign ADQ’s current form of franchise agreement. Additionally, Plaintiffs claimed breach of contract resulting in monetary damages, promissory estoppel, attorney’s fees and costs. On March 31, 2024, the court ruled in favor of ADQ and against Plaintiffs on all claims. Plaintiffs filed a Notice of Appeal on April 18, 2024, and oral argument was held on January 28, 2025. On March 12, 2025, the United States Court of Appeals for the Sixth Circuit issued Judgement affirming the district court’s grant of summary judgement in favor of ADQ. The Sixth Circuit opined that, among other things, ADQ had good cause for conditioning consent to transfer on prospective franchisees’ execution of a new agreement, ADQ did not breach its agreement with Plaintiffs and Plaintiffs were not entitled to declaratory relief. On March 25, 2025, Plaintiffs filed a Petition for Panel Rehearing and Petition for En Banc Rehearing.~~

2-MNA, LLC vs. American Dairy Queen Corporation (State of Minnesota Fourth Judicial District Court, Hennepin County, #27-CV-24-12897, filed August 30, 2024). Plaintiff, a DQ franchisee, initiated this litigation seeking a temporary restraining order preventing ADQ from terminating Plaintiff’s franchise agreement for the use and/or storage of rerun (defined as the use and/or storage of soft-serve mix that has been run through a soft serve machine) which is a public health and safety zero-tolerance violation of the franchise agreement. Plaintiff alleges breach of contract, breach of the implied covenant of good faith and fair dealing, and violation of the Minnesota Franchise Act. Additionally, Plaintiff is seeking temporary and permanent injunctive relief, compensatory damages, attorneys’ fees, and costs. ADQ opposed the Plaintiff’s motion for a temporary injunction. On

February 13, 2025, the Court denied the temporary injunction motion, and the restaurant closed on February 14, 2025. ADQ will continue to vigorously defend itself.

American Dairy Queen Corporation vs. UAM, LLC (United States District Court, Western District of Texas, San Antonio Division, #5:24-cv-1209, filed October 23, 2024). American Dairy Queen Corporation (“ADQ”) initiated this litigation seeking an order declaring Defendant, a DQ® franchisee, breached its obligations under the franchise agreement by failing to use soft serve mix, supplies, and fresh milk as approved by ADQ, which is a public health and safety zero-tolerance violation of the franchise agreement. ADQ alleges breach of contract, trademark infringement and unfair competition in violation of the Lanham Act, as well as common law unfair competition. ADQ is seeking temporary and permanent injunctive relief, compensatory damages, attorneys’ fees, and costs. On November 15, 2024, the Defendant filed a counterclaim alleging wrongful termination of the franchise agreement and breach of contract. Defendant is seeking a declaratory judgment reinstating Defendant’s franchise agreement, compensatory damages, attorneys’ fees and costs. The court granted ADQ’s request for preliminary injunction at a November 22, 2024 hearing. A jury trial is set for May 19, 2025. ADQ will continue to vigorously pursue its claims and defend itself against the counterclaims.

Project Lonestar, Inc. vs. American Dairy Queen Corporation (United States District Court, Northern District of Texas, Dallas Division, #3:25-cv-00339-L, filed February 11, 2025). Project Lonestar, Inc. initiated a lawsuit against American Dairy Queen Corporation seeking injunctive relief and damages. ~~On April 9, 2025, Plaintiff filed an amended complaint alleging breach of contract, interference with contract and/or interference with prospective business relationship by ADQ, and fraud related to the transfer process for several of their franchised restaurants. ADQ denies the claims and has asserted counterclaims against Project Lonestar, Inc., Elite Restaurant Group Inc. and Elite Ltd. for unpaid license, advertising, and termination fees. Plaintiff alleges breach of contract, interference with contract, and interference with prospective business relationship by ADQ related to the transfer process for several of their franchised restaurants. ADQ denies the claims and has asserted counterclaims for unpaid fees and termination fees.~~

State of Rhode Island Office of the General Treasurer, individually and on behalf of all similarly situated persons v. Domino’s Pizza, Inc., Russell J. Weiner, Sandeep Reddy, Joseph H. Jordan, and Arthur P. D’Elia (Case No. 2:24-CV-12477-LVP-APP, United States District Court for the Eastern District of April 2025 10 Michigan). On September 20, 2024, plaintiff Scott Bender filed a putative federal securities class action against Domino’s, its Chief Executive Officer, Russell Weiner, and its Chief Financial Officer, Sandeep Reddy (together with Domino’s and Mr. Weiner, collectively, “Defendants”) on behalf of a class consisting of all persons and entities that purchased or otherwise acquired Domino’s securities between December 7, 2023 and July 17, 2024. Bender alleges that, throughout the putative class period, Defendants made materially false and/or misleading statements and/or failed to disclose materially adverse facts concerning Domino’s likelihood of meeting its previously issued long-term guidance for annual global net store growth. Bender further alleges that, following the news of downwardly revised net store growth guidance and the decline in the market value of Domino’s securities, the members of the purported class suffered losses and damages. The complaint asserts the following causes of action: (i) violations of Section 10(b) of the U.S. Securities Exchange Act of 1934 (the “Exchange Act”) and Rule 10b5

