

FRANCHISE DISCLOSURE DOCUMENT



Zoom Room Franchising, LLC
a Colorado limited liability company
11836 Teale Street
Culver City, CA 90230
Phone: (877) 966-6766
E-mail: franchise@zoomroom.com
zoomroom.com

Zoom Room Franchising, LLC grants franchises for the operation of businesses that provide obedience and agility training, solution-oriented pet retail products, social events for dogs and their owners, and other related services (“**Zoom Room Franchised Business(es)**”).

The total investment necessary to begin operation of a Zoom Room ~~Franchised Business~~franchise is between \$318,500.00 and \$497,050.00, ~~including~~ This includes \$62,900.00 that must be paid to the franchisor or its affiliates.

~~Certain prospective franchisees may also be offered the opportunity to become a Multi Unit Operator, earning the right to establish and operate a minimum of three Zoom Room Franchised Businesses under a Multi Unit Development Agreement containing a development schedule.~~ If you sign a Multi-Unit Development Agreement with us for three Zoom Room Franchised Businesses, the total investment necessary to begin operation ~~of a Multi Unit Operator business~~ is between \$389,000.00 and \$567,550.00, ~~which~~ This includes \$133,400.00 that must be paid to franchisor or its affiliates at the time the Multi-Unit Development Agreement is signed. If you sign a Multi-Unit Development Agreement with us for five Zoom Room Franchised Business, the total investment necessary to begin operation ~~of a Multi Unit Operator business~~ is between \$449,000.00 and \$627,550.00, ~~which~~ This includes \$193,400.00 that must be paid to franchisor or its affiliates ~~at the time the Multi Unit Development Agreement is signed.~~

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 Mark Van Wye at 11836 Teale Street, Culver City, CA 90230 and (877) 966-6766.

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 “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. In addition, there may be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: December 16, 2024

Special Risks to Consider About *This Franchise*

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

1. **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit development agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in Los Angeles County, California. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in California than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all your financial obligations under the Franchise Agreement even though your spouse has no ownership interest in the franchise. This guaranty will place both you and your spouse's marital personal assets, perhaps including your house, at risk if your franchise fails.
3. **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 outlet.
4. **Financial Condition.** The franchisor's financial condition as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability provide services and support to you.

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

Zoom Room Franchised Businesses provide obedience and agility training, solution-oriented pet retail products, and social events for dogs and their owners. You will operate your Zoom Room Franchised Business from an approved retail location (“**Dog Training Gym**”). You must sign our standard franchise agreement (“**Franchise Agreement**”) attached to this Franchise Disclosure Documents as **Exhibit B**. You may operate no more than one Zoom Room Franchised Business for each Franchise Agreement you sign. If you meet the qualifications to operate multiple units, (a minimum of three and a maximum of five) you must sign our multi-unit agreement (“**Multi-Unit Development Agreement**”), attached to this Franchise Disclosure Document as **Exhibit I**, and our then-current Franchise Agreement, which may be materially different than the agreement included as **Exhibit B**, for each unit listed in the Multi-Unit Development Agreement.

Market and Competition

Zoom Room Franchised Businesses service the general public with dogs in urban and suburban areas. Zoom Room Franchised Businesses’ services are not seasonal. The market for dog training, exercise, and playtime for dogs and their owners is well developed and competitive. Zoom Room Franchised Businesses compete with other businesses including franchised operations, national chains, and independently owned businesses providing similar services.

Industry-Specific Laws

Most states and localities have specific laws and regulations covering businesses that provide dog related services that may affect your Zoom Room Franchise, including requirements with respect to facility inspections and licensing. In addition, your Dog Training Gym may be prohibited from operating in certain areas due to local zoning restrictions. Also, many municipalities have noise ordinances that may be applicable to your Dog Training Gym. Federal and state septic and waste disposal regulations may also be applicable. There may be other laws, rules, regulations, and ordinances which may apply to the operation of your Zoom Room Franchised Business, including those which: (a) require a permit, certificate, or other license; (b) establish general standards, specifications, and requirements for the construction, design, and maintenance of the Dog Training Gym site and premises; (c) regulate matters affecting the health, safety, and welfare of your customers, such as general health and sanitation requirements, restrictions on smoking and exposure to tobacco smoke or other carcinogens, availability of and requirements for public accommodations, including restroom facilities and public access; (d) set standards pertaining to employee health and safety; (e) set standards and requirements for fire safety and general emergency preparedness; (f) require facility inspections and licensing.

~~You alone are responsible for investigating, understanding, and complying with all applicable laws, regulations, and requirements applicable to you and your Zoom Room Franchise, despite any advice or information that we may give you.~~ You must also obtain all necessary permits, licenses, and approvals to operate your Zoom Room Franchised Business. You should consult with a legal advisor about whether these and/or other requirements apply to your Zoom Room Franchised Business. Failure to comply with laws and regulations is a material breach of the Franchise Agreement.

