

## FRANCHISE DISCLOSURE DOCUMENT



Crave Cookies Franchising, LLC  
A Utah limited liability company  
2949 Oak Park Lane, Holladay, UT 84117  
801-703-4532  
franchising@cravecookies.co  
<https://cravecookies.com/>

As a Crave Cookies franchisee, you will operate a retail bakery offering premium cookies and loaded sodas, all served fresh in-store with an obsessive focus on customer experience and over-the-top hospitality. Crave Cookies features a rotating menu of six distinct cookie flavors, selected from a growing library of more than 150. Beyond the core lineup, the brand regularly introduces limited-time creations inspired by seasonal ingredients and viral social trends—keeping the experience fresh, timely, and craveable. Our menu is designed to spark nostalgia, ignite curiosity, and turn everyday moments into sweet traditions. The Crave model blends classic comfort with unexpected creativity, creating a destination where families, friends, and first-timers gather around something simple—and unforgettable.

The total investment necessary to begin operation of a Crave Cookies franchise is \$327,985 to \$704,800. This includes a \$39,500 franchise fee. The total investment necessary to begin operation under a three- to five-unit Multi-Unit Development Agreement (including the first unit) is \$380,985 to \$815,800. This includes \$65,500 to \$143,500 that must be paid to the franchisor. There is no minimum number of Crave Cookies units that you are required to develop under the Multi-Unit Development 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.**

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, please contact Becky English at 2949 Oak Park Lane, Holladay, UT 84117 and 801-703-4532.

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, D.C. 20580. You can also visit the FTC's home page at [www.ftc.gov](http://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: 05/12/2025

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

QUESTION	WHERE TO FIND INFORMATION
<b>How much can I earn?</b>	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit H.
<b>How much will I need to invest?</b>	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor’s direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
<b>Does the franchisor have the financial ability to provide support to my business?</b>	Item 21 or Exhibit F includes financial statements. Review these statements carefully.
<b>Is the franchise system stable, growing, or shrinking?</b>	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
<b>Will my business be the only Crave Cookies business in my area?</b>	Item 12 and the “territory” provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.
<b>Does the franchisor have a troubled legal history?</b>	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
<b>What’s it like to be a Crave Cookies franchisee?</b>	Item 20 or Exhibit H lists current and former franchisees. You can contact them to ask about their experiences.
<b>What else should I know?</b>	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

## What You Need To Know About Franchising *Generally*

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### Some States Require Registration

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

## 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 requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Utah. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Utah than in your own state.
2. **Financial Condition.** Audited financial statements are attached.
3. **Operating History.** The Franchisor has been operating for three years. The longer a franchise has been operating the more operating history you have to rely on to make a decision.
4. **Mandatory Minimum Payments.** You must make mandatory minimum advertising contributions regardless of your sales levels. Your inability to make these payments may result in termination of your franchise and loss of your investment.
5. **Supplier Control.** You must purchase all or nearly all of the inventory & supplies necessary to operate your business from Franchisor, its affiliates, or from suppliers that Franchisor designates at prices that the Franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchised business.
6. **Unopened Franchises:** The franchisor has signed a significant number of franchise agreements with franchisees who have not yet opened their outlets.

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.

**(THE FOLLOWING APPLIES TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.
- (e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.
- (f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.
- (g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then-current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resell to the franchisor items that are not uniquely identified with the franchisor. This subdivision does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision which permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Any questions regarding this notice should be directed to:

State of Michigan Department of Attorney General  
G. Mennen Williams Building, 7th Floor  
525 W. Ottawa Street  
Lansing, Michigan 48909  
Telephone Number: (517) 373 7117

## TABLE OF CONTENTS

<b><u>Item</u></b>	<b><u>Page</u></b>
Item 1 THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES	1
Item 2 BUSINESS EXPERIENCE	3
Item 3 LITIGATION	3
Item 4 BANKRUPTCY	3
Item 5 INITIAL FEES	4
Item 6 OTHER FEES	4
Item 7 ESTIMATED INITIAL INVESTMENT	7
Item 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	10
Item 9 FRANCHISEE'S OBLIGATIONS	12
Item 10 FINANCING	14
Item 11 FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING	14
Item 12 TERRITORY	21
Item 13 TRADEMARKS	23
Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION	24
Item 15 OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	25
Item 16 RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	26
Item 17 RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION	26
Item 18 PUBLIC FIGURES	30
Item 19 FINANCIAL PERFORMANCE REPRESENTATIONS	30
Item 20 OUTLETS AND FRANCHISEE INFORMATION	32
Item 21 FINANCIAL STATEMENTS	34
Item 22 CONTRACTS	34
Item 23 RECEIPTS	35

### **Exhibits**

- A. State Administrators and Agents for Service of Process
  - B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
  - C. Multi-Unit Development Agreement
  - D. Rider to Lease Agreement
  - E. Form of General Release
  - F. Financial Statements
  - G. Brand Standards Manual Table of Contents
  - H. Current and Former Franchisees
  - I. State Addenda to Disclosure Document
  - J. State Addenda to Agreements
- State Effective Dates  
Receipt (2 copies)

## **Item 1**

### **THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES**

In this disclosure document, “we”, “us,” or “our” refers to Crave Cookies Franchising, LLC. “You” means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, each owner of the franchise entity must sign our Guaranty and Non-Compete Agreement, which means that all of the franchise agreement’s provisions also will apply to your owners.

#### Us, Any Parents, and Certain Affiliates

Our name is Crave Cookies Franchising, LLC. Our principal business address is 2949 Oak Park Lane, Holladay, UT 84117. We do not have any parent entities. Franchisees must purchase proprietary boxes from Crave Cookies Franchising, LLC.

#### Our Predecessors

We do not have any predecessors.

#### Our Business Name

We use the names “Crave Cookies Franchising, LLC” and “Crave Cookies”. We do not intend to use any other names to conduct business.

#### Agent for Service of Process

Our agent for service of process in Utah is Becky English, and the agent’s principal business address is 2949 Oak Park Lane, Holladay, UT 84117. Our agents for service of process in other states are disclosed in Exhibit A.

#### Business Organization

We are a Utah limited liability company. We were formed on 2/15/2021 and on that date began offering franchises to provide fresh baked cookies and mixed sodas under the trade name Crave Cookies.

#### Information About Our Business and the Franchises Offered

We do not operate businesses of the type being franchised, but our Affiliates Crave Cookies, LLC and Crave Management LLC run two locations. .

We do not have any other business activities. We have not offered franchises in other lines of business.

If you sign a franchise agreement with us, you will develop and operate a retail bakery offering premium cookies and loaded sodas under the trade name Crave Cookies. Each Crave Cookies location features a rotating menu of six distinct cookie flavors, selected from a growing

library of more than 150. In addition to core menu offerings, the brand regularly launches limited-time creations inspired by seasonal ingredients and viral trends. Designed to spark nostalgia, ignite curiosity, and deliver over-the-top hospitality, Crave Cookies creates a memorable experience with every visit.

If you sign a Multi-Unit Development Agreement (attached as Exhibit C to this Disclosure Document), you will commit to developing multiple Crave Cookies locations on an agreed-upon schedule. For each additional location, you will be required to sign our then-current form of Franchise Agreement, which may differ from the version included with this Disclosure Document.

Crave Cookies operates within the well-established dessert and cookie marketplace. Our products are offered year-round, and you will compete with both independent operators and regional or national chains that provide fresh baked cookies and similar dessert offerings.

### Laws and Regulations

Operation of a Small Business will require you to be aware of federal, state and local regulations that are common to all businesses and those laws specifically applicable to the restaurant business, including laws pertaining to food handling and safety, liquor, food labeling, sanitation, and weights and measurements, if applicable. You should also be aware of federal, state, and local employment laws and regulations, specifically including minimum wage and wage requirements. In addition, you may be required to obtain restaurant, business, occupational, food handling and other miscellaneous licenses. Some states also have laws regarding who may secure these licenses. You should consult with your own advisors and the government agencies for information on how these laws apply to you. Local law requirements vary by location.

The restaurant industry has certain laws and regulations specific to it. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, and various state and local health departments administer and enforce laws and regulations that govern food preparation and service, waste disposal, and sanitary conditions. State and local agencies inspect restaurants for compliance with these requirements. Certain provisions of these laws impose limits on emissions resulting from commercial food preparation. Some states have also adopted or are considering proposals to regulate indoor air quality. For certain classes of employees in restaurants, the wage laws are different from other businesses.

Under the requirements of the Patient Protection and Affordable Care Act, restaurant chains with 20 or more locations must display calorie counts on menus and provide full nutritional information upon request. Crave Cookies complies with these federal labeling standards. Nutritional information is readily available on our website, and each location is responsible for knowing where this information is posted and being prepared to help customers access it if asked.

You alone are responsible for investigating and complying with all applicable laws and regulations, despite any information that we may give you. You should consult with a legal advisor about legal requirements that may apply to your business.

### Prior Business Experience

None of our affiliates has offered franchises in other lines of business. Our affiliate Crave Cookies Franchising, LLC provides products or services to our franchisees. Franchisee must purchase proprietary boxes, shirts, tumblers, gift cards and all other Crave merchandise from Crave Cookies, LLC. Purchasing products and services is exclusive and mandatory.

Our affiliate, Crave Cookies, LLC has operated Crave Cookies in Holladay, Utah since May, 2019. This affiliate has the same business address as us.

## **Item 2 BUSINESS EXPERIENCE**

**Becky English- Chief Operations Officer, Crave Cookies Franchising, LLC.** Becky English has been COO since 2021. She has been a member of Crave Cookies LLC since 5/2019. From 6/2011 to 6/2021 Becky worked at Extra Space Storage as the Senior Manager of Transitions.

**Trent English – Chief Marketing and Branding Officer, Crave Cookies Franchising, LLC.** Trent English has been our CMO in Holladay, Utah, since 2/2021. Since 5/2019, he has been Managing Member of Crave Cookies, LLC in Midvale, UT. Since 1/2017, he has been President of Terrene Wear in Riverton, UT and from 1/2014 to 1/2018, he served as VP of Sales and Marketing for Handraise in Holladay, UT.

## **Item 3 LITIGATION**

### **Pending Actions**

*Crave Cookies, LLC v. D&G Ownership Group, LLC.* Arbitration Case number 01-25-0001-1780 Crave Cookies filed suit against a former franchisee on February 28, 2025. This matter is currently in the final stages of settlement negotiations.

### **Prior Actions**

*Crave Cookies, LLC v. Boman Cookies, LLC.* Arbitration Case number 01-23-0004-3130 Crave Cookies filed suit against a former franchisee and actively disputes and contests the Counterclaims. After a complete arbitration, the arbitrator found in favor of Crave.

### **Prior Actions**

*Crumbl LLC v. Crave Cookies, LLC*, No. 2:22-cv-00319-DAO (D. Utah filed May 10, 2022). Crumbl, one of our competitors, filed suit against us. The parties in this matter filed a stipulated motion to dismiss the lawsuit, which was granted by the Court.

Other than these actions, no litigation is required to be disclosed in this disclosure document.

**Item 4  
BANKRUPTCY**

No bankruptcy information is required to be disclosed in this Item.

**Item 5  
INITIAL FEES**

Franchise Fee

When you sign your franchise agreement, you must pay us \$39,500 as the initial franchise fee. After the purchase of your first franchise, you can purchase additional franchises for \$26,000. This \$26,000 pricing is available only when the ownership of the second location is identical to the ownership of the first franchise purchased. This fee is not refundable.

Franchisor will not collect any initial fees in Illinois, Virginia, or Washington until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business.

Proprietary Boxes and Merchandise

You must purchase the boxes and promotional merchandise you will use in the operation of the franchised business from Crave Cookies Franchising, LLC. This requirement includes the new store beginning order that is currently between \$6585.00 and \$10,000 and includes beginning boxes, supplies and shipping.

Multi-Unit Development

If you and we agree that you will develop multiple franchises, then you will sign our Multi-Unit Development Agreement (“MUDA”) in the form of Exhibit C to this disclosure document. Your franchise fees will be reduced to \$26,000 for each additional franchise after the first franchise. You will pay all franchise fees upon signing the MUDA. They are uniform and not refundable.

**Item 6  
OTHER FEES**

Type of Fee	Amount	Due Date	Remarks
Royalty	6% of your gross sales	Twice monthly, on the 1st and the 16th	See Note 1 and Note 2.
Marketing Fund Contribution	2% of your gross sales	Twice monthly, on the 1st and the 16th	See Item 11 for a detailed discussion about these funds. Amounts due will be withdrawn by electronic wire transfer from your designated bank account.

Replacement / Additional Training fee	Currently, \$250 per person, per day	Prior to attending training	If you send a manager or other employee to our training program after you open, we will charge our then-current training fee.
Third party vendors	Pass-through of costs, plus an administrative charge of 10% maximum (or, if such amount exceeds the maximum allowed by law, then the maximum allowed by law)	Varies	We have the right to require franchisees to use third-party vendors and suppliers that we designate. Examples can include computer support vendors, mystery shopping, and customer feedback systems. The vendors and suppliers may bill franchisees directly, or we have the right to collect payment for these vendors together with a reasonable markup or charge for administering the payment program.
Software subscription	Currently \$250-\$400 per month	Monthly	We will require you to sign a POS authorization for us to pull up to \$400 per month from your account. Currently, we are pulling \$250 per month, but this could change with any software changes such as changing software providers.
Non-compliance fee	\$500 (in addition to the amount that we spend on your behalf, plus 10%, as discussed in the Reimbursement and Non-compliance cure costs and fee sections of Item 6)	On demand	We may charge you \$500 if your business is not in compliance with our system specifications or the franchise agreement and you fail to correct the non-compliance after 30 days' notice. Thereafter, we may charge you \$250 per week until you correct such non-compliance.
Reimbursement	Amount that we spend on your behalf, plus 10%	Within 15 days of invoice	If we pay any amount that you owe or are required to pay to a third party, you must reimburse us.
Late fee	\$100 plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law)	On demand	We may charge a late fee if you fail to make a required payment when due.
Insufficient funds fee	\$30 (or, if such amount exceeds the	On demand	We may charge an insufficient funds fee if a payment made by you is returned

	maximum allowed by law, then the maximum allowed by law)		because of insufficient funds in your account.
Costs of collection	Our actual costs	As incurred	Payable if we incur costs (including reasonable attorney fees) in attempting to collect amounts you owe to us.
Special support fee	Our then-current fee (currently, \$600 per day), plus our expenses.	On demand	If we provide in-person support to you in response to your request, we may charge this fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).
Customer complaint resolution	Our expenses		We may take any action we deem appropriate to resolve a customer complaint about your business. If we respond to a customer complaint, we may require you to reimburse us for our expenses.
Records audit	Our actual cost	On demand	Payable only if (1) we audit you because you have failed to submit required reports or other non-compliance, or (2) the audit concludes that you under-reported gross sales by more than 3% for any 4-week period.
Special inspection fee	Currently \$600, plus our out-of-pocket costs	On demand	Payable only if we conduct an inspection of your business because of a governmental report, customer complaint or other customer feedback, or your default or non-compliance with any system specification.
System non-compliance fines and charges	Amount to be specified in the Crave Operations Manual. Currently ranges between \$50 and \$2,000.	As incurred	To be paid in accordance with our electronic funds transfer or automatic withdraw program. Payable upon demand if you fail to correct deficiencies or non-compliance with our system.
Non-compliance, violation and fees	Amounts range from \$0 if infractions cured to maximum fines of \$5000.	When notified	See Exhibit L for specific violations and cures. Exhibit L will also be included in the Franchise Agreement as Attachment 4.
Transfer fee	\$10,000 plus any broker fees and other	When transfer occurs	Payable if you sell your business.

	out-of-pocket costs we incur		<i>The \$10,000 fee does not apply in the State of Washington but we are still entitled to broker fees and other out-of-pocket costs we incur.</i>
Liquidated damages	An amount equal to royalty fees and marketing fund contributions for the lesser of (i) 2 years or (ii) the remaining weeks of the franchise term.	On demand	Payable if we terminate your franchise agreement because of your default, or if you terminate the franchise agreement without the right to do so.
Indemnity	Our costs and losses from any legal action related to the operation of your franchise	On demand	You must indemnify and defend (with counsel reasonably acceptable to us) us and our affiliates against all losses in any action by or against us related to, or alleged to arise out of, the operation of your franchise (unless caused by our misconduct or negligence).
Prevailing party's legal costs	Our attorney fees, court costs, and other expenses of a legal proceeding, if we are the prevailing party	On demand	In any legal proceeding (including arbitration), the losing party must pay the prevailing party's attorney fees, court costs and other expenses.

All fees are payable only to us (other than software subscription charges). All fees are imposed by us and collected by us (other than software subscription charges). All fees are non-refundable. All fees are uniform for all franchisees, although we reserve the right to change, waive, or eliminate fees for any one or more franchisees as we deem appropriate. There are currently no marketing cooperatives, purchasing cooperatives, or other cooperatives that impose fees on you.