promulgated under the Exchange Act, against all Defendants; and (ii) violations of Section 20(a) of the Exchange Act, against Mr. Weiner and Mr. Reddy. On February 10, 2025, following competing motions to be named as lead plaintiff, the Court issued an order naming the State of Rhode Island Office of the General Treasurer as the lead plaintiff in this action, and naming Rhode Island's counsel as lead plaintiffs' counsel. On April 11, 2025, plaintiffs filed an amended class action complaint naming two additional individual defendants, including Arthur D'Elia who now serves as ADQ's Chief Operating Officer, US and Canada. Mr. D'Elia served as Domino's Executive Vice President, International from May 2022 until he resigned from the position in October 2024. Plaintiffs allege that Mr. D'Elia also made false and/or misleading statements about Domino's global net store growth during the putative class period and includes Mr. D'Elia in its assertions of violations of Section 10(b), Rule 10b5, and Section 20(a) of the Exchange Act. This matter is currently in the pleading phase. Mr. D'Elia and the other defendants intend to vigorously defend these claims.

Concluded Cases

Rodney Johnson and Food Ventures, Inc. vs. American Dairy Queen Corporation (American Arbitration Association, No. 01-16-0005-3571, filed December 9, 2016). Claimants, a DQ Grill & Chill franchisee and its owner, initiated this arbitration claiming that ADQ unlawfully encroached upon their franchise by franchising another DQ Grill & Chill restaurant in what they allege is too close a proximity to their restaurant. Claimants alleged that the encroachment caused a decline in their restaurant's sales and profitability. They claimed that ADQ's actions violated the Washington Franchise Investment Protection Act and the Washington Consumer Protection Act and alleged breach of contract, breach of the implied covenant of good faith and tortious interference with business expectancy. On August 5, 2017, the parties entered into a settlement agreement under which claimants are allowed to pay ADQ a reduced royalty fee and advertising fee for set periods and avoid the modernization requirement for the next transfer of the franchise since the restaurant recently had been remodeled to current image. ADQ also paid claimants \$25,000.

American Dairy Queen Corporation. vs. Universal Investment Corporation f/k/a Neos Corporation (United States District Court, Western District of Wisconsin, No: 16-cv-323, filed May 16, 2016). ADQ commenced this action against the defendant franchisee seeking a declaratory judgment that ADQ properly terminated defendant's franchise agreement after defendant failed to comply with numerous contractual requirements and then failed to timely cure its defaults of the franchise agreement after notice from ADQ. ADQ also sought injunctive relief and damages under the Lanham Act for defendant's infringement of ADQ's trademarks. Defendant counterclaimed against ADQ alleging claims for violation of the Wisconsin Fair Dealership Law, tortious interference with contract, and several counts of intentional breach of contract. On August 25, 2017, the court granted ADQ's motion for partial summary judgment and dismissed defendant's claim for tortious interference. The parties settled the remaining claims on December 11, 2017 with defendant agreeing to relinquish any remaining rights he may have to use ADQ's trademarks and systems under, and to the termination of, his franchise agreement and the territory agreements for four territories in Iowa in exchange for a mutual release of claims and a payment of \$425,000 from ADQ.

The information provided below regarding subfranchised outlets is provided by territory operators and is not independently verified by ADQ.

**DQ Grill & Chill® & Dairy Queen®/Brazier® Subfranchised Territory Operator Outlets
Systemwide 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	569	572	3
	2023	572	566	-6
	2024	566	567	1
Company-Owned	2022	0	0	+0
	2023	0	0	+0
	2024	0	0	+0
Total Outlets	2022	569	572	3
	2023	572	566	-6
	2024	566	567	1

**DQ Grill & Chill® & Dairy Queen®/Brazier® Subfranchised Territory Operator Outlets
Transfer of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024**

State	Year	Number of Transfers
Iowa	202 3	0
	202 3 4	0
	202 4 5	2
Montana	202 3	4
	202 3 4	2
	202 4 5	4
Nebraska	202 3	1
	202 3 4	0
	202 4 5	0
Nevada	202 3	4
	202 3 4	1
	202 4 5	0
New Jersey	202 3	0
	202 3 4	2
	202 4 5	1
North Dakota	202 3	1
	202 3 4	2
	202 4 5	1
Ohio	202 3	4
	202 3 4	0
	202 4 5	5

State	Year	Number of Transfers
Oregon	202 3	3
	202 3 4	5
	202 4 5	2
Pennsylvania	202 3	1
	202 3 4	2
	202 4 5	6
South Dakota	202 3	0
	202 3 4	1
	202 4 5	0
Utah	202 3	1
	202 3 4	3
	202 4 5	3
Virginia	202 3	6
	202 3 4	1
	202 4 5	0
Washington	202 3	2
	202 3 4	0
	202 4 5	2
Wisconsin	202 3	0
	202 3 4	1
	202 4 5	0
Total	202 3	27
	202 3 4	20
	202 4 5	26

**DQ Grill & Chill® & Dairy Queen®/Brazier® Subfranchised Territory Operator Outlets
Status of Franchised Outlets
For Years 2022 to 2024**

State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations - Other Reasons	Outlets at End of the Year
Arizona	2022	17						17
	2023	17		1				16
	2024	16		1				15
Colorado	2022	3						3
	2023	3						3
	2024	3						3
Delaware	2022	-1						-1
	2023	-1						-1
	2024	-1						-1
Florida	2022	1						1
	2023	1						1
	2024	1						1
Illinois	2022	2						2
	2023	2						2
	2024	2	1					3

RECEIPT

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 ADQ offers you a franchise, it must provide this disclosure document to you at least 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 (or sooner if required by applicable state law).