Type of Expense and Supplies ⁽⁷⁾	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
Office Equipment and Supplies ⁽⁷⁾	\$4,400.00	\$8,000.00	As Incurred	Before Opening	Third Parties
Travel and Lodging ⁽⁸⁾	\$1,500.00	\$4,000.00	As Incurred	As Incurred	Third Parties
Signage ⁽⁹⁾	\$8,000.00	\$20,000.00	Before Beginning Operations	Before Opening	Suppliers
Furniture, Fixtures and Equipment ⁽¹⁰⁾	\$18,100.00	\$26,800.00	Before Beginning Operations	Before Opening	Suppliers
Grand Opening ⁽¹¹⁾	\$2,000.00	\$4,000.00	As Agreed	Before Opening	Suppliers
Subscriptions and Dues ⁽¹²⁾	\$350.00	\$350.00	Before Beginning Operations	Before Opening	Suppliers
Licenses Permits ⁽¹³⁾	\$0.00	\$4,000.00	Before Beginning Operations	Before Opening	Licensing Authorities
Professional Fees ⁽¹⁴⁾	\$19,500.00	\$28,000.00	Before Beginning Operations	Before Opening	Attorney, Accountant, Architect
Software Set-up Fees ⁽¹⁵⁾	\$400.00	\$400.00	As Agreed	Before Opening	Us
Weekly Software Fee ⁽¹⁶⁾	\$3,000.00	\$3,000.00	As Agreed	Before Opening	Us
Insurance ⁽¹⁷⁾	\$750.00	\$3,500.00	As Agreed	Before Opening	Insurer
Additional Funds (3 months) ⁽¹⁸⁾	\$9,000.00	\$30,000.00	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	\$318,500.00	\$497,050.00			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Zoom Room Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Zoom Room Franchised Businesses. ~~The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Zoom Room Franchised Business may be greater or less than the estimates given, depending upon the location of your Zoom Room Franchise, and current relevant market conditions.~~

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Additional Funds (3 months) ⁽¹⁸⁾	\$9,000.00	\$30,000.00	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	\$389,000.00	\$567,550.00			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Zoom Room Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Zoom Room Franchised Businesses. ~~The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Zoom Room Franchised Business may be greater or less than the estimates given, depending upon the location of your Zoom Room Franchise, and current relevant market conditions.~~

1. Multi-Unit Development Fee. If you sign a Multi-Unit Option Agreement for three Zoom Room Franchised Businesses, the Multi-Unit Development Fee will be \$120,000 when you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee is due in full at the time you sign the Multi-Unit Development Agreement and the first Franchise Agreement and is non-refundable for any reason. The Multi-Unit Development Fee and the Initial Franchise Fee for the second and subsequent Franchise Agreements will be \$0.00.
2. Design & Construction Consulting Fee. The Design & Construction Consulting Fee for your first Zoom Room Franchised Business is \$10,000 and is due in full at the time you sign your first Franchise Agreement. You will be required to pay a Design & Construction Consulting Fee for each Franchise Agreement you enter into pursuant to your Multi-Unit Option Agreement at the time you execute each Franchise Agreement. The Design & Construction Consulting Fee is non-refundable for any reason.
3. Real Estate/Rent. This estimate is based on a Zoom Room Franchised Business that is 3,000 square feet in size and includes three months' rent. In our experience over the last several years, the average rent for a Zoom Room Franchised Business, including all common area maintenance and triple net lease expenses, is estimated to range from \$18 per square foot per year to \$36 per square foot per year. Your actual rent payments may vary, depending upon your location and your market's retail lease rates. Zoom Room Franchised Businesses will typically be 2,800 to 3,200 square feet in size. Zoom Room Franchised Businesses are typically located in an area that has easy access to highways or major thoroughfares and adequate parking and may be located in retail Zoom Room Franchised Businesses or in stand-alone buildings on major streets with excellent visibility. If you purchase, instead of lease, the premises for your Zoom Room Franchised Business, then the purchase price, down payment, interest rates, and other financing terms will determine your monthly mortgage payments.
4. Security and Utility Deposits. This estimate includes the lease deposit required by the landlord and security deposits required by utility companies. In our experience, landlords for most Zoom Room Franchised Businesses require one month of rent as the lease deposit. The low range of these figures reflects an estimate of one month of low rent with no utility deposit and the high range of these figures reflects an estimate of two months of high rent and a \$500.00 utility deposit.
5. Leasehold Improvements. Building and construction costs will vary depending upon the condition of the premises for the Zoom Room Franchised Business, the size of the premises, and local construction costs. This estimate does not include construction allowances that may be offered by the landlord, or the extent and quality of improvements desired by you over and above our minimum requirements. In our experience over the last several years, typical leasehold improvements are estimated

Type of Expenditure	Amount		Method of Payment	When Due	To Whom Payment is to be Paid
	Low	High			
Furniture, Fixtures and Equipment ⁽¹⁰⁾	\$18,100.00	\$26,800.00	Before Beginning Operations	Before Opening	Suppliers
Grand Opening ⁽¹¹⁾	\$2,000.00	\$4,000.00	As Agreed	Before Opening	Suppliers
Subscriptions and Dues ⁽¹²⁾	\$350.00	\$350.00	Before Beginning Operations	Before Opening	Suppliers
Licenses and Permits ⁽¹³⁾	\$0.00	\$4,000.00	Before Beginning Operations	Before Opening	Licensing Authorities
Professional Fees ⁽¹⁴⁾	\$19,500.00	\$28,000.00	Before Beginning Operations	Before Opening	Attorney, Accountant
Software Set-up Fees ⁽¹⁵⁾	\$400.00	\$400.00	As Agreed	Before Opening	Us
Weekly Software Fee ⁽¹⁶⁾	\$3,000.00	\$3,000.00	As Agreed	Before Opening	Us
Insurance ⁽¹⁷⁾	\$750.00	\$3,500.00	As Agreed	Before Opening	Insurer
Additional Funds (3 months) ⁽¹⁸⁾	\$9,000.00	\$30,000.00	As Agreed	As Incurred	Third Parties
TOTAL ESTIMATED INITIAL INVESTMENT	\$449,000.00	\$627,550.00			