Notes

1. "Gross Sales" is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products sold by you, whether for cash or credit. Gross Sales does not include (i) tips, (ii) sales taxes collected, (iii) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales). If Crave Cookies Franchising, LLC requires or approves Franchisee's use of a third-party delivery service, Gross Sales on deliveries will be calculated on the amount paid by the customer to the delivery service (not counting any delivery fee, service charge, or gratuity paid by the customer), rather than the amount paid by the delivery service to Franchisee. Please see your state-specific addendum for more information.

2. We currently require you to pay royalty fees and other amounts due to us by pre-authorized bank draft initiated by us. However, we can require an alternative payment method.

**Item 7**  
**ESTIMATED INITIAL INVESTMENT**

**YOUR ESTIMATED INITIAL INVESTMENT - FRANCHISE AGREEMENT**

<b>Type of expenditure</b>	<b>Amount</b>	<b>Method of payment</b>	<b>When due</b>	<b>To whom payment is to be made</b>
Initial franchise fee (see Note 1)	\$39,500 - \$39,500	Check or wire transfer	Upon signing the franchise agreement	Us
Rent and Lease Security Deposit (see Note 2)	\$2,500 - \$10,000	Check	Upon signing lease	Landlord
Utilities	\$500 - \$3,000	Check, debit, and/or credit	Upon ordering service	Utility providers
Leasehold Improvements	\$150,000 - \$450,000	Check	As incurred or when billed	Contractors
Market Introduction Program	\$4,000 - \$8,000	Check, debit, and/or credit	As incurred or when billed	Vendors and suppliers
Furniture, Fixtures, and Equipment	\$90,000 - \$130,000	Check, debit, and/or credit	As incurred	Vendors and Approved Suppliers
Computer Systems	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred	Vendors and suppliers
Insurance	\$400 - \$4,800	Check	Upon ordering	Insurance company
Signage	\$8,000 - \$25,000	Check, debit, and/or credit	Upon ordering	Vendor
Inventory	\$5,000 - \$10,000	Check, debit, and/or credit	Upon ordering	Approved Suppliers
New Site Beginning Order	\$6585 - \$10,000	Check or wire transfer	Upon ordering	Us
Licenses and Permits	\$1,500 - \$2,500	Check	Upon application	Government
Professional Fees (lawyer, accountant, architect, etc.) (see Note 3)	\$1,000 - \$3,000	Check, debit, and/or credit	As incurred or when billed	Professional service firms

Travel, lodging and meals for initial training	\$3,000 - \$6,000	Cash, debit or credit	As incurred	Airlines, hotels, and restaurants
Additional funds (for first 3 months) (see Note 4)	\$15,000 - \$30,000	Varies	Varies	Employees, suppliers, utilities
Total	\$327,985 - \$734,800			This is the total estimated initial investment to open and commence operating your initial location for the first three months (as described more fully in Chart A of this Item 7). See Note 3.

#### YOUR ESTIMATED INITIAL INVESTMENT - MULTI UNIT DEVELOPMENT AGREEMENT

Type of expenditure	Amount	Method of payment	When due	To whom payment is to be made
First franchise (see table above)	\$327,985 - \$734,800	Varies	Varies	Varies
Additional initial franchise fees for additional 2-4 units (see Note 5)	\$52,000 - \$104,000	Check or wire transfer	Upon signing the MUDA	Us
Business planning and miscellaneous expenses	\$1,000 - \$5,000	Check	As incurred	Vendors and suppliers
Total	\$380,985 - \$843,800			This is the total estimated initial investment to enter into a Multi-Unit Development Agreement for the right to own a total of 3 or 5 locations.

## Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. **None of the other expenditures in this table will be refundable.** Neither we nor any affiliate finances any part of your initial investment.
2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different.
3. Crave Cookies Franchising, LLC does not require the use of an architect for any improvement project, unless otherwise required by state or local laws or guidelines. All improvements must be in conformity with Crave Cookies Franchising’s System Standards.
4. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Crave Cookies business by our affiliate, and our general knowledge of the industry.
5. This estimate assumes you sign a Multi-Unit Development Agreement for three to five franchises. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. Your initial franchise fees are reduced to \$26,000 for the second and each additional franchise. You will pay all franchise fees upon signing the MUDA.

## **Item 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### Generally

We have the right to require you to purchase or lease all goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating your business (1) either from us or our designee, or from suppliers approved by us, or (2) according to our specifications.

#### Specific Obligations

The following are our current specific obligations for purchases and leases:

- A. Real Estate. Your business location is subject to our approval and must meet our specifications. You must use reasonable efforts to have your landlord sign or include our form of Rider to Lease Agreement (attached to this disclosure document as Exhibit D).

B. Insurance. You must obtain insurance as described in the Franchise Agreement and in our Brand Standards Manual, which includes (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible); (ii) Business interruption insurance covering at least 12 months of income; (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit, (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000, (you are not required to purchase a vehicle but if you purchase, lease, use non-owned or hired automobiles, you must obtain Business Automobile Liability insurance) and (v) Workers Compensation coverage as required by state law. Your policies (other than Workers Compensation) must list us and our affiliates as an additional insured, must include a waiver of subrogation in favor of us and our affiliates, must be primary and non-contributing with any insurance carried by us or our affiliates, and must stipulate that we receive 30 days’ prior written notice of cancellation.

C. Point-of-sale software and hardware, and related software and hardware. You must purchase (or lease) the point-of-sale software and hardware, and related software and hardware, that we specify. See Item 11 for more details.

D. Equipment, Supplies, Inventory. You must purchase the equipment, supplies and inventory to be used in the operation of the franchised business. All of your kitchen equipment must meet our specifications and be purchased only from approved suppliers. All of your food, beverage, and other inventory purchases must meet our specifications and be purchased only from approved suppliers. Franchisee must purchase proprietary boxes, and items such as shirts, tumblers, gift cards and all other Crave merchandise from Crave Cookies, LLC. Purchasing products and services from us is exclusive and mandatory.

E. Proprietary Boxes. You must purchase the boxes you will use in the operation of the franchised business from Crave Cookies Franchising, LLC.

#### Us or Our Affiliates as Supplier

Our affiliate is currently a supplier of a good or service that you must purchase, and we reserve the right to be a supplier (or the sole supplier) of a good or service in the future. Franchisee will purchase proprietary boxes from Crave Cookies Franchising, LLC.

#### Ownership of Suppliers

Our officers do not own an interest in any suppliers outside of the requirement to purchase the proprietary boxes and other merchandise from Crave Cookies Franchising, LLC.

#### Alternative Suppliers

If you want to use a supplier that is not on our list of approved suppliers, you must request our approval in writing. We will grant or revoke approvals of suppliers based on criteria appropriate to the situation, which may include evaluations of the supplier’s capacity, quality,

financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Our criteria for approving suppliers are not available to you. We permit you to contract with alternative suppliers who meet our criteria only if you request our approval in writing, and we grant approval. There is no fee for us to review or approve an alternate supplier. We will provide you with written notification of the approval or disapproval of any supplier you propose within 30 days after receipt of your request. We may grant approvals of new suppliers or revoke past approvals of suppliers on written notice to you, or by updating our Manual.

#### Issuing Specifications and Standards

We issue specifications and standards to you for applicable aspects of the franchise in our Manual and/or in written directives. We may issue new specifications and standards for any aspect of our brand system, or modify existing specifications and standards, at any time by revising our Manual and/or issuing new written directives (which may be communicated to you by any method we choose). We will generally (but are not obligated to) issue new or revised specifications only after thorough testing in our headquarters, in company-owned outlets, and/or a limited market test in multiple units.

#### Revenue to Us and Our Affiliates

We will derive revenue from the required purchases and leases by franchisees. Our total revenue in the prior fiscal year was \$2,413,050. Our revenue from all required purchases and leases of products and services by franchisees in the prior fiscal year was \$632,828.

#### Proportion of Required Purchases and Leases

We estimate that the required purchases and leases to establish your business are 50% to 80% of your total purchases and leases to establish your business.

We estimate that the required purchases and leases of goods and services to operate your business are 50% to 80% of your total purchases and leases of goods and services to operate your business.

#### Payments by Designated Suppliers to Us

We currently receive payments from designated suppliers based on purchases by you or other franchisees. The franchise agreement does not prohibit us from doing so.

#### Purchasing or Distribution Cooperatives

No purchasing or distribution cooperative currently exists.

#### Negotiated Arrangements

We do negotiate purchase arrangements with suppliers, including price terms, for the benefit of franchisees. For example, we currently have negotiated purchase contracts for items such as chocolate, butter and containers. These contracts currently save our franchisees up to 46%.

**Item 9**  
**FRANCHISEE’S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

Obligation	Section in agreement	Disclosure document item
a. Site selection and acquisition/lease	Franchise Agreement (FA): §§ 6.1, 6.2 Multi-Unit Development Agreement (MUDA): Not Applicable	Item 11
b. Pre-opening purchase/leases	FA: §§ 6.2, 6.3 MUDA: Not Applicable	Items 5, 7, 8 and 11
c. Site development and other pre-opening requirements	FA: Article 6 MUDA: §§1(a), 3	Items 5, 7, 8 and 11
d. Initial and ongoing training	FA: §§ 5.4, 6.4, 7.6 MUDA: Not Applicable	Items 5, 6, 8 and 11
e. Opening	FA: §§ 6.5, 6.6 MUDA: §1(a)	Items 7, 8 and 11
f. Fees	FA: Article 4, §§ 5.5, 7.8, 10.5, 11.2, 11.3, 15.2, 16.1, 17.6 MUDA: §1(a)	Items 5, 6 and 7
g. Compliance with standards and policies/operating manual	FA: §§ 6.3, 7.1, 7.3, 7.5, 7.9 –7.13, 7.15, 10.1, 10.4, 11.1 MUDA: Article 1	Items 8, 11 and 14
h. Trademarks and proprietary information	FA: Article 12, § 13.1 MUDA: Not Applicable	Items 13 and 14
i. Restrictions on products/services offered	FA: § 7.3 MUDA: Not Applicable	Items 8, 11 and 16
j. Warranty and customer service requirements	FA: §§ 7.3, 7.8, 7.9 MUDA: Not Applicable	Item 8
k. Territorial development and sales quotas	FA: Not applicable	Item 12

	MUDA: §1(a), 4(ii)	
l. Ongoing product/service purchases	FA: Article 8 MUDA: Not Applicable	Items 6 and 8
m. Maintenance, appearance, and remodeling requirements	FA: §§ 7.12, 7.13 MUDA: Not Applicable	Items 6, 7 and 8
n. Insurance	FA: § 7.15 MUDA: Not Applicable	Items 6, 7 and 8
o. Advertising	FA: Article 9 MUDA: Not Applicable	Items 6, 7, 8 and 11
p. Indemnification	FA: Article 16 MUDA: Not Applicable	Items 6 and 8
q. Owner's participation/management/staffing	FA: § 2.4 MUDA: Not Applicable	Items 15
r. Records and reports	FA: Article 10 MUDA: Not Applicable	Item 11
s. Inspections and audits	FA: §§ 10.5, 11.2 MUDA: Not Applicable	Items 6 and 11
t. Transfer	FA: Article 15 MUDA: Article 7	Items 6 and 17
u. Renewal	FA: § 3.2 MUDA: Not Applicable	Item 17
v. Post-termination obligations	FA: Article 13, § 14.3 MUDA: Not Applicable	Item 17
w. Non-competition covenants	FA: § 13.2 MUDA: Not Applicable	Item 17
x. Dispute resolution	FA: Article 17 MUDA: Article 7	Items 6 and 17

**Item 10**  
**FINANCING**

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligations.

**Item 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

Our Pre-Opening Obligations

Before you open your business:

A. *Your site.* We will review and advise you regarding potential locations that you submit to us. (Section 5.4). If you sign a Multi-Unit Development Agreement, we will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. We are not obligated to further assist you in locating a site or negotiating the purchase or lease of the site.

- (i) We generally do not own your premises.
- (ii) If your site is not already known and approved by us when you sign your franchise agreement, then we and you will specify in your franchise agreement the area in which you must select a site (Franchise Agreement, Summary Page). We do not select your site. Your site is subject to our approval. To obtain our approval, you must provide all information and documents about the site that we require. If your selected site is different from the site listed in your franchise agreement, you will be required to sign an addendum to your franchise agreement which lists the actual location.
- (iii) The factors we consider in approving sites are general location and neighborhood, competition, trade area demographics, traffic patterns, parking, size, physical characteristics of existing buildings, and lease terms.
- (iv) The time limit for us to approve or disapprove your proposed site is 30 days after you submit all of our required documents and information. (Section 6.1). If we and you cannot agree on a site, you will be unable to comply with your obligation to develop and open the franchise by the deadline stated in the franchise agreement. Unless we agree to extend the deadline, you will be in default and we may terminate your franchise agreement.
- (v) We are not obligated to assist you in conforming the premises of your site to local ordinances and building codes and obtaining any required permits. This will be your responsibility.

B. *Constructing, remodeling, or decorating the premises.* We will provide you with a set of our standard building plans and specifications and/or standard recommended floor plans, and our specifications for required décor. (Section 5.4)

C. *Hiring and training employees.* The staffing guidelines and best practices (Section 5.2) provided by Crave Cookies Franchising are not mandatory but are strongly recommended

for optimal franchise performance. The franchisee is solely responsible for all staffing decisions and their associated outcomes. Crave Cookies Franchising shall provide a training manual (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

D. *Necessary equipment, signs, fixtures, opening inventory, and supplies.* We will provide you a list of our specifications and approved suppliers for equipment, signs, fixtures, opening inventory, and supplies necessary to open your business. (Section 5.4) We do not provide these items directly; we only provide the names of approved suppliers. We do not deliver or install these items. You are required to place a sign in a location visible to all of your employees which states, “Employees of the (location) Crave Cookies are employees of (name of your business entity).”

E. *Brand Standards Manual.* We will give you access to our Brand Standards Manual (Section 5.1).

F. *Initial Training Program.* We will conduct our initial training program. (Section 5.4). The current initial training program is described below.

G. *Business plan review.* If you request, we will review your pre-opening business plan and financial projections. (Section 5.4)

H. *Market introduction plan.* We will advise you regarding the planning and execution of your market introduction plan. (Section 5.4)

I. *On-site opening support.* We will have a representative provide on-site support for 3-7 days in connection with your business opening. (Section 5.4)

### Length of Time to Open

The typical length of time between signing the franchise agreement and the opening of your business is 3-6 months. Factors that may affect the time period include your ability to obtain a lease, obtain financing, develop your location, obtain business permits and licenses, and hire employees.

### Our Post-Opening Obligations

After you open your business:

A. *Developing products or services you will offer to your customers.* Although it is our intent and practice to refine and develop products or services that you will offer to your customers, the franchise agreement does not obligate us to do so in any particular manner.

B. *Hiring and training employees.* We will provide you with our suggested staffing levels (Section 5.2), suggested guidelines for hiring employees (Section 5.2), and operational instructions in the Manual which you can use as part of training new employees (Section 5.3). All hiring decisions and conditions of employment are your sole responsibility.

C. *Improving and developing your business; resolving operating problems you encounter.* If you request, we will provide advice to you (by telephone or electronic communication) regarding improving and developing your business, and resolving operating problems you encounter, to the extent we deem reasonable. If we provide in-person support in response to your request, we may charge a fee (currently \$600 per day) plus any out-of-pocket expenses (such as travel, lodging, and meals for our employees providing onsite support). (Section 5.5)

D. *Establishing prices.* We will provide recommended prices for products and services. (Section 5.5). We have the right to determine prices charged by our franchisees for menu items, beverages, goods and services (but only to the extent permitted by applicable law).

E. *Establishing and using administrative, bookkeeping, accounting, and inventory control procedures.* We will provide you our recommended procedures for administration, bookkeeping, accounting, and inventory control (Section 5.5). We may make any such procedures part of required (and not merely recommended) procedures for our system.

F. *Marketing Fund.* We will administer the Marketing Fund (Section 5.5). We will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of our fiscal year and will provide the financial statement to you upon request. (Section 9.3)

G. *Website.* We will maintain a website for the Crave Cookies brand, which will include your business information and telephone number. (Section 5.5) You are not permitted to have a website of your own.

## Advertising

*Our obligation.* We will use the Marketing Fund only for marketing and related purposes and costs. Media coverage is primarily local. We use outside vendors and consultants to produce advertising. The 2% of daily gross sales, paid into the marketing fund, is used for your territory and is dedicated entirely to marketing for your location. We are not obligated to spend any amount on advertising in your area or territory.

*Your own advertising material.* You may use your own advertising or marketing material only with our approval. To obtain our approval, you must submit any proposed advertising or marketing material at least 14 days prior to use. If we do not respond, the material is deemed rejected. If you develop any advertising or marketing materials, we may use those materials for any purpose, without any payment to you.

*Advertising council.* We do not have an advertising council composed of franchisees. The franchise agreement does not give us the power to form an advertising council.