Michigan requires that ADQ 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 ADQ 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, D.C. 20580 and the state agency referred to in Exhibit A.

ADQ’s franchise sellers involved in the offering and sale of new franchises are Gregg Benvenuto, ADQ’s Vice President - Franchise Development, Jennifer Rude, ADQ’s Franchise Sales and Development Director, and Franchise Developer Roger Schone (Central West Region), Tara Vigil (Southeast Region), York Ragsdale (Northeast Region), or Chris LaRoe (West Region). Their address is 8000 Tower, Suite 700, 8331 Norman Center Drive Bloomington, MN 55437, and phone number is (952) 830-0200. If any other franchise seller is involved in this transaction, his or her address and phone number will be the same, with the name provided here: _____.

Issuance date: March 27, 2025, as amended April 23, 2025 (for registration state effective dates see “State Effective Dates” page immediately before these Receipt pages)

I received a disclosure document with an issuance date of March 27, 2025, as amended April 23, 2025, that included the following Exhibits: A) List of State Administrators/Agents for Service of Process; B) Operating Agreement with Guarantee and related Addenda; C) Conversion Addenda; D) Multiple Unit Agreement; E) Franchise Application; F) Third-Party Agreements Related to EPOS System and Related Hardware, Software and Services; G) Design Services Agreement; H) Construction Consultation Services Agreement; I) Tables of Contents for Manuals; J) Lists of franchises; K) Lists of franchisees whose franchise agreements were terminated or transferred; L) Financial Statements (with Guarantee of Performance); and M) Receipts.

FRANCHISEE (For an Entity)

Date: _____
 _____, a

By: _____
 (Signature of person signing on behalf of entity)

 (Print name of person signing on behalf of entity)

Its: _____
 (Title of person signing on behalf of entity)

Address: _____

City: _____ State: _____

Phone: () _____ Zip: _____

FRANCHISEE (For an Individual)

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State: _____

Phone: () _____ Zip: _____

Date: _____

Signed: _____

Print Name: _____

Address: _____

City: _____ State: _____

Phone: () _____ Zip: _____

Prospective Applicant’s Copy

RECEIPT

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 ADQ offers you a franchise, it must provide this disclosure document to you at least 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 (or sooner if required by applicable state law).

Michigan requires that ADQ 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 ADQ 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, D.C. 20580 and the state agency referred to in Exhibit A.

ADQ’s franchise sellers involved in the offering and sale of new franchises are Gregg Benvenuto, ADQ’s Vice President - Franchise Development, Jennifer Rude, ADQ’s Franchise Sales and Development Director, and Franchise Developer Roger Schone (Central West Region), Tara Vigil (Southeast Region), York Ragsdale (Northeast Region), or Chris LaRoe (West Region). Their address is 8000 Tower, Suite 700, 8331 Norman Center Drive Bloomington, MN 55437, and phone number is (952) 830-0200. If any other franchise seller is involved in this transaction, his or her address and phone number will be the same, with the name provided here: _____.

Issuance date: March 27, 2025, as amended April 23, 2025 (for registration state effective dates see “State Effective Dates” page immediately before these Receipt pages)

I received a disclosure document with an issuance date of March 27, 2025, as amended April 23, 2025, that included the following Exhibits: A) List of State Administrators/Agents for Service of Process; B) Operating Agreement with Guarantee and related Addenda; C) Conversion Addenda; D) Multiple Unit Agreement; E) Franchise Application; F) Third-Party Agreements Related to EPOS System and Related Hardware, Software and Services; G) Design Services Agreement; H) Construction Consultation Services Agreement; I) Tables of Contents for Manuals; J) Lists of franchises; K) Lists of franchisees whose franchise agreements were terminated or transferred; L) Financial Statements (with Guarantee of Performance); and M) Receipts.

FRANCHISEE (For an Entity)

FRANCHISEE (For an Individual)

Date: _____
_____, a

Date: _____
Signed: _____

By: _____
(Signature of person signing on behalf of entity)

Print Name: _____

Address: _____

(Print name of person signing on behalf of entity)

City: _____ State: _____

Phone: () _____ Zip: _____

Its: _____
(Title of person signing on behalf of entity)

Date: _____

Address: _____

Signed: _____

City: _____ State: _____

Print Name: _____

Phone: () _____ Zip: _____

Address: _____

City: _____ State: _____

Office Copy

Phone: () _____ Zip: _____