Notes:

These estimated initial expenses are our best estimate of the costs you may incur in establishing and operating your Zoom Room Franchised Business. We do not offer direct or indirect financing for these items. Our estimates are based on our experience, the experience of our affiliates, and our current requirements for Zoom Room Franchised Businesses. ~~The factors underlying our estimates may vary depending on several variables, and the actual investment you make in developing and opening your Zoom Room Franchised Business may be greater or less than the estimates given, depending upon the location of your Zoom Room Franchise, and current relevant market conditions.~~

1. Multi-Unit Development Fee. If you sign a Multi-Unit Option Agreement for five Zoom Room Franchised Businesses, the Multi-Unit Development Fee will be \$180,000 (i.e., \$36,000 multiplied by five) when you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee is due in full at the time you sign the Multi-Unit Development Agreement and the first Franchise Agreement. The Multi-Unit Development Fee and the Initial Franchise Fee for the second and subsequent Franchise Agreements will be \$0.00.
2. Design & Construction Consulting Fee. The Design & Construction Consulting Fee for your first Zoom Room Franchised Business is \$10,000 and is due in full at the time you sign your first Franchise Agreement. You will be required to pay a Design & Construction Consulting Fee for each Franchise Agreement you enter into pursuant to your Multi-Unit Option Agreement at the time you execute each Franchise Agreement. The Design & Construction Consulting Fee is non-refundable for any reason.
3. Real Estate/Rent. This estimate is based on a Zoom Room Franchised Business that is 3,000 square feet in size and includes three months' rent. In our experience over the last several years, the

Advanced Obedience Skills in Practice		1.0	Remote
AGILITY			
Agility Skills in Practice		1.0	Remote
Advanced Obedience Skills in Practice		1.0	Remote
TRICKS			
Tricks Skills in Practice		1.0	Remote
Advanced Tricks Skills in Practice		1.0	Remote
PUPPY			
Puppy Skills in Practice		1.0	Remote
REACTIVITY			
Reactivity Skills in Practice		1.0	Remote

PRE-LAUNCH TRAINING – 16 HOURS

FRONT DESK STAFF – ROLE PLAYING OPERATIONS			
Fine Tuning the Zoom Room Orientation		1.0	Remote
The Client Experience		1.0	Remote
Product Knowledge Demonstrations		1.0	Remote
The Sales Process & Strategy Demonstrations		1.0	Remote
Merchandising & Inventory Management		1.0	Remote
Software Proficiency Demonstrations		1.0	Remote
Lead List Management - Role Playing		1.0	Remote
Social Media & Zoom Room Shares		1.0	Remote
GRAND OPENING & ADVANCED SKILLS TRAINING			
Effective Grand Opening Procedures & Processes		1.0	Remote
Running an Effective Intro to Agility Class (including the group Orientation)		1.0	Remote
Obedience & Advanced Obedience Fine Tuning		2.0	Remote
Agility & Advanced Agility Fine Tuning		2.0	Remote
Tricks & Advanced Tricks Fine Tuning		1.0	Remote
Final Party Prep & Additional Q&A		1.0	Remote

Notes:

1. The training subjects may vary, and the training may be less than the times indicated above depending on the number and experience of the attendees. Our training will include the following instructional materials: Confidential Operations Manual; curriculum handbooks; a proprietary online classroom which includes quizzes, videos, educational articles, and supplementary reading lists. The Webinar Workshops will take place within a virtual meeting space platform and the In-person Training will be conducted at one of the Zoom Room training facilities. The dates and location of the trainings will be communicated to you by your assigned Zoom Room Operations Manager.
2. Training will be conducted by qualified members of our operations team. Currently, each of our instructors has a minimum of at least eight years of training experience. We may periodically name additional trainers if the training schedule requires it. Substitute trainers will be our employees or contractors, will have experience in their designated subject area, with a minimum of six months

solely responsible for selecting the location and negotiating the lease or purchase terms. You are not guaranteed any specific Authorized Location, and a variety of circumstances may prevent you from obtaining your first choice as your Authorized Location. If the lease for your Dog Training Gym expires or is terminated without your fault, or if the site for the Dog Training Gym is destroyed, condemned, or otherwise rendered unusable, we will allow you to relocate the Zoom Room Franchised Business to a new site acceptable to us. You will be required to pay us a relocation fee of \$5,000 (See ITEM 6) under those circumstances. Relocation for any other reason will be subject to our approval, which we have the right to grant or deny for any reason or no reason. Any relocation will be subject to the site selection and lease provisions contained in the Franchise Agreement and Confidential Operations Manual. Any relocation will be at your sole expense. Our approval will, among other things, be based on the following factors: where your Dog Training Gym will be located; whether or not such relocation will infringe upon the rights of other franchisees; and the time it will take to relocate your Dog Training Gym.