*Advertising Fund.* You and all other franchisees must contribute to our Marketing Fund. Your contribution is 2% of gross sales per week. We reserve the right to have other franchisees contribute a different amount or at a different rate. Outlets that we own are not obligated to contribute to the Marketing Fund. We administer the fund. The fund is not audited.

If less than all marketing funds are spent in the fiscal year in which they accrue, the money will remain in the Marketing Fund to be spent in the next year.

No money from the Marketing Fund is spent principally to solicit new franchise sales.

*Market Cooperatives.* Crave Cookies Franchising may establish market advertising and promotional cooperative funds (“Market Cooperative”) in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. Crave Cookies Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If Crave Cookies Franchising establishes a Market Cooperative:

- (a) **Governance.** Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Crave Cookies Franchising. Crave Cookies Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by Crave Cookies Franchising. Unless otherwise specified by Crave Cookies Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Crave Cookies Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any Crave Cookies business owned by Crave Cookies Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Crave Cookies Franchising may assume this decision-making authority after 10 days’ notice to the members of the Market Cooperative.
- (b) **Purpose.** Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Crave Cookies Franchising’s approval) standardized promotional materials for use by the members in local advertising and promotion.
- (c) **Approval.** No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Crave Cookies Franchising pursuant to Section 9.1. Crave Cookies Franchising may designate the national or regional advertising agencies used by the Market Cooperative.
- (d) **Funding.** The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only Crave Cookies Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Crave Cookies Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

*Market introduction plan.* You must develop a market introduction plan and obtain our approval of the plan at least 30 days before the projected opening date of your business. You must spend at least \$4,000 on your Market Introduction Plan. You will have discretion on how to spend \$1000 of the \$4000. The remaining \$3000 will be spent by us and billed to you.

### Point of Sale and Computer Systems

We require you to buy and use a point-of-sale system and computer system as follows:

The system will include at least one Square Register and one KDS system, and Square POS system; squareup.com. Square stands may be purchased and used as kiosks at your discretion. These systems will generate or store data such as sales transactions, reporting and other accounting information.

We estimate that these systems will cost between \$1,000 and \$3,000 to purchase.

We are not obligated to provide any ongoing maintenance, repairs, upgrades, or updates. We do require you enter into such contract with a third party, for the Square POS system subscription.

You must upgrade or update any system when we determine. Changes in the required system are at our discretion. There is no contractual limit on the frequency or cost of this obligation. A change in system could cost you up to \$5000 per station.

You must give us independent access to the information that will be generated or stored in these systems. The information that we may access will include sales, customer data, and reports. There is no contractual limitation on our right to access the information.

### Brand Standards Manual

See Exhibit G for the table of contents of our Brand Standards Manual as of the date this disclosure document, with the number of pages devoted to each subject. The Manual has 208 pages.

### Training Program

Our training program consists of the following:

## TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Getting Started with Crave Culture, History, and Basic Setup (Employee Handbook, Orientation Materials, etc.)	2	0	Holladay, UT or Your Location or Virtual
Operations Basics	1	2	Holladay, UT or Your Location or Virtual
Pricing	1	0	Holladay, UT or Your Location or Virtual
New Customer Interactions: (Setting Expectations) for New Clients	3	3	Holladay, UT or Your Location or Virtual
Customer Interactions: Managing Relationships and Keeping People as Returning Customers	3	3	Holladay, UT or Your Location or Virtual
Front of House <ul style="list-style-type: none"> <li>- Staffing</li> <li>- Location Feel</li> <li>- Presentation</li> <li>- Menu</li> </ul>	3	10	Holladay, UT or Your Location or Virtual
Back of House <ul style="list-style-type: none"> <li>- Equipment</li> <li>- Facility</li> <li>- Vendors</li> </ul>	1	10	Holladay, UT or Your Location or Virtual
Technology <ul style="list-style-type: none"> <li>- POS</li> <li>- Accounting</li> <li>- Marketing</li> <li>- Social Media</li> </ul>	5	5	Holladay, UT or Your Location or Virtual
FAQ's	3	0	Holladay, UT or Your Location or Virtual
Customer Satisfaction	2	0	Holladay, UT or Your Location or Virtual
Opening the Location	1	3	Holladay, UT or Your Location or Virtual

Closing the Location	1	3	Holladay, UT or Your Location or Virtual
Weekly Duties	3	3	Holladay, UT or Your Location or Virtual
Other Procedure Reviews / Miscellaneous	1	0	Holladay, UT or Your Location or Virtual
Onboarding Graduation	1	0	Holladay, UT or Your Location or Virtual
<b>TOTALS:</b>	31	42	

Training classes will be scheduled in accordance with the needs of new franchisees. We anticipate holding training classes in advance of the opening of the franchisee’s location, doing so remotely, at a corporate location, and at the franchisee’s location once sufficient build-out has been completed and close to being open, as elaborated on in the additional questions below. This may change as we start to bring on more franchisees.

Training will be self-paced and held remotely, primarily at the corporate location and franchisee’s location. There are additional online training and courses available.

Additional instruction materials consist primarily of courses in Crave College. Crave College is our learning and development website.

Training classes will be led by the franchisor(s) and/or its delegate(s), such as a corporate-employed, experienced individual who has been delegated to lead some or all aspects of training (i.e. a manager / assistant manager / senior employee who works at a corporate (franchisor) location). Some aspects of training classes will be self-directed and led by the franchisee themselves as they follow the training structure in place which would include video training and the aforementioned instructional materials created by the franchisor/corporate.

There is no fee for up to 3 people to attend training, Principal Executive must attend and up to 2 additional team members. You must pay the travel and living expenses of your employees or managers attending training.

You must attend training. You may send any additional persons to training that you want (up to the maximum described above). You must complete training to our satisfaction at least four weeks before opening your business. You will be required to pass a test which evaluates your understanding for the content and franchise operating content as covered in the training program. Should you fail to pass the test or complete the initial training, we have the right to terminate the franchise agreement with no refund of the initial franchise fee.

Your business must at all times be under your supervision or under the supervision of a local general manager who has completed our training program. If you need to send a new general manager to our training program, we will charge a fee, which is currently \$250 per person, per day. Otherwise, we do not currently require additional training programs or refresher courses, but we have the right to do so.

## **Item 12 TERRITORY**

### Your Location

Your franchise is for a specific location. If the specific location is not known at the time you sign a franchise agreement, then your location is subject to our approval.

### Grant of Territory

Your franchise agreement will specify a territory, which will be determined by us. Your territory will typically have a radius of five (5) miles or a population of approximately 75,000-100,000 people, whichever is reached first. Your territory will usually be specified as a radius around your location; however, we may use other boundaries (such as county lines or other political boundaries, streets, geographical features, or trade area).

### Relocation; Establishment of Additional Outlets

You do not have the right to independently relocate your business, and we have no obligation to approve any request for relocation. Our policy is to approve relocation of a franchisee's business on a case-by-case basis, considering factors such as changes in demographics, profitability of your current business, or a loss of your premises due to circumstances beyond your control.

You do not have the right to establish additional franchised outlets unless you sign a Multi-Unit Development Agreement ("MUDA") in the form attached as Exhibit C to this disclosure document. If you and we sign a MUDA, then you will have the exclusive right (unless stated otherwise) to establish a mutually-agreed number of additional outlets on a mutually-agreed schedule in a mutually-agreed territory. Under the MUDA, your right to develop additional outlets is subject to (1) you must comply with the mutually-agreed development schedule, (2) you must have sufficient financial and organizational capacity to develop, open, operate, and manage each additional Crave Cookies business, (3) you must be in compliance with all brand requirements at your open Crave Cookies business(es), and (4) you must not be in default under any other agreement with us. We will approve the location of future sites and territories for those sites, and our then-current standards for sites and territories will apply. You are not obligated to develop additional outlets under the MUDA, and you may terminate it any time without penalty. If you do not meet your development schedule in the MUDA, we have the right to terminate your right to develop additional outlets.

### Options to Acquire Additional Franchises

You do not receive any options, rights of first refusal, or similar rights to acquire additional franchises.

### Territory Protection

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.

In your franchise agreement, we grant you a protected territory. In your territory, we will not establish either a company-owned or franchised outlet selling the same or similar goods or services under the same or similar trademarks or service marks as a Crave Cookies outlet, except for restaurants located in limited access venues or non-traditional outlet. A limited access venues are venues that serve primarily the customers located within a facility, such as enclosed shopping centers, universities, churches and other religious institutions, sports stadiums, amusement parks, airports, transportation centers, hospitals, military complexes and restricted business complexes. A limited access venue may require an entrance ticket or special permission for a person to be present in a venue.

If your franchise is located in a “limited access venue”, then your territory will consist of the venue.

### Restrictions on Us from Soliciting or Accepting Orders in Your Territory

There are no restrictions on us from soliciting or accepting orders from consumers inside your territory. We reserve the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales, to make sales within your territory using our principal trademarks or using trademarks different from the ones you will use under your franchise agreement. We do not pay any compensation to you for soliciting or accepting orders from inside your territory. You do not have the right to the right to use other channels of distribution, such as the internet, catalog sales, telemarketing, or other direct marketing sales outside your territory unless you receive written permission from us.

### Soliciting by You Outside Your Territory

There are no restrictions on you from soliciting orders from consumers outside of your territory, so long as the territory is not owned by another franchisee. You may accept unsolicited orders from any territory, whether or not they are owned by another franchisee. You may not solicit orders from a territory owned by another franchisee. We must approve all of your marketing and advertising.

### Non-Traditional Outlets

We and our affiliates, either personally or through agents and representatives, exclusively reserve the right to sell Crave products and outlets through non-traditional franchises at our discretion, both within and without your territory, without paying compensation to you. These

franchises may include locations at convention centers, sporting arenas, airports, bookstores, malls, grocery and convenience stores, or other similar locations.

Competition by Us Under Different Trademarks

Neither we nor any of our affiliates operates, franchises, or has plans to operate or franchise a business under a different trademark selling menu items, beverages, goods or services similar to those you will offer. However, the franchise agreement does not prohibit us from doing so.

**Item 13  
TRADEMARKS**

Principal Trademark

The following is the principal trademark that we license to you. This trademark is owned by us. We do have a federal registration for our principal trademark. Therefore, our trademark has many legal benefits and rights as a federally registered trademark. If another entity inappropriately uses our trademark or infringes upon it, we have the right to challenge it.

Trademark	Registration Date	Identification Number
	01/07/2025	90553897

Trademark Action There are no current actions involving our principal trademark.

Agreements

We have made no agreements with any other entity which would allow use of our trademark.

Protection of Rights

We protect your right to use the principal trademarks listed in this Item, and we protect you against claims of infringement or unfair competition arising out of your use of the trademarks, to the extent described in this section.

The franchise agreement obligates you to notify us of the use of, or claims of rights to, a trademark identical to or confusingly similar to a trademark licensed to you. The franchise agreement does not require us to take affirmative action when notified of these uses or claims. We have the right to control any administrative proceedings or litigation involving a trademark licensed by us to you.

Under the franchise agreement, we may require you to modify or discontinue using a trademark, at your expense.

#### Superior Prior Rights and Infringing Uses

We do not know of either superior prior rights or infringing uses that could materially affect your use of the principal trademarks.

### **Item 14 PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION**

#### Patents

We do not own rights in, or licenses to, patents that are material to the franchise. We do not have any pending patent applications.

#### Copyrights

All of our original works of authorship fixed in a tangible medium of expression are automatically protected under the U.S. Copyright Act, whether or not we have obtained registrations. This includes our Brand Standards Manual as well as all other sales, training, management and other materials that we have created or will create. You may use these copyrighted materials during the term of the franchise, in a manner consistent with our ownership rights, solely for your franchised business.

We do not have any registered copyrights. There are no pending copyright applications for our copyrighted materials. There are no currently effective determinations of the U.S. Copyright Office (Library of Congress) or any court regarding any copyright.

There are no agreements currently in effect that limit our right to use or license the use of our copyrighted materials.

We have no obligation to protect any of our copyrights or to defend you against claims arising from your use of copyrighted items. The franchise agreement does not require us to take affirmative action when notified of copyright infringement. We control any copyright litigation. We are not required to participate in the defense of a franchisee or indemnify a franchisee for expenses or damages in a proceeding involving a copyright licensed to the franchisee. We may require you to modify or discontinue using the subject matter covered by any of our copyrights, at your expense.

We do not know of any copyright infringement that could materially affect you.

#### Proprietary Information

We have a proprietary, confidential Brand Standards Manual and related materials that include recipes, guidelines, standards and policies for the development and operation of your business. We also claim proprietary rights in other confidential information or trade secrets that

include all methods for developing and operating the business, and all non-public plans, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

You (and your owners, if the franchise is owned by an entity) must protect the confidentiality of our Brand Standards Manual and other proprietary information, and you must use our confidential information only for your franchised business. We may require your managers and key employees to sign confidentiality agreements.

## **Item 15**

### **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

#### Your Participation

You are required to participate personally in the direct operation of your business for the first six (6) months of operation of the franchise business.

You must designate one person as your “Principal Executive”. The Principal Executive is the executive primarily responsible for your business and has decision-making authority on behalf of the business. The Principal Executive must own at least 10% of the business. The Principal Executive must complete our initial training program. The Principal Executive must complete any post-opening training programs that we develop in the future. The Principal Executive must make reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls), including regional or national brand conferences, that we require. The Principal Executive cannot fail to attend more than three consecutive required meetings.

If your business is owned by an entity, all owners of the business must sign our Guaranty and Non-Compete Agreement (see Attachment 3 to Exhibit B).

#### “On-Premises” Supervision

You are not required to personally conduct “on-premises” supervision (that is, act as general manager) of your business. However, we recommend on-premises supervision by you.

There is no limit on who you can hire as an on-premises supervisor. The general manager of your business (whether that is you or a hired person) must successfully complete our training program.

If the franchise business is owned by an entity, we do not require that the general manager own any equity in the entity.

#### Restrictions on Your Manager

If we request, you must have your general manager sign a confidentiality and non-compete agreement. We do not require you to place any other restrictions on your manager.

**Item 16**  
**RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must offer for sale only menu items, beverages, goods and services that we have approved.

You must offer for sale all menu items, beverages, goods and services that we require. We have the right to change the types of authorized goods or services, and there are no limits on our right to make changes.

We do not restrict your access to customers, except that all sales must be made at or from your premises.

**Item 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**This table lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

Provision	Section in franchise or other agreement	Summary
a. Length of the franchise term	Franchise Agreement (FA): § 3.1 Multi-Unit Development Agreement (MUDA): none	10 years from date of franchise agreement.
b. Renewal or extension of the term	FA: § 3.2 MUDA: none	If you are in good standing at the end of the franchise term and in compliance with all the terms of this agreement, you may obtain a successor franchise agreement for a 5-year term. Your successor agreement may also provide an option to enter into a subsequent successor franchise agreement.
c. Requirements for franchisee to renew or extend	FA: § 3.2 MUDA: none	For our franchise system, “renewal” means that at the end of your term, you sign our successor franchise agreement for an additional 5-year term. You may be asked to sign a contract with materially different terms and conditions than your original contract.

		<p>To renew, you must give advance notice to us; be in compliance with all contractual obligations to us and third parties; renovate to our then-current standards; sign then-current form of franchise agreement and related documents (including personal guaranty); sign general release (unless prohibited by applicable law).</p> <p>If you continue operating your franchise after the expiration of the term without a renewal agreement, then we may either terminate your operation at any time or deem you to have renewed your agreement for a 5-year term.</p>
d. Termination by franchisee	FA: § 14.1 MUDA: § 4	<p>If we violate a material provision of the franchise agreement and fail to cure or to make substantial progress toward curing the violation within 30 days after notice from you. Any provision(s) regarding termination by the franchisee are subject to state law for both the Franchise Agreement and Development Agreement.</p> <p>If you sign a MUDA, you may terminate it at any time.</p>
e. Termination by franchisor without cause	Not Applicable	
f. Termination by franchisor with cause	FA: § 14.2 MUDA: § 4	<p>We may terminate your agreement for cause, subject to any applicable notice and cure opportunity.</p> <p>If you sign a Multi-Unit Development Agreement, termination of your MUDA does not give us the right to terminate your franchise agreement. However, if your franchise agreement is terminated, we have the right to terminate your MUDA.</p>
g. “Cause” defined--curable defaults	FA: § 14.2 MUDA: none	Non-payment by you (10 days to cure); violate franchise agreement other than non-curable default (30 days to cure).
h. “Cause” defined--non-curable defaults	FA: § 14.2 MUDA: § 4	FA: Misrepresentation when applying to be a franchisee; knowingly submitting false information; bankruptcy; lose possession of your location; violation of law; violation of confidentiality; violation of non-compete; violation of transfer restrictions; slander or

		<p>libel of us; refusal to cooperate with our business inspection; cease operations for more than 5 consecutive days; three defaults in 12 months; cross-termination; charge or conviction of, or plea to a felony, or commission or accusation of an act that is reasonably likely to materially and unfavorably affect our brand; score below 90/A on government health inspections more than twice in 36 months, score below passing grade on brand inspection more than twice in 36 months; any other breach of franchise agreement which by its nature cannot be cured.</p> <p>Violation of the franchise agreement or other agreement gives us the right to terminate it.</p> <p>If you fail to meet the development schedule in your franchise agreement or MUDA, those agreements are automatically terminated. We have the right to grant an extension. In a MUDA with multiple locations, missing one development deadline will operate to invalidate the entire MUDA.</p>
i. Franchisee’s obligations on termination/non-renewal	FA: §§ 14.3 – 14.6 MUDA: none	Pay all amounts due; return Manual and proprietary items; notify phone, internet, and other providers and transfer service; cease doing business; remove identification; purchase option by us.
j. Assignment of agreement by franchisor	FA: § 15.1 MUDA: § 7	Unlimited
k. “Transfer” by franchisee - defined	FA: Article 1, § 15.2 MUDA: Background Statement	For you (or any owner of your business) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the business, (ii) the franchise agreement, (iii) any direct or indirect ownership interest in the business, or (iv) control of the business.
l. Franchisor’s approval of transfer by franchisee	FA: § 15.2 MUDA: § 7	No transfers without our approval.

m. Conditions for franchisor’s approval of transfer	FA: § 15.2 MUDA: none	We approve the transfer, you pay the transfer fee; buyer meets our standards; buyer is not a competitor of ours; buyer and its owners sign our then-current franchise agreement and related documents (including personal guaranty); you’ve made all payments to us and are in compliance with all contractual requirements; buyer completes training program; you sign a general release; business complies with then-current system specifications (including remodel, if applicable).
n. Franchisor’s right of first refusal to acquire franchisee’s business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
o. Franchisor’s option to purchase franchisee’s business	FA: § 15.5 MUDA: none	If you want to transfer your business (other than to your co-owner or your spouse, sibling, or child), we have a right of first refusal.
p. Death or disability of franchisee	FA: §§ 2.4, 15.4 MUDA: none	If you die or become incapacitated, a new principal executive acceptable to us must be designated to operate the business, and your executor must transfer the business to an approved new owner within nine months.
q. Non-competition covenants during the term of the franchise	FA: § 13.2 MUDA: none	Neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by, any competitor.
r. Non-competition covenants after the franchise is terminated or expires	FA: § 13.2 MUDA: none	For two years, neither you, any owner of the business, or any spouse of an owner may have ownership interest in, lend money or provide financial assistance to, provide services to, or be employed by a competitor located within five miles of your former territory or the territory of any other Crave Cookies business operating on the date of termination.
s. Modification of the agreement	FA: § 18.4 MUDA: § 7	No modification or amendment of the agreement will not be effective unless it is in writing and signed by both parties. This provision does not limit our right to modify the Manual or system specifications.

t. Integration/merger clause	FA: § 18.3 MUDA: § 7	Only the terms of the agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and franchise agreement (or MUDA) may not be enforceable. However, no claim made in any franchise agreement (or MUDA) is intended to disclaim the express representations made in this Disclosure Document.
u. Dispute resolution by litigation or mediation	FA: § 17.1 MUDA: § 7	Except for certain claims, for disputes there must be a face-to-face meeting, mediation and litigation (subject to applicable state law).
v. Choice of forum	FA: §§ 17.1; 17.5 MUDA: § 7	Litigation will take place where our headquarters are located (currently, Holladay, Utah) (subject to applicable state law). Any legal proceedings will take place in the District Court of the United States, in the district where our headquarters is then located, or if this court lacks jurisdiction, the state courts of the state and county where our headquarters is then located (subject to applicable state law).
w. Choice of law	FA: § 18.8 MUDA: § 7	Utah (subject to applicable state law).

For additional disclosures required by certain states, refer to Exhibit I - State Addenda to Disclosure Document

### **Item 18 PUBLIC FIGURES**

Crave Cookies Franchising does not use any public figures in its franchise name or symbol, nor do any public figures endorse or recommend the franchise to prospective franchisees.

We occasionally enlist the services of public figures and brand influencers to promote our brand. Any official representation by a public figure must be approved in writing by Crave Cookies Franchising.

### **Item 19 FINANCIAL PERFORMANCE PROJECTION**

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 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.

Based on a sample of our outlets, which we selected to best match the possible experience of a new franchise, we estimate that a typical franchised outlet may achieve first-year gross sales between \$615,000 and \$1,254,000.

**Admonition/Disclaimer:** These figures are only estimates of what we think you may sell. There is no assurance you will do as well. If you rely on these figures, you must accept the risk of not doing as well.

## I. Bases for Projection

**Section 1. Data Selection Bases.** This projection is based on first-year gross sales of franchised outlets which:

- A. Completed their first twelve consecutive months of operation between 5 December 2024 and 5 May 2025,
- B. Operated under the same ownership for that entire period, and
- C. Occupied trade areas with a population density of at least 1,700 persons per square mile.

**Section 2. Data Selection Process.** Between 5 December 2024 and 5 May 2025, 10 franchised outlets finished their first year of operation. Of these 10 outlets:

- A. Six (6) outlets met every criterion above and are therefore included in the data set that supports this projection.
- B. Three (3) outlets were excluded because they changed ownership during their first year.
- C. One (1) outlet was excluded because its trade-area population density was below 1,700 persons per square mile.
- D. No first-year outlets closed between 5 December 2024 and 5 May 2025.

**Section 3. Data Selection Adjustment.** To reduce the influence of outliers, we removed the single highest and single lowest gross-sales figures from the six-outlet data set. The remaining four outlets represent the middle sixty-seven percent of the qualifying group, and their results establish the projected range stated above.

**Section 4. Data Selection Results.** Outcome distribution among the six included outlets:

- A. 4 of 6 outlets (67 percent) reported first-year gross sales within the \$615,000-to-\$1,254,000 range.
- B. **One outlet (17 %)** came in **above** the range at **\$1,285,698** (this figure was treated as the high outlier and excluded when the range was set).
- C. **One outlet (17 %)** came in **below** the range at **\$518,996** (this figure was treated as the low outlier and excluded when the range was set).
- D. All sales figures were taken directly from each outlet's point-of-sale system. No adjustments were made.

## II. Assumptions

This projection assumes that you will:

1. Secure a site with a population density comparable to those of the outlets in the data set,
2. Build and operate the outlet in full compliance with our décor package, menu, and operating procedures,
3. Maintain standard business hours and execute the required grand-opening marketing plan,
4. Experience a stable supply chain, average labor availability, and no significant change in competitive conditions, and
5. Set menu prices consistent with current system averages and limit price increases during the first year to no more than three percent.

Your location or operating choices may differ. For example, outlets in very high-rent urban cores, low-density rural areas, or regions with different labor costs may experience different sales patterns.

**Admonition/Disclaimer:** Our projected sales revenues, relying on the bases, data selection methodology and assumptions set out above, are only estimates of what we think you may sell. There is no assurance you will do as well. If you rely on these figures, you must accept the risk of not doing as well.

## III. Substantiation Available

The point-of-sale reports, worksheets, and other information that form the basis for this financial-performance projection are available to you upon reasonable request.

**Item 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table 1**  
**Systemwide Outlet Summary**  
**For Years 2021 to 2024**

<b>Column 1 Outlet Type</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets at the End of the Year</b>	<b>Column 5 Net Change</b>
Franchised	2021	0	0	0
	2022	0	8	8
	2023	8	21	13
	2024	21	35	14
Company-Owned	2021	1	1	0
	2022	1	1	0
	2023	1	1	0
	2024	1	2	1
Total Outlets	2021	1	1	0
	2022	1	9	8
	2023	9	22	13
	2024	22	37	15

**Table 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For Years 2021 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Number of Transfers</b>
<b>Florida</b>	2021	0
	2022	0
	2023	0
	2024	1
<b>Nevada</b>	2021	0

	2022	0
	2023	0
	2024	5
<b>Utah</b>	2021	0
	2022	0
	2023	2
	2024	0
<b>Total</b>	2021	0
	2022	0
	2023	2
	2024	6

**Table 3  
Status of Franchised Outlets  
For Years 2021 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Termi- Nations</b>	<b>Column 6 Non-Rene- wals</b>	<b>Column 7 Reacquired by Franchisor</b>	<b>Column 8 Ceased Operations – Other Reasons</b>	<b>Column 9 Outlets at End of the Year</b>
Arizona	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	0	0	0	0	1	1
Alabama	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Colorado	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0

	2024	0	1	0	0	0	0	1
Florida	2021	0	0	0	0	0	0	0
	2022	0	1	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	4	0	0	0	0	5
Georgia	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Illinois	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Louisiana	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Missouri	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	1	0	0	0	0	0	1
Nevada	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2
	2024	2	3	0	0	0	0	5
New Jersey	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	2	0	0	0	0	2

	2024	2	0	0	0	0	0	2
NewMexico	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Ohio	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Oklahoma	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
Pennsylvania	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Tennessee	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
Texas	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	3	0	0	0	0	3
Utah	2021	0	0	0	0	0	0	0
	2022	0	7	0	0	0	0	7
	2023	7	4	0	0	0	1	10

	2024	10	0	0	0	1	4	5
Washington	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	1	0	0	0	0	1
	2024	1	2	0	0	0	0	3
Wisconsin	2021	0	0	0	0	0	0	0
	2022	0	0	0	0	0	0	0
	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
Totals	2021	0	0	0	0	0	0	0
	2022	0	8	0	0	0	0	8
	2023	8	14	0	0	0	1	21
	2024	21	15	0	0	0	1	35

**Table 4  
Status of Company-Owned Outlets  
For Years 2021 to 2024**

<b>Column 1 State</b>	<b>Column 2 Year</b>	<b>Column 3 Outlets at the Start of the Year</b>	<b>Column 4 Outlets Opened</b>	<b>Column 5 Outlets Reacquired from Franchisee</b>	<b>Column 6 Outlets Closed</b>	<b>Column 7 Outlets Sold to Franchisee</b>	<b>Column 8 Outlets at End of the Year</b>
Utah	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	1	0	0	2
Totals	2021	1	0	0	0	0	1
	2022	1	0	0	0	0	1
	2023	1	0	0	0	0	1
	2024	1	0	0	0	0	2

**Table 5**  
**Projected Openings As Of December 31, 2025**

<b>Column 1 State</b>	<b>Column 2 Franchise Agreements Signed but Outlet Not Opened</b>	<b>Column 3 Projected New Franchised Outlets in the Next Fiscal Year</b>	<b>Column 4 Projected New Company-Owned Outlets in the Next Fiscal Year</b>
Arizona	0	0	0
Alabama	1	1	0
Colorado	18	3	0
Florida	13	9	0
Georgia	1	1	0
Idaho	0	0	0
Illinois	4	10	0
Indiana	5	3	0
Kentucky	0	0	0
Missouri	1	1	0
Nevada	0	0	0
New Jersey	24	2	0
North Carolina	1	1	0
Pennsylvania	1	1	0
Oklahoma	0	0	0
Ohio	4	3	0
Texas	7	5	0
Utah	2	1	0
Washington	0	0	0
Wisconsin	2	2	0
<b>Totals</b>	<b>84</b>	<b>43</b>	<b>0</b>

Current Franchisees

Exhibit H contains the names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets.

## Former Franchisees

Exhibit H contains the name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date.

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

## Confidentiality Clauses

In some instances, current and former franchisees sign provisions restricting their ability to speak only about their experience with Crave Cookies Franchising, LLC. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

## Franchisee Organizations

There are no trademark-specific franchisee organizations associated with our franchise system.

## **Item 21 FINANCIAL STATEMENTS**

Attached to this disclosure document as Exhibit F are our audited, fiscal year end financials for 2022, 2023 and 2024. Our fiscal year ends on December 31st.

## **Item 22 CONTRACTS**

Copies of all proposed agreements regarding this franchise offering are attached as the following Exhibits:

- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- J. State Addenda to Agreements

## **Item 23 RECEIPTS**

Detachable documents acknowledging your receipt of this disclosure document are attached as the last two pages of this disclosure document.

**EXHIBIT A**

**STATE ADMINISTRATORS AND AGENTS FOR SERVICE OF PROCESS**

We may register this Disclosure Document in some or all of the following states in accordance with the applicable state law. If and when we pursue franchise registration, or otherwise comply with the franchise investment laws, in these states, the following are the state administrators responsible for the review, registration, and oversight of franchises in each state and the state offices or officials that we will designate as our agents for service of process in those states:

<b>State</b>	<b>State Administrator</b>	<b>Agent for Service of Process (if different from State Administrator)</b>
California	Commissioner of Business Oversight Department of Business Oversight 1515 K Street Suite 200 Sacramento, CA 95814-4052 866-275-2677	
Hawaii	Department of Commerce and Consumer Affairs Business Registration Division Commissioner of Securities P.O. Box 40 Honolulu, HI 96810 (808) 586-2722	Commissioner of Securities Department of Commerce and Consumer Affairs Business Registration Division Securities Compliance Branch 335 Merchant Street, Room 203 Honolulu, HI 96813
Illinois	Franchise Bureau Office of Attorney General 500 South Second Street Springfield, IL 62706 (217) 782-4465	
Indiana	Franchise Section Indiana Securities Division Secretary of State Room E-111 302 W. Washington Street Indianapolis, IN 46204 (317) 232-6681	
Maryland	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Commissioner of Securities 200 St. Paul Place Baltimore, MD 21202-2020
Michigan	Michigan Attorney General's Office Consumer Protection Division Attn: Franchise Section 525 W. Ottawa Street Williams Building, 1st Floor Lansing, MI 48933 (517) 373-7117	

Minnesota	Minnesota Department of Commerce Securities-Franchise Registration 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Commissioner of Commerce Minnesota Department of Commerce 85 7 <sup>th</sup> Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500
New York	New York State Department of Law Investor Protection Bureau 28 Liberty St. 21st Floor New York, NY 10005 212-416-8236	Secretary of State 99 Washington Avenue Albany, NY 12231
North Dakota	North Dakota Securities Department 600 East Boulevard Ave., State Capital Fifth Floor, Dept. 414 Bismarck, ND 58505-0510 (701) 328-4712	
Oregon	Department of Consumer & Business Services Division of Finance and Corporate Securities Labor and Industries Building Salem, Oregon 97310 (503) 378-4140	
Rhode Island	Department of Business Regulation Securities Division 1511 Pontiac Avenue John O. Pastore Complex-69-1 Cranston, RI 02920-4407 (401) 462-9527	
South Dakota	Division of Insurance Securities Regulation 124 South Euclid Suite 104 Pierre, SD 57501-3185 (605) 773-3563	
Virginia	State Corporation Commission 1300 East Main Street 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of the State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219
Washington	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Department of Financial Institutions Securities Division 150 Israel Rd SW Tumwater, WA 98501 (360) 902-8760
Wisconsin	Division of Securities Department of Financial Institutions Post Office Box 1768 Madison, WI 53701 (608) 266-2801	Securities and Franchise Registration Wisconsin Securities Commission 201 West Washington Avenue, Suite 300 Madison, WI 53703

**EXHIBIT B**  
**FRANCHISE AGREEMENT**



## FRANCHISE AGREEMENT

### SUMMARY PAGE

- |                                 |       |
|---------------------------------|-------|
| <b>1. Franchisee</b>            | _____ |
| <b>2. Initial Franchise Fee</b> | _____ |
| <b>3. Development Area</b>      | _____ |
| <b>4. Business Location</b>     | _____ |
| <b>5. Territory</b>             | _____ |
| <b>6. Opening Deadline</b>      | _____ |
| <b>7. Principal Executive</b>   | _____ |
| <b>8. Franchisee's Address</b>  | _____ |

## FRANCHISE AGREEMENT

This Agreement is made between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”), and Franchisee effective as of the date signed by Crave Cookies Franchising (the “Effective Date”).

### **Background Statement:**

A. Crave Cookies Franchising and its affiliate Crave Cookies, LLC, have created and own a system (the “System”) for developing and operating a business providing fresh baked cookies under the trade name “Crave Cookies”.

B. The System includes (1) methods, procedures, and standards for developing and operating a Crave Cookies business, (2) plans, specifications, equipment, signage and trade dress for Crave Cookies businesses, (3) particular menu items, beverages, products and services, (4) the Marks, (5) training programs, (6) business knowledge, (7) marketing plans and concepts, and (8) other mandatory or optional elements as determined by Crave Cookies Franchising from time to time.

C. The parties desire that Crave Cookies Franchising license the Marks and the System to Franchisee for Franchisee to develop and operate a Crave Cookies business on the terms and conditions of this Agreement.

### ARTICLE 1. DEFINITIONS

“**Action**” means any action, suit, proceeding, claim, demand, governmental investigation, governmental inquiry, judgment or appeal thereof, whether formal or informal.

“**Approved Vendor**” means a supplier, vendor, or distributor of Inputs which has been approved by Crave Cookies Franchising.

“**Business**” means the Crave Cookies business owned by Franchisee and operated under this Agreement.

“**Competitor**” means any business which primarily offers fresh baked cookies.