If you wish to purchase an additional Zoom Room Franchised Business, and you have not already signed a Multi-Unit Development Agreement, you must apply to us, and we may, at our discretion, offer an additional Franchise to you. You will not receive an exclusive territory under the Multi-Unit Development Agreement. You may face competition from other franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control. We consider a variety of factors when determining whether to grant additional Zoom Room Franchised Businesses. Among the factors we consider, in addition to the then-current requirements for new Zoom Room Franchised Businesses, is whether or not you are in compliance with the requirements under their current Franchise Agreement. You will be required to execute a new Franchise Agreement for each unit developed under the Multi-Unit Development Agreement and we will determine the Territory and Approved Location for each unit according to the then-current standards for Territories and Approved Locations set forth in the applicable Franchise Agreement.

ITEM 13

TRADEMARKS

The Marks and the System are owned by our affiliate, ZRIP, and are licensed to us and COL. ZRIP has granted us an exclusive license (“**Trademark License**”) to use the Marks to franchise the System around the world. The Trademark License will automatically renew for subsequent ten 10-year periods provided we are not in default or do not materially breach the Trademark License by engaging in any activity which damages the Marks or the goodwill of the System. If the Trademark License is terminated, ZRIP has agreed to license the use of the Marks directly to our franchisees until such time as each franchise agreement expires or is otherwise terminated. ZRIP has registrations with the United States Patent and Trademark Office (“**USPTO**”) for the following Marks:

Registered or Pending Marks	Registration or Application Number	Registration (or Application) Date	Registration or Pending Status
	3,656,957	July 21, 2009	Registered on the Principal Register
Pup-lates	6,893,887	November 8, 2022	Registered on the Principal Register

ITEM 18 PUBLIC FIGURES

We do not use any public figures to promote our 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 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.

Some Dog Training Gyms have earned this amount. Your individual results may differ. There is no assurance you will earn as much.

Background

As of our last fiscal year, ended August 31, 2024, there were 64 open franchised outlets.

The reporting period for and the franchisees in Table 1 is for all locations open as of September 1, 2018, and reports data from the period between September 2018 through August 2024 (“**Reporting Period Table One**”).

The reporting period for Table 2 is from September 1, ~~2017~~2020 through August 31, 2024 (“**Reporting Period Table Two**”).

The reporting period for Table 3 is from September 1, ~~2017~~2020 through August 31, ~~2024~~2021 (“**Reporting Period Table Three**”).

The reporting period for Table 4 is September 1, 2020 through August 31, 2023 (“**Reporting Period Table Four**”). Specifically, the information contained in Table 4 is based upon Gross Revenues (as defined below) earned by the franchisee during the twelve-month period (“**Annual Revenue Period**”) for the time ~~periods of September 1, 2020 – August 31, 2021 (“2021 FY”);~~ period September 1, 2021 – August 31, 2022 (“**2022 FY**”); ~~and September 1, 2022 – August 31, 2023 (“2023 FY”)~~ (each a “**Reporting Fiscal Year**”).

The reporting period for Table 5 is set out in the applicable notes for Table 5.

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difference by (C) the total revenue from the prior Reporting Year. The information has not been audited.

Table 6
Year-Over-Year Gross Revenues Growth for 2021 to 2024
for Operating Franchisee Locations

Revenue Source	2024 FY vs 2023 FY	2024 FY vs 2022 FY	2024 FY vs 2021 FY	CAGR - 3 yrs
FRANCHISED LOCATIONS				
AVERAGE	1%	18%	9%	2%
MEDIAN	-3%	0%	23%	7%
RANGE	-42% to 44%	-41% to 141%	-47% to 44%	-19% to 13%
LOCATIONS EXCEEDING AVERAGE	42% (8 out of 19 locations)	33% (4 out of 12 locations)	56% (5 out of 9 locations)	56% (5 out of 9 locations)

(1) The information in this Table 6 includes certain historical financial information provided by a total of 19 Zoom Room Franchised Businesses that were open on or before September 1, ~~2021~~2023 (for the purposes of this Table 6, the “**Operating Franchisees**”). All 19 of the Operating Franchisees provided us with their relevant financial information for the period each of the Reporting Periods (defined below) for each of the tables in this Item 19. The Operating Franchisees include the Dog Training Gyms operated by franchisees in Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Santa Clarita, California; Sherman Oaks, California; Thousand Oaks, California; Torrance, California; Winter Park, Florida; Reno, Nevada; Austin, Texas; McKinney, Texas; Virginia Beach, Virginia; Toledo, Ohio; Cary, North Carolina; Colorado Springs, Colorado; Sandy Springs, Texas; Ankeny, Iowa; Savanna, Georgia and West Des Moines, Iowa. However, only twelve of the Operating Franchisees were opened and operating during the ~~2022~~2021 FY, namely Belmont, California; Huntington Beach, California; Sherman Oaks, California; Torrance, California; Austin, Texas; Virginia Beach, Virginia; Arrowhead, Arizona; McKinney, Texas; Reno, Nevada; Santa Clarita, California; Thousand Oaks, California and Winter Park, Florida. Therefore, only information from those Operating Franchisees were included in the 2024 FY vs ~~2022~~2021 FY comparison. Additionally, only nine of the Operating Franchisees were opened and operating during the ~~2021~~2022 FY, namely Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Torrance, California; Austin, Texas; Virginia Beach, Virginia; and Winter Park, Florida. Therefore, only information from those Operating Franchisees were included in the 2024 FY vs ~~2021~~2022 FY comparison.

(2) The term “**Gross Revenues**” means the total of all revenues and income from the sale of all Zoom Room products and services to customers of each Operating Franchisee Location. Gross Revenues does not include the sale of gift cards sold for use at the Zoom Room Business, PPP loan funds, or sales tax or any comps. The information regarding Gross Revenue has been provided to us by each of the Operating Franchisees and has not been audited (“**Reporting Locations**”).

The term “**CAGR**” means compound annual growth rate. CAGR is typically used to evaluate the annual rate of growth over multiple years. It determines the rate necessary to grow from a beginning balance to an ending balance assuming the balance compounds one time per year. In this case it is used to compare the compound annual growth rate of sales over a three-year period. CAGR does not reflect investment risk. It is calculated by dividing the ending balance (here, the 2024 FYE revenue) by the beginning balance (here, the ~~2020~~2021 FYE revenue) and raising the result to an exponent of one divided by the number of years (here, three years), and then subtracting one from the result and expressing it as a percentage. You can learn more about CAGR at <https://www.investopedia.com/terms/c/cagr.asp>. For

purposes of this Table 6, only nine Dog Training Gyms operated by franchisees were open during the full three-year period (namely, Belmont, California; Huntington Beach, California; Sherman Oaks, California; Torrance, California; Austin, Texas; Virginia Beach, Virginia; Arrowhead, Arizona, Thousand Oaks, California and Winter Park, Florida), and were therefore the only Dog Training Gyms included in the CAGR column.

(3) The revenue data identified in the rows entitled “**Median**,” “**Average**,” and “**Range**” of the column entitled “**Gross Revenues Growth**” are based on the actual gross revenues earned from customers patronizing our Reporting Locations. To find the **Average** for the relevant Operating Franchisees we divided the sum of the amounts of Gross Revenues for the relevant Operating Franchisees by the number of relevant Operating Franchisees. To find the **Median** for the relevant Operating Franchisees we arranged the amounts of Gross Revenues for each of the relevant Operating Franchisees in numerical order; then, if there were an even number of relevant Operating Franchisees, we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. To find **Range**, we took the lowest percentage growth for the relevant Operating Franchisees and the highest percentage growth for the relevant Operating Franchisees in each category.

(4) We determined the Median growth and Average growth based upon information provided to us from the Operating Franchisees. The percentage increase or decrease reported during each Annual Revenue Period is determined by subtracting (A) the total revenue from the most recent Reporting Year from (B) the total revenue from the prior Reporting Year and then dividing that difference by (C) the total revenue from the prior Reporting Year. The information has not been audited.

(5) The data identified in the row entitled “**Average**” is based on the gross sales or revenues of our Franchisees.

Table 7

Customer Acquisition and Long-Term Revenue Data for Operating Franchisees

Category	Range	Average Value	Median Value	Number of Locations Exceeding the Average
Cost to Acquire a Customer	\$30 - \$93	\$58	\$54	15
Average Revenue per Customer (First 8 Weeks)	\$290 - \$1,263	\$562	\$476	10
Historical Lifetime Revenue per Customer	\$1,141 - \$3,659	\$1,895	\$1,669	3
Historical Lifetime Revenue per High Value Customer (top 25% of Customers)	\$2,443 - \$10,430	\$4,617	\$3,879	3
Historical Lifetime Revenue per Low Value Customer (bottom 25% of Customers)	\$376 - \$590	\$488	\$491	4
Customer Retention Rate	73% - 98%	89%	90%	12

Notes for Table 7:

(1) The “**Cost to Acquire a Customer**” was calculated based on new clients acquired between September 1, 2023 and August 31, 2024, and the amounts spent on advertising during the period of August 1, 2023 and July 31, 2024, as reported by the 28 franchisees open as of July 1, ~~2022~~2023 (for the purposes of this Table 5, the “**Operating Franchisees**”). The 28 Operating Franchisees for Table 7 include Arrowhead, Arizona; Bakersfield, California; Belmont, California; Huntington Beach, California;

Santa Clarita, California; Sherman Oaks, California; Thousand Oaks, California; Torrance, California; Colorado Springs, Colorado; Winter Park, Florida; Savannah, Georgia; Ankeny, Iowa; West Des Moines, Iowa; Reno, Nevada; McKinney, Texas; Virginia Beach, Virginia; Centerville, Utah; Highland Village, Texas; Kearny Mesa, California; Long Beach, California; Longwood, Florida; Richmond, Virginia; Sandy Springs, Georgia; St. Louis, Missouri; St. Petersburg, Florida; Tacoma, Washington; Toledo, Ohio; West Allis, Wisconsin; and Woodland Hills, California. It was calculated by taking the cumulative amount spent on all marketing efforts by each of the 28 Operating Franchisees and dividing that number by the total number of newly acquired paying customers acquired by each of the 28 Operating Franchisees during the same period. The “**Range**” reflects the lowest Cost to Acquire a Customer and the highest Cost to Acquire a Customer on a per location basis. The “**Average Value**” was calculated by dividing the sum of the Cost to Acquire a Customer for all 28 Operating Franchisees by 28. The “**Median Value**” was determined by putting the Cost to Acquire a Customer for all 28 Operating Franchisees in numerical order; then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. The “**Number of Locations Outperforming the Average**” means the number of Operating Franchisees whose Cost to Acquire a Customer was lower than the Average Value.