“**Confidential Information**” means all non-public information of or about the System, Crave Cookies Franchising, and any Crave Cookies business, including all methods for developing and operating the Business, and all non-public plans, recipes, data, financial information, processes, vendor pricing, supply systems, marketing systems, formulas, techniques, designs, layouts, operating procedures, customer data, information and know-how.

“**Gross Sales**” means the total dollar amount of all sales generated through the Business for a given period, including, but not limited to, payment for any services or products sold by Franchisee, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected by Franchisee, (iii) sales of used equipment not in the ordinary course of business, or (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales).

“**Input**” means any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, real estate, or comparable items related to establishing or operating the Business.

“**Limited Access Venue**” means a venue that primarily serves the customers located within a facility, such as enclosed shopping centers, universities, churches and other religious institutions, sports stadiums, amusement parks, airports, transportation centers, hospitals, military complexes, and restricted business complexes.

“**Location**” means the location stated on the Summary Page. If no location is stated on the Summary Page, then the Location will be determined in accordance with Section 6.1.

“**Losses**” includes (but is not limited to) all losses; damages; fines; charges; expenses; lost profits; reasonable attorneys’ fees; travel expenses, expert witness fees; court costs; settlement amounts; judgments; loss of Crave Cookies Franchising’s reputation and goodwill; costs of or resulting from delays; financing; costs of advertising material and media time/space and the costs of changing, substituting or replacing the same; and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

“**Manual**” means Crave Cookies Franchising’s confidential Brand Standards Manual(s), including any supplements, additions, or revisions from time to time, which may be in any form or media.

“**Marketing Fund**” means the fund established (or which may be established) by Crave Cookies Franchising into which Marketing Fund Contributions are deposited.

“**Marks**” means the trade name and logo contained on the Summary Page, and all other trade names, trademarks, service marks and logos specified by Crave Cookies Franchising from time to time for use in a Crave Cookies business.

“**Owner**” means each person or entity which directly or indirectly owns or controls any equity of Franchisee. If Franchisee is an individual person, then “Owner” means Franchisee.

“**Remodel**” means a refurbishment, renovation, and remodeling of the Location to conform to the building design, exterior facade, trade dress, signage, fixtures, furnishings, equipment, decor, color schemes, presentation of the Marks, and other System Standards in a manner consistent with the image then in effect for a new Crave Cookies business.

“**Required Vendor**” means a supplier, vendor, or distributor of Inputs which Crave Cookies Franchising requires franchisees to use.

“**System Standards**” means, as of any given time, the then-current mandatory procedures, requirements, and/or standards of the System as determined by Crave Cookies Franchising, which may include without limitation, any procedures, requirements and/or standards for appearance, business metrics, cleanliness, customer service, design (such as construction, decoration, layout, furniture, fixtures and signs), equipment, inventory, marketing and public relations, operating days, operating hours, presentation of Marks, product and service offerings (including menu and beverages), quality of products and services, recipes, reporting, safety,

technology (such as computers, computer peripheral equipment, smartphones, point-of-sale systems, back-office systems, information management systems, security systems, video monitors, other software, backup and archiving systems, communications systems (including email, audio, and video systems), payment acceptance systems, and internet access, as well as upgrades, supplements, and modifications thereto), uniforms, and vehicles.

“**Territory**” means the territory stated on the Summary Page. If no territory is stated on the Summary Page, then the Territory is determined in accordance with Section 6.1.

“**Transfer**” means for Franchisee (or any Owner) to voluntarily or involuntarily transfer, sell, or dispose of, in any single or series of transactions, (i) substantially all of the assets of the Business, (ii) this Agreement, (iii) any direct or indirect ownership interest in the Business, or (iv) control of the Business.

## ARTICLE 2. GRANT OF LICENSE

**2.1 Grant.** Crave Cookies Franchising grants to Franchisee the right to operate a Crave Cookies business solely at the Location. If no Location is stated on the Summary Page when this Agreement is signed, then the parties will determine the Location in accordance with Section 6.1. Franchisee shall develop, open and operate a Crave Cookies business at the Location for the entire term of this Agreement.

**2.2 Protected Territory.** Crave Cookies Franchising shall not establish, nor license the establishment of, another business within the Territory (other than in a Limited Access Venue) selling the same or similar menu items, beverages, goods or services under the same or similar trademarks or service marks as a Crave Cookies business. Crave Cookies Franchising retains the right to:

- (i) establish and license others to establish and operate Crave Cookies businesses outside the Territory, notwithstanding their proximity to the Territory or their impact on the Business;
- (ii) establish and license others to establish and operate Crave Cookies Franchising, LLC businesses in Limited Access Venues inside the Territory;
- (iii) operate and license others to operate businesses anywhere that do not operate under the Crave Cookies brand name; and
- (iv) sell and license others to sell products and services in the Territory through channels of distribution (including the internet) other than Crave Cookies outlets.

**2.3 Franchisee Control.** Franchisee represents that Attachment 1 (i) identifies each owner, officer and director of Franchisee, and (ii) describes the nature and extent of each owner’s interest in Franchisee. If any information on Attachment 1 changes (which is not a Transfer), Franchisee shall notify Crave Cookies Franchising within 10 days.

**2.4 Principal Executive.** Franchisee agrees that the person designated as the “Principal Executive” on the Summary Page is the executive primarily responsible for the Business and has

decision-making authority on behalf of Franchisee. The Principal Executive must have at least 10% ownership interest in Franchisee. The Principal Executive does not have to serve as a day-to-day general manager of the Business, but the Principal Executive must devote substantial time and attention to the Business. If the Principal Executive dies, becomes incapacitated, transfers his/her interest in Franchisee, or otherwise ceases to be the executive primarily responsible for the Business, Franchisee shall promptly designate a new Principal Executive, subject to Crave Cookies Franchising's reasonable approval.

**2.5 Guaranty.** If Franchisee is an entity, then Franchisee shall have each Owner sign a personal guaranty of Franchisee's obligations to Crave Cookies Franchising, in the form of Attachment 3.

**2.6 No Conflict.** Franchisee represents to Crave Cookies Franchising that Franchisee and each of its Owners (i) are not violating any agreement (including any confidentiality or non-competition covenant) by entering into or performing under this Agreement, (ii) are not a direct or indirect owner of any Competitor, and (iii) are not listed or "blocked" in connection with, and are not in violation under, any anti-terrorism law, regulation, or executive order.

### ARTICLE 3. TERM

**3.1 Term.** This Agreement commences on the Effective Date and continues for 10 years.

**3.2 Successor Agreement.** When the term of this Agreement expires, Franchisee may enter into a successor agreement for up to 2 additional periods of 5 years each, subject to the following conditions prior to each expiration:

- (i) Franchisee notifies Crave Cookies Franchising of the election to renew between 90 and 180 days prior to the end of the term;
- (ii) Franchisee (and its affiliates) are in compliance with this Agreement and all other agreements with Crave Cookies Franchising (or any of its affiliates) at the time of election and at the time of renewal;
- (iii) Franchisee has made or agrees to make (within a period of time acceptable to Crave Cookies Franchising) renovations and changes to the Business as Crave Cookies Franchising requires (including a Remodel, if applicable) to conform to the then-current System Standards;
- (iv) Franchisee and its Owners execute Crave Cookies Franchising's then-current standard form of franchise agreement and related documents (including personal guaranty), which may be materially different than this form (including, without limitation, higher and/or different fees), except that Franchisee will not pay another initial franchise fee and will not receive more renewal or successor terms than described in this Section;
- (v) Franchisee and each Owner executes a general release (on Crave Cookies Franchising's then-standard form) of any and all claims against Crave Cookies

Franchising, its affiliates, and their respective owners, officers, directors, agents and employees.

#### ARTICLE 4. FEES

**4.1 Initial Franchise Fee.** Upon signing this Agreement, Franchisee shall pay an initial franchise fee in the amount stated on the Summary Page. This initial franchise fee is not refundable.

**4.2 Royalty Fee.** Franchisee shall pay Crave Cookies Franchising a weekly royalty fee (the “Royalty Fee”) equal to 6% of Gross Sales. The Royalty Fee for any given week is due on the first Tuesday of the following week.

#### **4.3 Marketing Contributions.**

(a) Marketing Fund Contribution. Franchisee shall pay Crave Cookies Franchising a contribution to the Marketing Fund (the “Marketing Fund Contribution”) equal to 2% of Franchisee’s Gross Sales, at the same time as the Royalty Fee.

**4.4 Replacement / Additional Training Fee.** If Franchisee sends an employee to Crave Cookies Franchising’s training program after opening, Crave Cookies Franchising may charge its then-current training fee. As of the date of this Agreement, the training fee is \$250 per person, per day.

**4.5 Non-Compliance Fee.** If Franchisee does not comply with Crave Cookies Franchising's policies, procedures System, or this Agreement (other than Franchisee’s non-payment of a fee owed to Crave Cookies Franchising), Franchisee will be subject to fines and charges as set forth in Crave Cookies Franchising’s Brand Standards Manual. These fines and charges for non-compliance are due upon receipt. These fees are a reasonable estimate of Crave Cookies Franchising’s internal cost of personnel time attributable to addressing the non-compliance, and it is not a penalty or estimate of all damages arising from Franchisee’s breach. The non-compliance fees are in addition to all of Crave Cookies Franchising’s other rights and remedies (including default and termination under Section 14.2). Detailed information is in Attachment 4 of this Agreement.

**4.6 Reimbursement.** Crave Cookies Franchising may (but is never obligated to) pay on Franchisee’s behalf any amount that Franchisee owes to a supplier or other third party. If Crave Cookies Franchising does so or intends to do so, Franchisee shall pay such amount plus a 10% administrative charge to Crave Cookies Franchising within 15 days after invoice by Crave Cookies Franchising accompanied by reasonable documentation.

#### **4.7 Payment Terms.**

(a) Method of Payment. Franchisee shall pay the Royalty Fee, Marketing Fund Contribution, and any other amounts owed to Crave Cookies Franchising by pre-authorized bank draft or in such other manner as Crave Cookies Franchising may require. Franchisee shall comply with Crave Cookies Franchising’s payment instructions.

(b) Calculation of Fees. Franchisee shall report weekly Gross Sales, outside of Square, to Crave Cookies Franchising by Tuesday of the following week. If Franchisee fails to report weekly Gross Sales, then Crave Cookies Franchising may withdraw estimated Royalty Fees and Marketing Fund Contributions equal to 125% of the last Gross Sales reported to Crave Cookies Franchising, and the parties will true-up the actual fees after Franchisee reports Gross Sales. Franchisee acknowledges that Crave Cookies Franchising has the right to remotely access Franchisee's point-of-sale system to calculate Gross Sales.

(c) Late Fees and Interest. If Franchisee does not make a payment on time, Franchisee shall pay a \$100 "late fee" plus interest on the unpaid amount at a rate equal to 18% per year (or, if such payment exceeds the maximum allowed by law, then interest at the highest rate allowed by law).

(d) Insufficient Funds. Crave Cookies Franchising may charge \$30 for any payment returned for insufficient funds (or, if such amount exceeds the maximum allowed by law, then the fee allowed by law).

(e) Costs of Collection. Franchisee shall repay any costs incurred by Crave Cookies Franchising (including reasonable attorney fees) in attempting to collect payments owed by Franchisee.

(f) Application. Crave Cookies Franchising may apply any payment received from Franchisee to any obligation and in any order as Crave Cookies Franchising may determine, regardless of any designation by Franchisee.

(g) Obligations Independent; No Set-Off. The obligations of Franchisee to pay to Crave Cookies Franchising any fees or amounts described in this Agreement are not dependent on Crave Cookies Franchising's performance and are independent covenants by Franchisee. Franchisee shall make all such payments without offset or deduction.

## ARTICLE 5. ASSISTANCE

**5.1 Manual.** Crave Cookies Franchising shall make its Manual available to Franchisee.

**5.2 Assistance in Hiring Employees.** The staffing guidelines and best practices provided by Crave Cookies Franchising are not mandatory but are strongly recommended for optimal franchise performance. The franchisee is solely responsible for all staffing decisions and their associated outcomes.

**5.3 Assistance in Training Employees.** Crave Cookies Franchising shall provide a training manual.

**5.4 Pre-Opening Assistance.**

(a) Selecting Location. Crave Cookies Franchising shall provide its criteria for Crave Cookies locations to Franchisee. Crave Cookies Franchising will review and advise Franchisee regarding potential locations submitted by Franchisee.

(b) Pre-Opening Plans, Specifications, and Vendors. Within a reasonable period of time after the Effective Date, Crave Cookies Franchising shall provide Franchisee with (i) Crave Cookies Franchising's sample set of standard building plans and specifications and/or standard recommended floor plans; (ii) the applicable System Standards, (iii) other specifications as Crave Cookies Franchising deems appropriate (which may include specifications regarding inventory, supplies, materials, and other matters), and (iv) Crave Cookies Franchising's lists of Approved Vendors and/or Required Vendors.

(c) Business Plan Review. If requested by Franchisee, Crave Cookies Franchising shall review and advise on Franchisee's pre-opening business plan and financial projections. **Franchisee acknowledges that Crave Cookies Franchising accepts no responsibility for the performance of the Business.**

(d) Pre-Opening Training. Crave Cookies Franchising shall make available its standard pre-opening training to the Principal Executive and up to 2 other team members, at Crave Cookies Franchising's headquarters and/or at a Crave Cookies business designated by Crave Cookies Franchising. Crave Cookies Franchising shall not charge any fee for this training. Franchisee is responsible for its own travel, lodging, meal, and other out-of-pocket expenses. Crave Cookies Franchising reserves the right to vary the length and content of the initial training program based on the experience and skill level of any individual attending the program.

(e) Market Introduction Plan. Crave Cookies Franchising shall advise Franchisee regarding the planning and execution of Franchisee's market introduction plan. Franchisee must develop a market introduction plan and obtain approval of the plan by Crave Cookie Franchising as prescribed in the Item 5 and Item 6 of the Franchise Disclosure Agreement.

(f) On-Site Opening Assistance. Crave Cookies Franchising shall have a representative support Franchisee's business opening with 3-7 days of onsite opening training and assistance.

## **5.5 Post-Opening Assistance.**

(a) Advice, Consulting, and Support. If Franchisee requests, Crave Cookies Franchising will provide advice to Franchisee (by telephone or electronic communication) regarding improving and developing Franchisee's business, and resolving operating problems Franchisee encounters, to the extent Crave Cookies Franchising deems reasonable. If Crave Cookies Franchising provides in-person support in response to Franchisee's request, Crave Cookies Franchising may charge its then-current fee plus any out-of-pocket expenses (such as travel, lodging, and meals for employees providing onsite support).

(b) Pricing. Upon request, Crave Cookies Franchising will provide recommended prices for products and services offered by franchisees of the System.

(c) Procedures. Crave Cookies Franchising will provide Franchisee with Crave Cookies Franchising's recommended administrative, bookkeeping, accounting, and inventory control procedures. Crave Cookies Franchising may make any such procedures part of required (and not merely recommended) System Standards.

(d) Marketing. Crave Cookies Franchising shall manage the Marketing Fund.

(e) Internet. Crave Cookies Franchising shall maintain a website for Crave Cookies, which will include Franchisee's location (or territory) and telephone number.

## ARTICLE 6. LOCATION, DEVELOPMENT, AND OPENING

**6.1 Determining Location and Territory.** If the Location and Territory are not stated on the Summary Page:

(i) Franchisee shall find a potential Location within the Development Area described on the Summary Page. Franchisee shall submit its proposed Location to Crave Cookies Franchising for acceptance, with all related information Crave Cookies Franchising may request. If Crave Cookies Franchising does not accept the proposed Location in writing within 30 days, then it is deemed rejected.

(ii) When Crave Cookies Franchising accepts the Location, it will issue a Location Acceptance Letter in the form of Attachment 2 which states the Location and Territory. Crave Cookies Franchising shall determine the Territory in its good faith discretion, substantially in accordance with Item 12 of the Franchise Disclosure Document. If Crave Cookies Franchising fails to state the Territory in writing within 60 days after Franchisee opens the Business to the public, the Territory will be deemed to be the zip codes immediately surrounding the location of the franchised business which comprise 75,000 people.

(iii) **Crave Cookies Franchising's advice regarding or acceptance of a site is not a representation or warranty that the Business will be successful, and Crave Cookies Franchising has no liability to Franchisee with respect to the location of the Business.**

**6.2 Lease.** In connection with any lease between Franchisee and the landlord of the Location:

(i) if requested by Crave Cookies Franchising, Franchisee must submit the proposed lease to Crave Cookies Franchising for written approval, (ii) the term of the lease (including renewal terms) must be for a period of not less than the term of this Agreement, and (iii) Franchisee shall use commercially reasonable efforts to obtain the landlord's signature to a rider to the lease in the form required by Crave Cookies Franchising.

**6.3 Development.** Franchisee shall construct (or remodel) and finish the Location in conformity with Crave Cookies Franchising's System Standards. If required by Crave Cookies Franchising, Franchisee shall engage the services of an architect licensed in the jurisdiction of the Location. Franchisee shall not begin any construction or remodeling work without first obtaining Crave Cookies Franchising's approval of Franchisee's plans. Crave Cookies Franchising may, but is not required to, inspect Franchisee's construction or remodeling progress at any reasonable time. Franchisee shall not rely upon any information provided or opinions expressed by Crave Cookies Franchising or its representatives regarding any architectural, engineering, or legal matters (including without limitation the Americans With Disabilities Act) in the development and construction of the Business, and Crave Cookies Franchising assumes no liability with respect thereto. Crave Cookies Franchising's inspection and/or approval to open the

Business is not a representation or a warranty that the Business has been constructed in accordance with any architectural, engineering, or legal standards.

**6.4 New Franchisee Training.** Franchisee's Principal Executive and General Manager if applicable, must complete Crave Cookies Franchising's training program for new franchisees to Crave Cookies Franchising's satisfaction at least four weeks before opening the Business.

**6.5 Conditions to Opening.** Franchisee shall notify Crave Cookies Franchising at least 30 days before Franchisee intends to open the Business to the public. Before opening, Franchisee must satisfy all of the following conditions: (1) Franchisee is in compliance with this Agreement, (2) Franchisee has obtained all applicable governmental permits and authorizations, (3) the Business conforms to all applicable System Standards, (4) Crave Cookies Franchising has inspected and approved the Business, (5) Franchisee has hired sufficient employees, (6) Franchisee's officers and employees have completed all of Crave Cookies Franchising's required pre-opening training; and (7) Crave Cookies Franchising has given its written approval to open, which will not be unreasonably withheld.

**6.6 Opening Date.** Franchisee shall open the Business to the public on or before the date stated on the Summary Page.

## ARTICLE 7. OPERATIONS

**7.1 Compliance with Manual and System Standards.** Franchisee shall at all times and at its own expense comply with all mandatory obligations contained in the Manual and with all other System Standards. If Franchisee is found to be in non-compliance with Crave Cookies Franchising's System, Manuals, or standards, Franchisee will be charged a fine as set forth in Our Operations Manual. The fine is due upon billing.

**7.2 Compliance with Law.** Franchisee and the Business shall comply with all laws and regulations. Franchisee and the Business shall obtain and keep in force all governmental permits and licenses necessary for the Business.

**7.3 Products, Services, and Methods of Sale.** Franchisee shall offer all products and services, and only those products and services, from time to time prescribed by Crave Cookies Franchising in the Manual or otherwise in writing. Franchisee shall make sales only to retail customers, and only at the Location. Unless otherwise approved or required by Crave Cookies Franchising, Franchisee shall not make sales by any other means, including without limitation by wholesale, by delivery, by mail order or over the internet, or at temporary or satellite locations. Franchisee shall provide all products and perform all services in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards.

**7.4 Menu.** Franchisee shall offer all menu items, beverages, and other products and services, and only those menu items, beverages, and other products and services, from time to time prescribed by Crave Cookies Franchising, LLC in the Manual or otherwise in writing.

**7.5 Preparation.** Franchisee shall follow all recipes prescribed by Crave Cookies Franchising, LLC, including, without limitation, use of all ingredients specified or authorized by Crave Cookies Franchising, LLC, and only such ingredients. Franchisee shall prepare and serve

all food products in a high-quality manner that meets or exceeds the customer's reasonable expectations and all applicable System Standards. Franchisee shall not substitute any recipe prescribed by Crave Cookies Franchising, LLC, unless Franchisee receives express written permission from Crave Cookies Franchising, LLC to make a substitution.

**7.6 Inventory.** Franchisee shall maintain sufficient levels of inventory at all times.

**7.7 Method of Sale.** Franchisee shall make sales only at the Location or by off-site catering services, or at temporary event locations (e.g. street festivals). Unless otherwise approved or required by Crave Cookies Franchising, LLC, Franchisee shall not make sales by any other means, including without limitation by delivery by Franchisee, delivery by third-party service, via a food truck, or at satellite locations. Crave Cookies Franchising, LLC retains the right to determine (and to change at any time) a territory outside of which Franchisee cannot offer catering. If Crave Cookies Franchising, LLC permits (or requires delivery), Crave Cookies Franchising, LLC retains the right to determine (and to change at any time) a territory outside of which Franchisee cannot offer delivery.

**7.8 Royalty on Third-Party Delivery Service.** If Crave Cookies Franchising, LLC requires or approves Franchisee's use of a third-party delivery service, Gross Sales on deliveries will be calculated on the amount paid by the customer to the delivery service (not counting any delivery fee, service charge, or gratuity paid by the customer), rather than the amount paid by the delivery service to Franchisee.

**7.9 Health Inspection Scores.** In addition to Franchisee's obligations to comply with all System Standards pursuant to Section 7.1 and with all applicable laws pursuant to Section 7.2, Franchisee must achieve a health code inspection score of 90, "A" or higher pursuant to the grading or rating system of the applicable governmental authority. If the applicable government authority does not score inspections on a numerical or alphabetical scale, then a rating by the governing body similar in nature to a "90" or "A" will be the governing standard. Franchisee will provide Crave Cookies Franchising, LLC a copy of any inspection report and score within two business days after receipt.

**7.10 Prices.** Franchisee acknowledges that the System Standards determined by Crave Cookies Franchising may include the minimum, maximum, and/or exact prices that franchisees may charge for products or services sold (except to the extent such authority is limited or prohibited by applicable law).

**7.11 Personnel.**

(a) Management. The Business must at all times be under the supervision of the Principal Executive or a local general manager who has completed Crave Cookies Franchising's training program.

(b) Service. Franchisee shall cause its personnel to render competent and courteous service to all customers and members of the public.

(c) Appearance. Franchisee shall cause its personnel to comply with any dress attire, uniform, personal appearance and hygiene standards set forth in the Manual.

(d) **Qualifications.** Crave Cookies Franchising may set minimum qualifications for categories of employees employed by Franchisee.

(e) **Sole Responsibility.** Franchisee is solely responsible for the terms and conditions of employment of all of its personnel, including recruiting, hiring, training, scheduling, supervising, compensation, and termination. Franchisee is solely responsible for all actions of its personnel. Franchisee and Crave Cookies Franchising are not joint employers, and no employee of Franchisee will be an agent or employee of Crave Cookies Franchising. Within seven days of Crave Cookies Franchising's request, Franchisee and each of its employees will sign an acknowledgment form stating that Franchisee alone (and not Crave Cookies Franchising) is the employee's sole employer. Franchisee will use its legal name on all documents with its employees and independent contractors, including, but not limited to, employment applications, time cards, pay checks, and employment and independent contractor agreements, and Franchisee will not use the Marks on any of these documents.

**7.12 Post-Opening Training.** Crave Cookies Franchising may at any time require that the Principal Executive and/or any other employees complete training programs, in any format and in any location determined by Crave Cookies Franchising. Crave Cookies Franchising may charge a reasonable fee for any training programs. Crave Cookies Franchising may require Franchisee to provide training programs to its employees. If a training program is held at a location which requires travel by the Principal Executive or any other employee, then Franchisee shall pay all travel, living and other expenses.

**7.13 Software.** Without limiting the generality of Section 7.1 or Section 8.1, Franchisee shall acquire and use all software and related systems required by Crave Cookies Franchising. Franchisee shall enter into any subscription and support agreements that Crave Cookies Franchising may require. Franchisee shall upgrade, update, or replace any software from time to time as Crave Cookies Franchising may require. Franchisee shall protect the confidentiality and security of all software systems, and Franchisee shall abide by any System Standards related thereto. Franchisee shall give Crave Cookies Franchising unlimited access to Franchisee's point of sale system and other software systems used in the Business, by any means designated by Crave Cookies Franchising.

**7.14 Customer Complaints.** Franchisee shall use its best efforts to promptly resolve any customer complaints. Crave Cookies Franchising may take any action it deems appropriate to resolve a customer complaint regarding the Business, and Crave Cookies Franchising may require Franchisee to reimburse Crave Cookies Franchising for any expenses.

**7.15 Evaluation and Compliance Programs.** Franchisee shall participate at its own expense in programs required from time to time by Crave Cookies Franchising for obtaining customer evaluations, reviewing Franchisee's compliance with the System, and/or managing customer complaints, which may include (but are not limited to) a customer feedback system, customer survey programs, and mystery shopping. Crave Cookies Franchising shall share with Franchisee the results of these programs, as they pertain to the Business. Franchisee must meet or exceed any minimum score requirements set by Crave Cookies Franchising for such programs. Crave Cookies Franchising may set minimum scores that Franchisee must receive from the public on internet review sites (such as Yelp or Google).

**7.16 Payment Systems.** Franchisee shall accept payment from customers in any form or manner designated by Crave Cookies Franchising (which may include, for example, cash, specific credit and/or debit cards, gift cards, electronic fund transfer systems, and mobile payment systems). Franchisee shall purchase or lease all equipment and enter into all business relationships necessary to accept payments as required by Crave Cookies Franchising. Franchisee must at all times comply with payment card industry data security standards (PCI-DSS).

**7.17 Gift Cards, Loyalty Programs, and Incentive Programs.** At its own expense, Franchisee shall sell or otherwise issue gift cards, certificates, or other pre-paid systems, and participate in any customer loyalty programs, membership/subscription programs, or customer incentive programs, designated by Crave Cookies Franchising, in the manner specified by Crave Cookies Franchising in the Manual or otherwise in writing. Franchisee shall honor all valid gift cards and other pre-paid systems, regardless of whether issued by Franchisee or another Crave Cookies business. Franchisee shall comply with all procedures and specifications of Crave Cookies Franchising related to gift cards, certificates, and other pre-paid systems, or related to customer loyalty, membership/subscription, or customer incentive programs.

**7.18 Maintenance and Repair.** Franchisee shall at all times keep the Business in a neat and clean condition, perform all appropriate maintenance, and keep all physical property in good repair. In addition, Franchisee shall promptly perform all work on the physical property of the Business as Crave Cookies Franchising may prescribe from time to time, including but not limited to periodic interior and exterior painting; resurfacing of the parking lot; roof repairs; and replacement of obsolete or worn out signage, floor coverings, furnishings, equipment and décor. Franchisee acknowledges that the System Standards may include requirements for cleaning, maintenance, and repair.

**7.19 Remodeling.** In addition to Franchisee's obligations to comply with all System Standards in effect from time to time, Crave Cookies Franchising may require Franchisee to undertake and complete a Remodel of the Location to Crave Cookies Franchising's satisfaction. Franchisee must complete the Remodel in the time frame specified by Crave Cookies Franchising. Crave Cookies Franchising may require the Franchisee to submit plans for Crave Cookies Franchising's reasonable approval prior to commencing a required Remodel. Crave Cookies Franchising's right to require a Remodel is limited as follows: (i) the Remodel will not be required in the first two or last two years of the term (except that a Remodel may be required as a condition to renewal of the term or a Transfer), and (ii) a Remodel will not be required more than once every five years from the date on which Franchisee was required to complete the prior Remodel.

**7.20 Meetings.** The Principal Executive shall use reasonable efforts to attend all in-person meetings and remote meetings (such as telephone conference calls) that Crave Cookies Franchising requires, including any national or regional brand conventions. Franchisee shall not permit the Principal Executive to fail to attend more than three consecutive required meetings.

## **7.21 Insurance.**

(a) Franchisee shall obtain and maintain insurance policies in the types and amounts as specified by Crave Cookies Franchising in the Manual. If not specified in the Manual, Franchisee shall maintain at least the following insurance coverage:

- (i) “Special” causes of loss coverage forms, including fire and extended coverage, crime, vandalism, and malicious mischief, on all property of the Business, for full repair and replacement value (subject to a reasonable deductible);
- (ii) Business interruption insurance covering at least 12 months of income;
- (iii) Commercial General Liability insurance, including products liability coverage, and broad form commercial liability coverage, written on an “occurrence” policy form in an amount of not less than \$1,000,000 single limit per occurrence and \$2,000,000 aggregate limit;
- (iv) Business Automobile Liability insurance including owned, leased, non-owned and hired automobiles coverage in an amount of not less than \$1,000,000; and
- (v) Workers Compensation coverage as required by state law.

(b) Franchisee’s policies (other than Workers Compensation) must (1) list Crave Cookies Franchising and its affiliates as an additional insured, (2) include a waiver of subrogation in favor of Crave Cookies Franchising and its affiliates, (3) be primary and non-contributing with any insurance carried by Crave Cookies Franchising or its affiliates, and (4) stipulate that Crave Cookies Franchising shall receive 30 days’ prior written notice of cancellation.

(c) Franchisee shall provide Certificates of Insurance evidencing the required coverage to Crave Cookies Franchising prior to opening and upon annual renewal of the insurance coverage, as well as at any time upon request of Crave Cookies Franchising.

**7.22 Payments to Third Parties.** Franchisee shall pay all vendors and suppliers in a timely manner. Franchisee shall pay all taxes when due. If Franchisee borrows money, it shall comply with the terms of its loan and make all loan payments when due. If Franchisee leases the Location, Franchisee shall comply with its lease for the Location and make all rent payments when due.

**7.23 Public Relations.** Franchisee shall not make any public statements (including giving interviews or issuing press releases) regarding Crave Cookies, the Business, or any particular incident or occurrence related to the Business, without Crave Cookies Franchising’s prior written approval, which will not be unreasonably withheld.

**7.24 Association with Causes.** Franchisee shall not in the name of the Business (i) donate money, products, or services to any charitable, political, religious, or other organization, or (ii) act in support of any such organization, without Crave Cookies Franchising’s prior written approval, which will not be unreasonably withheld.

**7.25 No Other Activity Associated with the Business.** Franchisee shall not engage in any business or other activity at the Location other than operation of the Crave Cookies Business. Franchisee shall not use assets of the Business for any purpose other than the Business. If Franchisee is an entity, the entity shall not own or operate any other business except Crave Cookies businesses.

**7.26 No Third-Party Management.** Franchisee shall not engage a third-party management company to manage or operate the Business without the prior written approval of Crave Cookies Franchising, which will not be unreasonably withheld.

**7.27 Identification.** Franchisee must identify itself as the independent owner of the Business in the manner prescribed by Crave Cookies Franchising. Franchisee must display at the Business signage prescribed by Crave Cookies Franchising identifying the Location as an independently owned franchise.

**7.28 Business Practices.** Franchisee, in all interactions with customers, employees, vendors, governmental authorities, and other third parties, shall be honest and fair. Franchisee shall comply with any code of ethics or statement of values from Crave Cookies Franchising. Franchisee shall not take any action which may injure the goodwill associated with the Marks.

## ARTICLE 8. SUPPLIERS AND VENDORS

**8.1 Generally.** Franchisee shall acquire all Inputs required by Crave Cookies Franchising from time to time in accordance with System Standards. Crave Cookies Franchising may require Franchisee to purchase or lease any Inputs from Crave Cookies Franchising, Crave Cookies Franchising's designee, Required Vendors, Approved Vendors, and/or under Crave Cookies Franchising's specifications. Crave Cookies Franchising may change any such requirement or change the status of any vendor. To make such requirement or change effective, Crave Cookies Franchising shall issue the appropriate System Standards.

**8.2 Alternate Vendor Approval.** If Crave Cookies Franchising requires Franchisee to purchase a particular Input only from an Approved Vendor or Required Vendor, and Franchisee desires to purchase the Input from another vendor, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Crave Cookies Franchising. Crave Cookies Franchising may condition its approval on such criteria as Crave Cookies Franchising deems appropriate, which may include evaluations of the vendor's capacity, quality, financial stability, reputation, and reliability; inspections; product testing, and performance reviews. Crave Cookies Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed new vendor within 30 days after receipt of Franchisee's request.

**8.3 Alternate Input Approval.** If Crave Cookies Franchising requires Franchisee to purchase a particular Input, and Franchisee desires to purchase an alternate to the Input, then Franchisee must submit a written request for approval and any information, specifications and/or samples requested by Crave Cookies Franchising. Crave Cookies Franchising will provide Franchisee with written notification of the approval or disapproval of any proposed alternate Input within 30 days after receipt of Franchisee's request.

**8.4 Purchasing.** Crave Cookies Franchising may negotiate prices and terms with vendors on behalf of the System. Crave Cookies Franchising may receive rebates, payments or other consideration from vendors in connection with purchases by franchisees. Crave Cookies Franchising has the right (but not the obligation) to collect payments from Franchisee on behalf of a vendor and remit the payments to the vendor and to impose a reasonable markup or charge for administering the payment program. Crave Cookies Franchising may implement a centralized purchasing system. Crave Cookies Franchising may establish a purchasing cooperative and require Franchisee to join and participate in the purchasing cooperative on such terms and conditions as Crave Cookies Franchising may determine.

**8.5 No Liability of Franchisor.** Crave Cookies Franchising shall not have any liability to Franchisee for any claim or loss related to any product provided or service performed by any Approved Vendor or Required Vendor, including without limitation defects, delays, or unavailability of products or services.