(2) The “**Average Revenue per Customer (First Eight Weeks)**” was determined by examining training customers purchases during their first eight weeks as training customers, which initial eight-week period began on the date of their first visit, looking at the period between January 1, 2023 and December 31, 2023 as reported by the 28 Operating Franchisees. It was calculated by adding up the cumulative amount spent by all new training customers in their first eight weeks as a training customer at each of the 28 Operating Franchisees and dividing that sum by the total number of training customers who made their first purchases during the same period. The “**Range**” reflects the lowest Average Revenue per Customer (First Eight Weeks) and the highest Average Revenue per Customer (First Eight Weeks) on a per location basis. The “**Average Value**” was calculated by adding up the Average Revenue per Customer (First Eight Weeks) for each of the 28 Operating Franchisees and dividing that sum by 28. The “**Median Value**” was determined by putting the Average Revenue per Customer (First Eight Weeks) for each of the 28 Operating Franchisees in numerical order; then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. The “**Number of Locations Outperforming the Average**” means the number of Operating Franchisees whose Average Revenue per Customer (First Eight Weeks) was higher than the Average Value.

(3) The “**Historical Lifetime Revenue per Customer**” was determined by examining training customers who received services from September 1, 2021 through August 31, 2022 (“**Analyzed Customers**”) and analyzing the revenue from those Analyzed Customers during the period between September 1, ~~2020~~[2019](#) to August 31, ~~2021~~[2023](#). It was calculated by taking the cumulative amount spent by the Analyzed Customers at each of the seven Operating Franchisees that were open and operating for at least three years (Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Torrance, California; and Virginia Beach, Virginia), which includes the amounts spent by Analyzed Customers who only made a single purchase during that period and Analyzed Customer who made multiple purchases during that period, and dividing that sum by the total number of Analyzed Customer examined for each of the seven applicable Operating Franchisees. The “**Range**” reflects the lowest Lifetime Revenue received from an Analyzed Customer and the highest Lifetime Revenue received from an Analyzed Customer. The “**Average Value**” was calculated by adding up the Historical Lifetime Revenue per Customer for each of the seven applicable Operating Franchisees and dividing that sum by seven. The “**Median Value**” was determined by putting the Historical Lifetime Revenue per Customer for each of the Seven applicable Operating Franchisees in numerical order; then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. The “**Number of Locations Outperforming the Average**” means the number of Operating Franchisees whose Historical Lifetime Revenue per Customer was higher than the Average Value.

(4) The term “**High Value Customer**” means an Analyzed Customer whose total purchases put that Analyzed Customer in the top 25% of Analyzed Customer at a particular Dog Training Gym. To

determine the “**Average Lifetime Revenue per High Value Customer**” we looked at the cumulative purchases of each High Value Customer at each of the seven Operating Franchisees that were open and operating for at least three years (Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Torrance, California; and Virginia Beach, Virginia), during the period between September 1, ~~2020~~2019 to August 31, ~~2021~~2023 as reported by the seven applicable Operating Franchisees. We then added up the gross revenue of all of the purchases of the High Value Customers of each of the reporting locations and divided that number by the total number of High Value Customers in the system. The “**Range**” reflects lowest Average Lifetime Revenue per High Value Customer and the highest Average Lifetime Revenue per High Value Customer on a per location basis, calculated using the same formula. The “**Average Value**” was calculated by adding up the Average Lifetime Revenue per High Value Customer for each of the eight applicable Operating Franchisees and dividing that sum by eight. The “**Median Value**” was determined by putting the Average Lifetime Revenue per High Value Customer for each of the seven applicable Operating Franchisees in numerical order; then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. The “**Number of Locations Outperforming the Average**” means the number of Operating Franchisees whose Average Lifetime Revenue per High Value Customer was higher than the Average Value.

(5) The term “**Low Value Customer**” means an Analyzed Customer whose total purchases put that Analyzed Customer in the bottom 25% of Analyzed Customer at a particular Dog Training Gym. To determine the “**Average Lifetime Revenue per Low Value Customer**” we looked at the cumulative purchases of each Low Value Customer at each of the seven Operating Franchisees that were open and operating for at least three years (Arrowhead, Arizona; Belmont, California; Huntington Beach, California; Sherman Oaks, California; Thousand Oaks, California; Torrance, California; and Virginia Beach, Virginia) during the period between September 1, ~~2020~~2019 to August 31, ~~2021~~2023 as reported by the seven applicable Operating Franchisees. We then added up the gross revenue of all of the purchases of the Low Value Customers of each of the reporting locations and divided that number by the total number of Low Value Customers in the system. The “**Range**” reflects lowest Average Lifetime Revenue per Low Value Customer and the highest Average Lifetime Revenue per Low Value Customer on a per location basis, calculated using the same formula. The “**Average Value**” was calculated by adding up the Average Lifetime Revenue per Low Value Customer for each of the seven applicable Operating Franchisees and dividing that sum by seven. The “**Median Value**” was determined by putting the Average Lifetime Revenue per Low Value Customer for each of the seven applicable Operating Franchisees in numerical order; then we identified the middle pair of numbers and we calculated the value that was halfway between them by adding them together and dividing by two. The “**Number of Locations Outperforming the Average**” means the number of Operating Franchisees whose Average Lifetime Revenue per Low Value Customer was higher than the Average Value.