**8.6 Product Recalls.** If Crave Cookies Franchising or any vendor, supplier, or manufacturer of an item used or sold in Franchisee's Business issues a recall of such item or otherwise notifies Franchisee that such item is defective or dangerous, Franchisee shall immediately cease using or selling such item, and Franchisee shall at its own expense comply with all instructions from Crave Cookies Franchising or the vendor, supplier, or manufacturer of such item with respect to such item, including without limitation the recall, repair, and/or replacement of such item.

## ARTICLE 9. **MARKETING**

**9.1 Approval and Implementation.** Franchisee shall not conduct any marketing, advertising, or public relations activities (including in-store marketing materials, websites, online advertising, social media marketing or presence, and sponsorships) that have not been approved by Crave Cookies Franchising. Crave Cookies Franchising may (but is not obligated to) operate all "social media" accounts on behalf of the System, or it may permit franchisees to operate one or more accounts. Franchisee must comply with any System Standards regarding marketing, advertising, and public relations, include any social media policy that Crave Cookies Franchising may prescribe. Franchisee shall implement any marketing plans or campaigns determined by Crave Cookies Franchising.

**9.2 Use by Crave Cookies Franchising.** Crave Cookies Franchising may use any marketing materials or campaigns developed by or on behalf of Franchisee, and Franchisee hereby grants an unlimited, perpetual, royalty-free license to Crave Cookies Franchising for such purpose.

**9.3 Marketing Fund.** Crave Cookies Franchising may establish a Marketing Fund to promote the System on a local, regional, national, and/or international level. If Crave Cookies Franchising has established a Marketing Fund:

(a) Separate Account. Crave Cookies Franchising shall hold the Marketing Fund Contributions from all franchisees in one or more bank accounts separate from Crave Cookies Franchising's other accounts.

(b) Use. Crave Cookies Franchising shall use the Marketing Fund only for marketing, advertising, and public relations materials, programs and campaigns (including at local, regional, national, and/or international level), and related overhead. The foregoing includes such activities and expenses as Crave Cookies Franchising reasonably determines, and may include, without limitation: development and placement of advertising and promotions; sponsorships; contests and sweepstakes; development of décor, trade dress, Marks, and/or branding; development and maintenance of brand websites; social media; internet activities; e-commerce programs; search engine optimization; market research; public relations, media or agency costs; trade shows and other events; printing and mailing; and administrative and overhead expenses related to the Marketing Fund (including the compensation of Crave Cookies Franchising's employees working on marketing and for accounting, bookkeeping, reporting, legal and other expenses related to the Marketing Fund).

(c) Discretion. Franchisee agrees that expenditures from the Marketing Fund need not be proportionate to contributions made by Franchisee or provide any direct or indirect benefit to Franchisee. The Marketing Fund will be spent at Crave Cookies Franchising's sole discretion, and Crave Cookies Franchising has no fiduciary duty with regard to the Marketing Fund.

(d) Contribution by Other Outlets. Crave Cookies Franchising is not obligated to (i) have all other Crave Cookies businesses (whether owned by other franchisees or by Crave Cookies Franchising or its affiliates) contribute to the Marketing Fund, or (ii) have other Crave Cookies businesses that do contribute to the Marketing Fund contribute the same amount or at the same rate as Franchisee.

(e) Surplus or Deficit. Crave Cookies Franchising may accumulate funds in the Marketing Fund and carry the balance over to subsequent years. If the Marketing Fund operates at a deficit or requires additional funds at any time, Crave Cookies Franchising may loan such funds to the Marketing Fund on reasonable terms.

(f) Financial Statement. Crave Cookies Franchising will prepare an unaudited annual financial statement of the Marketing Fund within 120 days of the close of Crave Cookies Franchising's fiscal year and will provide the financial statement to Franchisee upon request.

**9.4 Market Cooperatives.** Crave Cookies Franchising may establish market advertising and promotional cooperative funds ("Market Cooperative") in any geographical areas. If a Market Cooperative for the geographic area encompassing the Location has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of such Market Cooperative. If a Market Cooperative for the geographic area encompassing the Location is established during the term of this Agreement, Franchisee shall become a member of such Market Cooperative within 30 days. Crave Cookies Franchising shall not require Franchisee to be a member of more than one Market Cooperative. If Crave Cookies Franchising establishes a Market Cooperative:

(a) Governance. Each Market Cooperative will be organized and governed in a form and manner, and shall commence operations on a date, determined by Crave Cookies Franchising. Crave Cookies Franchising may require the Market Cooperative to adopt bylaws or regulations prepared by Crave Cookies Franchising. Unless otherwise specified by Crave

Cookies Franchising, the activities carried on by each Market Cooperative shall be decided by a majority vote of its members. Crave Cookies Franchising will be entitled to attend and participate in any meeting of a Market Cooperative. Any Crave Cookies business owned by Crave Cookies Franchising in the Market Cooperative shall have the same voting rights as those owned by its franchisees. Each Business owner will be entitled to cast one vote for each Business owned, provided, however, that a franchisee shall not be entitled to vote if it is in default under its franchise agreement. If the members of a Market Cooperative are unable or fail to determine the manner in which Market Cooperative monies will be spent, Crave Cookies Franchising may assume this decision-making authority after 10 days' notice to the members of the Market Cooperative.

(b) Purpose. Each Market Cooperative shall be devoted exclusively to administering regional advertising and marketing programs and developing (subject to Crave Cookies Franchising's approval) standardized promotional materials for use by the members in local advertising and promotion.

(c) Approval. No advertising or promotional plans or materials may be used by a Market Cooperative or furnished to its members without the prior approval of Crave Cookies Franchising pursuant to Section 9.1. Crave Cookies Franchising may designate the national or regional advertising agencies used by the Market Cooperative.

(d) Funding. The majority vote of the Market Cooperative will determine the dues to be paid by members of the Market Cooperative, including Franchisee, but not less than 1% and not more than 5% of Gross Sales.

(e) Enforcement. Only Crave Cookies Franchising will have the right to enforce the obligations of franchisees who are members of a Market Cooperative to contribute to the Market Cooperative.

(f) Termination. Crave Cookies Franchising may terminate any Market Cooperative. Any funds left in a Market Cooperative upon termination will be transferred to the Marketing Fund.

**9.5 Market Introduction Plan.** Franchisee must develop a market introduction plan and obtain Crave Cookies Franchising's approval of the market introduction plan at least 30 days before the projected opening date of the Business.

## ARTICLE 10. RECORDS AND REPORTS

**10.1 Systems.** Franchisee shall use such customer data management, sales data management administrative, bookkeeping, accounting, and inventory control procedures and systems as Crave Cookies Franchising may specify in the Manual or otherwise in writing.

### 10.2 Reports.

(a) Financial Reports. Franchisee shall provide such periodic financial reports as Crave Cookies Franchising may require in the Manual or otherwise in writing, including:

- (i) a monthly profit and loss statement and balance sheet for the Business within 30 days after the end of each calendar month;
- (ii) an annual financial statement (including profit and loss statement, cash flow statement, and balance sheet) for the Business within 90 days after the end of Crave Cookies Franchising's fiscal year; and
- (iii) any information Crave Cookies Franchising requests in order to prepare a financial performance representation for Crave Cookies Franchising's franchise disclosure document.

(b) Legal Actions and Investigations. Franchisee shall promptly notify Crave Cookies Franchising of any Action or threatened Action by any customer, governmental authority, or other third party against Franchisee or the Business, or otherwise involving the Franchisee or the Business. Franchisee shall provide such documents and information related to any such Action as Crave Cookies Franchising may request.

(c) Government Inspections. Franchisee shall give Crave Cookies Franchising copies of all inspection reports, warnings, certificates, and ratings issued by any governmental entity with respect to the Business, within three days of Franchisee's receipt thereof.

(d) Other Information. Franchisee shall submit to Crave Cookies Franchising such other financial statements, budgets, forecasts, reports, records, copies of contracts, documents related to litigation, tax returns, copies of governmental permits, and other documents and information related to the Business as specified in the Manual or that Crave Cookies Franchising may reasonably request.

**10.3 Initial Investment Report.** Within 120 days after opening for business, Franchisee shall submit to Crave Cookies Franchising a report detailing Franchisee's investment costs to develop and open the Business, with costs allocated to the categories described in Item 7 of Crave Cookies Franchising's Franchise Disclosure Document and with such other information as Crave Cookies Franchising may request.

**10.4 Business Records.** Franchisee shall keep complete and accurate books and records reflecting all expenditures and receipts of the Business, with supporting documents (including, but not limited to, payroll records, payroll tax returns, register receipts, production reports, sales invoices, bank statements, deposit receipts, cancelled checks and paid invoices) for at least three years. Franchisee shall keep such other business records as Crave Cookies Franchising may specify in the Manual or otherwise in writing.

**10.5 Records Audit.** Crave Cookies Franchising may examine and audit all books and records related to the Business, and supporting documentation, at any reasonable time. Crave Cookies Franchising may conduct the audit at the Location and/or require Franchisee to deliver copies of books, records and supporting documentation to a location designated by Crave Cookies Franchising. Franchisee shall also reimburse Crave Cookies Franchising for all costs and expenses of the examination or audit if (i) Crave Cookies Franchising conducted the audit because Franchisee failed to submit required reports or was otherwise not in compliance with the

System, or (ii) the audit reveals that Franchisee understated Gross Sales by 3% or more for any 4-week period.

## ARTICLE 11. FRANCHISOR RIGHTS

**11.1 Manual; Modification.** The Manual, and any part of the Manual, may be in any form or media determined by Crave Cookies Franchising. Crave Cookies Franchising may supplement, revise, or modify the Manual, and Crave Cookies Franchising may change, add or delete System Standards at any time in its discretion. Crave Cookies Franchising may inform Franchisee thereof by any method that Crave Cookies Franchising deems appropriate (which need not qualify as “notice” under Section 18.9). In the event of any dispute as to the contents of the Manual, Crave Cookies Franchising’s master copy will control.

**11.2 Inspections.** Crave Cookies Franchising may enter the premises of the Business from time to time during normal business hours and conduct an inspection. Franchisee shall cooperate with Crave Cookies Franchising’s inspectors. The inspection may include, but is not limited to, observing operations, conducting a physical inventory, evaluating physical conditions, monitoring sales activity, speaking with employees and customers, and removing samples of products, supplies and materials. Crave Cookies Franchising may videotape and/or take photographs of the inspection and the Business. Crave Cookies Franchising may set a minimum score requirement for inspections, and Franchisee’s failure to meet or exceed the minimum score will be a default under this Agreement. Without limiting Crave Cookies Franchising’s other rights under this Agreement, Franchisee will, as soon as reasonably practical, correct any deficiencies noted during an inspection. If Crave Cookies Franchising conducts an inspection because of a governmental report, customer complaint or other customer feedback, or a default or non-compliance with any System Standard by Franchisee (including following up a previous failed inspection), then Crave Cookies Franchising may charge all out-of-pocket expenses plus its then-current inspection fee to Franchisee.

**11.3 Crave Cookies Franchising’s Right to Cure.** If Franchisee breaches or defaults under any provision of this Agreement, Crave Cookies Franchising may (but has no obligation to) take any action to cure the default on behalf of Franchisee, without any liability to Franchisee. Franchisee shall reimburse Crave Cookies Franchising for its costs and expenses (including the allocation of any internal costs) for such action, plus 10% as an administrative fee.

**11.4 Right to Discontinue Supplies Upon Default.** While Franchisee is in default or breach of this Agreement, Crave Cookies Franchising may (i) require that Franchisee pay cash on delivery for products or services supplied by Crave Cookies Franchising, (ii) stop selling or providing any products and services to Franchisee, and/or (iii) request any third-party vendors to not sell or provide products or services to Franchisee. No such action by Crave Cookies Franchising shall be a breach or constructive termination of this Agreement, change in competitive circumstances or similarly characterized, and Franchisee shall not be relieved of any obligations under this Agreement because of any such action. Such rights of Crave Cookies Franchising are in addition to any other right or remedy available to Crave Cookies Franchising.

**11.5 Business Data.** All customer data and other non-public data generated by the Business is Confidential Information and is exclusively owned by Crave Cookies Franchising. Crave

Cookies Franchising hereby licenses such data back to Franchisee without charge solely for Franchisee's use in connection with the Business for the term of this Agreement.

**11.6 Innovations.** Franchisee shall disclose to Crave Cookies Franchising all ideas, plans, improvements, concepts, methods and techniques relating to the Business (collectively, "Innovations") conceived or developed by Franchisee, its employees, agents or contractors. Crave Cookies Franchising will automatically own all Innovations, and it will have the right to use and incorporate any Innovations into the System, without any compensation to Franchisee. Franchisee shall execute any documents reasonably requested by Crave Cookies Franchising to document Crave Cookies Franchising's ownership of Innovations.

**11.7 Communication Systems.** If Crave Cookies Franchising provides email accounts and/or other communication systems to Franchisee, then Franchisee acknowledges that it has no expectation of privacy in the assigned email accounts and other communications systems, and Franchisee authorizes Crave Cookies Franchising to access such communications.

**11.8 Delegation.** Crave Cookies Franchising may delegate any duty or obligation of Crave Cookies Franchising under this Agreement to an affiliate or to a third party.

**11.9 System Variations.** Crave Cookies Franchising may vary or waive any System Standard for any one or more Crave Cookies franchises due to the peculiarities of the particular site or circumstances, density of population, business potential, population of trade area, existing business practices, applicable laws or regulations, or any other condition relevant to the performance of a franchise or group of franchises. Franchisee is not entitled to the same variation or waiver.

**11.10 Temporary Public Safety Closure.** If Crave Cookies Franchising discovers or becomes aware of any aspect of the Business which, in Crave Cookies Franchising's opinion, constitutes an imminent danger to the health or safety of any person, then immediately upon Crave Cookies Franchising's order, Franchisee must temporarily cease operations of the Business and remedy the dangerous condition. Crave Cookies Franchising shall have no liability to Franchisee or any other person for action or failure to act with respect to a dangerous condition.

## ARTICLE 12. MARKS

**12.1 Authorized Marks.** Franchisee shall use no trademarks, service marks or logos in connection with the Business other than the Marks. Franchisee shall use all Marks specified by Crave Cookies Franchising, and only in the manner as Crave Cookies Franchising may require. Franchisee has no rights in the Marks other than the right to use them in the operation of the Business in compliance with this Agreement. All use of the Marks by Franchisee and any goodwill associated with the Marks, including any goodwill arising due to Franchisee's operation of the Business, will inure to the exclusive benefit of Crave Cookies Franchising.

**12.2 Change of Marks.** Crave Cookies Franchising may add, modify, or discontinue any Marks to be used under the System. Within a reasonable time after Crave Cookies Franchising makes any such change, Franchisee must comply with the change, at Franchisee's expense.

### 12.3 Infringement.

(a) Defense of Franchisee. If Franchisee has used the Marks in accordance with this Agreement, then (i) Crave Cookies Franchising shall defend Franchisee (at Crave Cookies Franchising's expense) against any Action by a third-party alleging infringement by Franchisee's use of a Mark, and (ii) Crave Cookies Franchising will indemnify Franchisee for expenses and damages if the Action is resolved unfavorably to Franchisee.

(b) Infringement by Third Party. Franchisee shall promptly notify Crave Cookies Franchising if Franchisee becomes aware of any possible infringement of a Mark by a third party. Crave Cookies Franchising may, in its sole discretion, commence or join any claim against the infringing party.

(c) Control. Crave Cookies Franchising shall have the exclusive right to control any prosecution or defense of any Action related to possible infringement of or by the Marks.

**12.4 Name.** If Franchisee is an entity, it shall not use the word[s] "Crave Cookies" or any confusingly similar words in its legal name.

## ARTICLE 13. COVENANTS

**13.1 Confidential Information.** With respect to all Confidential Information, Franchisee shall (a) adhere to all procedures prescribed by Crave Cookies Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized in writing by Crave Cookies Franchising, (d) exercise the highest degree of diligence and effort to maintain the confidentiality of all such information during and after the term of this Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized disclosure or use of Confidential Information. Franchisee acknowledges that all Confidential Information is owned by Crave Cookies Franchising (except for Confidential Information which Crave Cookies Franchising licenses from another person or entity). This Section will survive the termination or expiration of this Agreement indefinitely.

### 13.2 Covenants Not to Compete.

(a) Restriction – In Term. During the term of this Agreement, neither Franchisee, any Owner, nor any spouse of an Owner (the "Restricted Parties") shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after this Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer), no Restricted Party shall directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor within five miles of Franchisee's Territory or the territory of any other Crave Cookies business operating on the date of termination or transfer, as applicable. If this Agreement is terminated before the Territory is

determined, then the area of non-competition will be the Development Area and the territory of any other Crave Cookies business operating on the date of termination.