(6) The “**Customer Retention Rate**” was determined by examining customers who purchased training services for the first time between September 1, 2022 and August 31, 2023. We looked at whether they made a subsequent purchase, during the period between September 1, 2022 and August 31, 2024. In order to constitute a subsequent purchase, and therefore be used to indicate retention, a customer must have made two or more purchases over multiple days during this time period (“**Retained Customers**”). It was calculated by dividing the number of Retained Customers by the number of total customers who made a training purchase during the period between September 1, 2022 and August 31, 2023 and expressing that quotient as a percentage. The “**Range**” reflects the lowest Customer Retention Rate and the highest Customer Retention Rate for each of the 17 Operating Franchisees that were open and operating for at least two years (Ankeny, Iowa; Arrowhead, Arizona; Belmont, California; Colorado Springs, Colorado; Huntington Beach, California; McKinney, California; Sherman Oaks, California; Thousand Oaks, California; Torrance, California; Winter Park, Florida; Reno, Nevada; Sandy Springs, Texas; Santa Clarita, California; Savannah, Georgia; Toledo, Ohio; West Des Moines, Iowa; and Virginia Beach, Virginia). The “**Average Value**” was calculated by adding up the Customer Retention Rate for each of the 17 applicable Operating Franchisees and dividing that sum by 17. The “**Median Value**” was determined by putting the Customer Retention Rate for each of the 17 applicable Operating Franchisees in numerical order; then we identified the middle number. The

“Number of Locations Outperforming the Average” means the number of Operating Franchisees whose Customer Retention Rate was higher than the Average Value.

(7) We determined the Cost to Acquire a Customer, Average Revenue per Customer (First Eight Weeks), Average Lifetime Revenue per Customer, Average Lifetime Revenue per High Value Customer, and Customer Retention Rate based upon information provided to us from the applicable Operating Franchisees. The information has not been audited.

General Notes:

(1) In certain cases, an Operating Franchisee operated their Dog Training Gym(s) for less than the full Annual Revenue Period. Specifically, in the time period between March 2020 and May 2020, some of the Operating Franchisees were temporarily closed for some period of time pursuant to a government-mandated order triggered by the coronavirus.

(2) Written substantiation for the financial performance representation will be made available to the prospective franchisee upon reasonable request.

Other than the preceding financial performance representation, Zoom Room Franchising, LLC does not make any financial performance representations. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting Mark Van Wye at Zoom Room Franchising, LLC, 11836 Teale Street, Culver City, CA 90230, telephone 877-966-6766, 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 2022-2024

<u>Outlet Type</u>	<u>Year</u>	<u>Outlets at the Start of the Year</u>	<u>Outlets at the End of the Year</u>	<u>Net Change</u>
<u>Franchised</u>	2022	11	24	+13
	2023	24	52	+28
	2024	52	64	+12
<u>Company-Owned</u>	2022	3	1	-2
	2023	1	2	+1
	2024	2	4	+2
<u>Total Outlets</u>	2022	14	25	+11
	2023	25	53 54	+28 +29
	2024	54	64 68	+10 +14

ILLINOIS

~~Sections 4 and 41 and Rule 608 of the Illinois Franchise Disclosure Act states that court litigation must take place before Illinois federal or state courts and all dispute resolution arising from the terms of this Agreement or the relationship of the parties and conducted through arbitration or litigation shall be subject to Illinois law. The FDD and the Franchise Agreement are amended accordingly.~~

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND MULTI-UNIT DEVELOPMENT AGREEMENTS

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

Illinois law governs the Franchise Agreement and the Multi-Unit Development Agreement.

Item 5, Section 3A of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are amended by adding the following language:

All Initial Franchise Fees and Multi-Unit Development Fees owed by Franchisees shall be deferred until the Franchisor completes its pre-opening obligations to franchisee and franchisee has commenced its Zoom Room Franchised Business. The Design and Construction Consulting Fee will not be deferred. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

In conformance with Section 414 of the Illinois Franchise Disclosure Act ~~states that "any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of this Act or any other law of this State is void."~~ The Franchise Agreement is amended accordingly. To the extent that the Franchise Agreement would otherwise violate Illinois law, such Agreement is amended by providing that all litigation by or between you and us, arising directly or indirectly from the Franchise relationship, will be commenced and maintained in the state courts of Illinois or, at our election, the United States District Court for Illinois, with the specific venue in either court system determined by appropriate jurisdiction and venue requirements, and Illinois law will pertain to any claims arising under the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside the state of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

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

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

~~The termination and non-renewal provisions in the Franchise Agreement and the FDD may not be enforceable under Sections~~ Your rights upon Termination and Non-Renewal of an agreement set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

~~Under Section 705/27 In conformance with section 41 of the Illinois Franchise Disclosure Act, no action for liability under the Illinois Franchise Disclosure Act can be maintained unless brought before the expiration of three (3) years after the act or transaction constituting the violation upon which it is based, the expiration of one (1) year after you become aware of facts or circumstances reasonably indicating that you may have a claim for relief in respect to conduct governed by the Act, or 90 days after delivery to you of a written notice disclosing the violation, whichever shall first expire. To the extent that the Franchise Agreement is inconsistent 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 ~~law will control and supersede any inconsistent provision(s)~~ is void.

~~Franchisor has provided an in depth, lengthy Financial Performance Representation in Item 19. Make sure to review these numbers with an attorney.~~

~~The franchise disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:~~

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

~~The franchise agreement is hereby amended to delete Section 1B as the provision violates the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Illinois Attorney General's Office.~~

~~The multi-unit development agreement is hereby amended to delete Sections 17.3 and 17.4 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Illinois Attorney General's Office.~~

~~Exhibit F (Franchise Disclosure Questionnaire) of the franchise disclosure document is hereby amended to delete Questions 4 and 11 through 15 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Illinois Attorney General's Office.~~

Intending to be legally bound, Franchisor and Franchisee sign and deliver this Addendum effective on the date of the Agreement.

FRANCHISOR

FRANCHISEE (If an Individual):

BY: _____

BY: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

MARYLAND

AMENDMENTS TO FRANCHISE DISCLOSURE DOCUMENT, FRANCHISE AGREEMENTS AND MULTI-UNIT DEVELOPMENT AGREEMENTS

Item 5 of the FDD, Section 3A of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are hereby amended to state:

Based upon the franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

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

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

Item 17 of the FDD and sections of the Franchise Agreement are amended to state that you may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within three (3) years after the grant of the Franchise.

The Franchise Agreement and/or Multi-Unit Development Agreement are amended to state that the franchise agreement and/or multi-unit development agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

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

The franchise disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The franchise agreement is hereby amended to delete Section 1B as the provision violates the North American Securities Administrators Association Statement of Policy Regarding the Use of

7. The following language will appear as a new paragraph of the Franchise Agreement:

No Abrogation. Pursuant to Minnesota Statutes, Section 80C.21, nothing in the dispute resolution section of this Agreement will in any way abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80.C.

8. Minnesota Statute Section 80C.17 states that no action for a violation of Minnesota Statutes, Sections 80C.01 to 80C.22 may be commenced more than three (3) years after the cause of action accrues. To the extent that the Franchise Agreement conflicts with Minnesota law, Minnesota law will prevail.

9. The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rule 2860.4400J. Also, a court will determine if a bond is required.

10. The franchise disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

11. The franchise agreement is hereby amended to delete Section 1B as the provision violates the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Minnesota Department of Commerce.

12. The multi-unit development agreement is hereby amended to delete Sections 17.3 and 17.4 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Minnesota Department of Commerce.

13. Exhibit F (Franchise Disclosure Questionnaire) of the franchise disclosure document is hereby amended to delete Questions 4 and 11 through 15 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Minnesota Department of Commerce.

14. Item 5 of the FDD, Section 3A of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are hereby amended to state:

Based upon the franchisor's financial condition, the Minnesota Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.

VIRGINIA

Virginia Addendum to the Franchise Disclosure Document, Franchise Agreement, Multi-Unit Agreement, and Related Agreements

Item 5 of the FDD, Section 3A of the Franchise Agreement and Section 3 of the Multi-Unit Development Agreement are hereby amended to state:

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement.

The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the development fee owed by franchisees to the franchisor until it has completed its pre-opening obligations under the development agreement.

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

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

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

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

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

The franchise disclosure document, franchise agreement, development agreement and any document signed in connection with the franchise are supplemented with the following language:

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 by any franchisor, franchise seller, or other person acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The franchise agreement is hereby amended to delete Section 1B as the provision violates the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Virginia State Corporation Commission, Division of Securities and Retail Franchising.

The multi-unit development agreement is hereby amended to delete Sections 17.3 and 17.4 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Virginia State Corporation Commission, Division of Securities and Retail Franchising.

Exhibit F (Franchise Disclosure Questionnaire) of the franchise disclosure document is hereby amended to delete Questions 4 and 11 through 15 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Virginia State Corporation Commission, Division of Securities and Retail Franchising.

acting on behalf of franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The franchise agreement is hereby amended to delete Section 1B as the provision violates the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Washington Department of Financial Institutions, Securities Division.

The multi-unit development agreement is hereby amended to delete Sections 17.3 and 17.4 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Washington Department of Financial Institutions, Securities Division.

~~Exhibit F (Franchise Disclosure Questionnaire) of the franchise disclosure document is hereby amended to delete Questions 4 and 11 through 15 as the provisions violate the North American Securities Administrators Association Statement of Policy Regarding the Use of Franchise Questionnaires and Acknowledgments which has been adopted by the Washington Department of Financial Institutions, Securities Division.~~

The undersigned does hereby acknowledge receipt of this addendum.

Dated this _____ day of _____ 20____.

FRANCHISOR

FRANCHISEE

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	
HAWAII	Not Registered
ILLINOIS	
INDIANA	December 18, 2024
MARYLAND	
MICHIGAN	December 23, 2024
MINNESOTA	
NEW YORK	January 14, 2025
NORTH DAKOTA	Not Registered
RHODE ISLAND	December 16, 2024
SOUTH DAKOTA	Not Registered
VIRGINIA	
WASHINGTON	Pending
WISCONSIN	December 18, 2024

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.