(c) Interpretation. The parties agree that each of the foregoing covenants is independent of any other covenant or provision of this Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any arbitrator or court, then the parties intend that the arbitrator or court modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Crave Cookies Franchising. Franchisee agrees that the existence of any claim it may have against Crave Cookies Franchising shall not constitute a defense to the enforcement by Crave Cookies Franchising of the covenants of this Section. If a Restricted Party fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**13.3 General Manager and Key Employees.** If requested by Crave Cookies Franchising, Franchisee will cause its general manager and other key employees to sign Crave Cookies Franchising's then-current form of confidentiality and non-compete agreement (unless prohibited by applicable law).

#### ARTICLE 14. DEFAULT AND TERMINATION

**14.1 Termination by Franchisee.** Franchisee may terminate this Agreement only if Crave Cookies Franchising violates a material provision of this Agreement and fails to cure or to make substantial progress toward curing the violation within 30 days after receiving written notice from Franchisee detailing the alleged default. Termination by Franchisee is effective 10 days after Crave Cookies Franchising receives written notice of termination. Detailed information is in Attachment 4 of this Agreement.

#### **14.2 Termination by Crave Cookies Franchising.**

(a) Subject to 24-Hour Cure Period. Crave Cookies Franchising may terminate this Agreement if Franchisee fails to comply with menu requirements, or refuses to provide proof of compliance with menu requirements, or the Business is operated in a manner which, in Crave Cookies Franchising's reasonable judgment, constitutes a significant danger to the health or safety of any person, or the Business is found in violation of any health, safety, or sanitation laws, ordinances or regulations from a government entity, and does not cure such noncompliance or violation within twenty-four (24) hours of Franchisee's receipt of written notice.

(b) Subject to 10-Day Cure Period. Crave Cookies Franchising may terminate this Agreement if Franchisee does not make any payment to Crave Cookies Franchising when due, or if Franchisee does not have sufficient funds in its account when Crave Cookies Franchising attempts an electronic funds withdrawal, and Franchisee fails to cure such non-payment within 10 days after Crave Cookies Franchising gives notice to Franchisee of such breach.

(c) Subject to 30-Day Cure Period. If Franchisee breaches this Agreement in any manner not described in subsection (a), (b) or (d), and Franchisee fails to cure such breach to Crave Cookies Franchising's satisfaction within 30 days after Crave Cookies Franchising gives

notice to Franchisee of such breach, then Crave Cookies Franchising may terminate this Agreement.

(d) Without Cure Period. Crave Cookies Franchising may terminate this Agreement by giving notice to Franchisee, without opportunity to cure, if any of the following occur:

- (i) Franchisee misrepresented or omitted material facts when applying to be a franchisee, or breaches any representation in this Agreement;
- (ii) Franchisee knowingly submits any false report or knowingly provides any other false information to Crave Cookies Franchising;
- (iii) A receiver or trustee for the Business or all or substantially all of Franchisee's property is appointed by any court, or Franchisee makes a general assignment for the benefit of Franchisee's creditors, or Franchisee is unable to pay its debts as they become due, or a levy or execution is made against the Business, or an attachment or lien remains on the Business for 30 days unless the attachment or lien is being duly contested in good faith by Franchisee, or a petition in bankruptcy is filed by Franchisee, or such a petition is filed against or consented to by Franchisee and the petition is not dismissed within 45 days, or Franchisee is adjudicated as bankrupt;
- (iv) Franchisee fails to open for business by the date specified on the Summary Page;
- (v) Franchisee loses possession of the Location;
- (vi) Franchisee or any Owner commits a material violation of Section 7.2 (compliance with laws) or Section 13.1 (confidentiality), violates Section 13.2 (non-compete) or Article 15 (transfer), or commits any other violation of this Agreement which by its nature cannot be cured;
- (vii) Franchisee abandons or ceases operation of the Business for more than five consecutive days;
- (viii) Franchisee or any Owner slanders or libels Crave Cookies Franchising or any of its employees, directors, or officers;
- (ix) Franchisee refuses to cooperate with or permit any audit or inspection by Crave Cookies Franchising or its agents or contractors, or otherwise fails to comply with Section 10.5 or Section 11.2;
- (x) Franchisee has received two or more notices of default and Franchisee commits another breach of this Agreement, all in the same 12-month period;
- (xi) Crave Cookies Franchising (or any affiliate) terminates any other agreement with Franchisee (or any affiliate) due to the breach of such other agreement by Franchisee (or its affiliate) (provided that termination of a Multi-Unit

Development Agreement with Franchisee or its affiliate shall not give Crave Cookies Franchising the right to terminate this Agreement);

- (xii) Franchisee or any Owner is charged with, pleads guilty or no-contest to, or is convicted of a felony;
- (xiii) Franchisee or any Owner is accused by any governmental authority or third party of any act, or if Franchisee or any Owner commits any act or series of acts, that in Crave Cookies Franchising's opinion is reasonably likely to materially and unfavorably affect the Crave Cookies brand;
- (xiv) Franchisee fails to meet the health inspection standards described in Section 7.3(e) two or more times in any 36-month period; or
- (xv) Franchisee fails to achieve a passing score on an inspection conducted by Crave Cookies Franchising, LLC two or more times in any 36-month period.

**14.3 Effect of Termination.** Upon termination or expiration of this Agreement, all obligations that by their terms or by reasonable implication survive termination, including those pertaining to non-competition, confidentiality, indemnity, and dispute resolution, will remain in effect, and Franchisee must immediately:

- (i) pay all amounts owed to Crave Cookies Franchising based on the operation of the Business through the effective date of termination or expiration;
- (ii) return to Crave Cookies Franchising all copies of the Manual, Confidential Information and any and all other materials provided by Crave Cookies Franchising to Franchisee or created by a third party for Franchisee relating to the operation of the Business, and all items containing any Marks, copyrights, and other proprietary items; and delete all Confidential Information and proprietary materials from electronic devices;
- (iii) notify the telephone, internet, email, electronic network, directory, and listing entities of the termination or expiration of Franchisee's right to use any numbers, addresses, domain names, locators, directories and listings associated with any of the Marks, and authorize their transfer to Crave Cookies Franchising or any new franchisee as may be directed by Crave Cookies Franchising, and Franchisee hereby irrevocably appoints Crave Cookies Franchising, with full power of substitution, as its true and lawful attorney-in-fact, which appointment is coupled with an interest; to execute such directions and authorizations as may be necessary or appropriate to accomplish the foregoing; and
- (iv) cease doing business under any of the Marks.

**14.4 Remove Identification.** Within 30 days after termination or expiration, Franchisee shall at its own expense "de-identify" the Location so that it no longer contains the Marks, signage, or any trade dress of a Crave Cookies business, to the reasonable satisfaction of Crave Cookies Franchising. Franchisee shall comply with any reasonable instructions and procedures of Crave

Cookies Franchising for de-identification. If Franchisee fails to do so within 30 days after this Agreement expires or is terminated, Crave Cookies Franchising may enter the Location to remove the Marks and de-identify the Location. In this event, Crave Cookies Franchising will not be charged with trespass nor be accountable or required to pay for any assets removed or altered, or for any damage caused by Crave Cookies Franchising.

**14.5 Liquidated Damages.** If Crave Cookies Franchising terminates this Agreement based upon Franchisee's default (or if Franchisee purports to terminate this Agreement except as permitted under Section 14.1), then within 10 days thereafter Franchisee shall pay to Crave Cookies Franchising a lump sum (as liquidated damages and not as a penalty) calculated as follows: (x) the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Crave Cookies Franchising under this Agreement for the 52-week period preceding the date on which Franchisee ceased operating the Business; multiplied by (y) the lesser of (1) 104 or (2) the number of weeks remaining in the then-current term of this Agreement. If Franchisee had not operated the Business for at least 52 weeks, then (x) will equal the average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Crave Cookies Franchising during the period that Franchisee operated the Business. The "average Royalty Fees and Marketing Fund Contributions that Franchisee owed to Crave Cookies Franchising" shall not be discounted or adjusted due to any deferred or reduced Royalty Fees and Marketing Fund Contributions set forth in an addendum to this Agreement, unless this Section 14.5 is specifically amended in such addendum. Franchisee acknowledges that a precise calculation of the full extent of Crave Cookies Franchising's damages under these circumstances is difficult to determine and the method of calculation of such damages as set forth in this Section is reasonable. Franchisee's payment to Crave Cookies Franchising under this Section will be in lieu of any direct monetary damages that Crave Cookies Franchising may incur as a result of Crave Cookies Franchising's loss of Royalty Fees and Marketing Fund Contributions that would have been owed to Crave Cookies Franchising after the date of termination; however, such payment shall be in addition to all damages and other amounts arising under Section 14.3 and Section 14.4, Crave Cookies Franchising's right to injunctive relief for enforcement of Article 13, and any attorneys' fees and other costs and expenses to which Crave Cookies Franchising is entitled under this Agreement. Except as provided in this Section, Franchisee's payment of this lump sum shall be in addition to any other right or remedy that Crave Cookies Franchising may have under this Agreement or otherwise.

**14.6 Purchase Option.** When this Agreement expires or is terminated, Crave Cookies Franchising will have the right (but not the obligation) to purchase any or all of the assets related to the Business, and/or to require Franchisee to assign its lease or sublease to Crave Cookies Franchising. To exercise this option, Crave Cookies Franchising must notify Franchisee no later than 30 days after this Agreement expires or is terminated. The purchase price for all assets that Crave Cookies Franchising elects to purchase will be the lower of (i) the book value of such assets as declared on Franchisee's last filed tax returns or (ii) the fair market value of the assets. If the parties cannot agree on fair market value within 30 days after the exercise notice, the fair market value will be determined by an independent appraiser reasonably acceptable to both parties. The parties will equally share the cost of the appraisal. Crave Cookies Franchising's purchase will be of assets only (free and clear of all liens), and the purchase will not include any liabilities of Franchisee. The purchase price for assets will not include any factor or increment for any trademark or other commercial symbol used in the business, the value of any intangible

assets, or any goodwill or “going concern” value for the Business. Crave Cookies Franchising may withdraw its exercise of the purchase option at any time before it pays for the assets. Franchisee will sign a bill of sale for the purchased assets and any other transfer documents reasonably requested by Crave Cookies Franchising. If Crave Cookies Franchising exercises the purchase option, Crave Cookies Franchising may deduct from the purchase price: (a) all amounts due from Franchisee; (b) Franchisee’s portion of the cost of any appraisal conducted hereunder; and (c) amounts paid or to be paid by Crave Cookies Franchising to cure defaults under Franchisee’s lease and/or amounts owed by Franchisee to third parties. If any of the assets are subject to a lien, Crave Cookies Franchising may pay a portion of the purchase price directly to the lienholder to pay off such lien. Crave Cookies Franchising may withhold 25% of the purchase price for 90 days to ensure that all of Franchisee’s taxes and other liabilities are paid. Crave Cookies Franchising may assign this purchase option to another party.

**14.7 Approved Closure.** If Franchisee requests approval to close the Business prior to the end of the Term, Crave Cookies Franchising, upon an audit of the Business, will not unreasonably withhold its approval. However, if Crave Cookies Franchising approves the closure, all other provisions of Article 14 remain in full effect, including but not limited to Franchisee immediately paying all amounts owed to Crave Cookies Franchising.

## ARTICLE 15. TRANSFERS

**15.1 By Crave Cookies Franchising.** Crave Cookies Franchising may transfer or assign this Agreement, or any of its rights or obligations under this Agreement, to any person or entity, and Crave Cookies Franchising may undergo a change in ownership and/or control, without the consent of Franchisee.

**15.2 By Franchisee.** Franchisee acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee and that Crave Cookies Franchising entered into this Agreement in reliance on Franchisee’s business skill, financial capacity, personal character, experience, and business ability. Franchise Fees are not refundable, as stated in Section 4.1 of this agreement. Franchisee may not transfer an undeveloped territory. Crave Cookies Franchising may reject any proposed transfer for any reason it sees fit. Accordingly, Franchisee shall neither conduct nor undergo a Transfer without providing Crave Cookies Franchising at least 60 days prior notice of the proposed Transfer, and without obtaining Crave Cookies Franchising’s consent. In granting any such consent, Crave Cookies Franchising may impose conditions, including but not limited to the following:

- (i) Crave Cookies Franchising receives a transfer fee equal to \$10,000 plus any broker fees, legal fees and other out-of-pocket costs incurred by Crave Cookies Franchising; *(The \$10,000 fee does not apply in the State of Washington but Crave Cookies Franchising, LLC is still entitled to broker fees and other out-of-pocket costs incurred by Crave Cookies Franchising, LLC.);*
- (ii) the proposed assignee and its owners have completed Crave Cookies Franchising’s franchise application processes, meet Crave Cookies Franchising’s then-applicable standards for new franchisees, and have been approved by Crave Cookies Franchising as franchisees;

- (iii) the proposed assignee is not a Competitor;
- (iv) the proposed assignee executes Crave Cookies Franchising's then-current form of franchise agreement and any related documents, which form may contain materially different provisions than this Agreement (provided, however, that the proposed assignee will not be required to pay an initial franchise fee);
- (v) all owners of the proposed assignee provide a guaranty in accordance with Section 2.5;
- (vi) Franchisee has paid all monetary obligations to Crave Cookies Franchising and its affiliates, and to any lessor, vendor, supplier, or lender to the Business, and Franchisee is not otherwise in default or breach of this Agreement or of any other obligation owed to Crave Cookies Franchising or its affiliates;
- (vii) the proposed assignee and its owners and employees undergo such training as Crave Cookies Franchising may require;
- (viii) Franchisee, its Owners, and the transferee and its owners execute a general release of Crave Cookies Franchising in a form satisfactory to Crave Cookies Franchising; and
- (ix) the Business fully complies with all of Crave Cookies Franchising's most recent System Standards.

**15.3 Transfer for Convenience of Ownership.** If Franchisee is an individual, Franchisee may Transfer this Agreement to a corporation or limited liability company formed for the convenience of ownership after at least 15 days' notice to Crave Cookies Franchising, if, prior to the Transfer: (1) the transferee provides the information required by Section 2.3; (2) Franchisee provides copies of the entity's charter documents, by-laws (or operating agreement) and similar documents, if requested by Crave Cookies Franchising, (3) Franchisee owns all voting securities of the corporation or limited liability company, and (4) Franchisee provides a guaranty in accordance with Section 2.5.

**15.4 Transfer upon Death or Incapacity.** Upon the death or incapacity of Franchisee (or, if Franchisee is an entity, the Owner with the largest ownership interest in Franchisee), the executor, administrator, or personal representative of that person must Transfer the Business to a third party approved by Crave Cookies Franchising (or to another person who was an Owner at the time of death or incapacity of the largest Owner) within nine months after death or incapacity. Such transfer must comply with Section 15.2.

**15.5 Crave Cookies Franchising's Right of First Refusal.** Before Franchisee (or any Owner) engages in a Transfer (except under Section 15.3, to a co-Owner, or to a spouse, sibling, or child of an Owner), Crave Cookies Franchising will have a right of first refusal, as set forth in this Section. Franchisee (or its Owners) shall provide to Crave Cookies Franchising a copy of the terms and conditions of any Transfer. For a period of 30 days from the date of Crave Cookies Franchising's receipt of such copy, Crave Cookies Franchising will have the right, exercisable by notice to Franchisee, to purchase the assets subject of the proposed Transfer for the same price

and on the same terms and conditions (except that Crave Cookies Franchising may substitute cash for any other form of payment). If Crave Cookies Franchising does not exercise its right of first refusal, Franchisee may proceed with the Transfer, subject to the other terms and conditions of this Article.

**15.6 No Sublicense.** Franchisee has no right to sublicense the Marks or any of Franchisee's rights under this Agreement.

**15.7 No Lien on Agreement.** Franchisee shall not grant a security interest in this Agreement to any person or entity. If Franchisee grants an "all assets" security interest to any lender or other secured party, Franchisee shall cause the secured party to expressly exempt this Agreement from the security interest.

## ARTICLE 16. INDEMNITY

**16.1 Indemnity.** Franchisee shall indemnify and defend (with counsel reasonably acceptable to Crave Cookies Franchising) Crave Cookies Franchising, its parent entities, subsidiaries and affiliates, and their respective owners, directors, officers, employees, agents, successors and assignees (collectively, "Indemnitees") against all Losses in any Action by or against Crave Cookies Franchising and/or any Indemnitee directly or indirectly related to, or alleged to arise out of, the operation of the Business. Notwithstanding the foregoing, Franchisee shall not be obligated to indemnify an Indemnitee from Actions arising as a result of any Indemnitee's intentional misconduct or negligence. Any delay or failure by an Indemnitee to notify Franchisee of an Action shall not relieve Franchisee of its indemnity obligation except to the extent (if any) that such delay or failure materially prejudices Franchisee. Franchisee shall not settle an Action without the consent of the Indemnitee. This indemnity will continue in effect after this Agreement ends.

**16.2 Assumption.** An Indemnitee may elect to assume the defense of any Action subject to this indemnification, and control all aspects of defending the Action, including negotiations and settlement, at Franchisee's expense. Such an undertaking shall not diminish Franchisee's obligation to indemnify the Indemnitees.

## ARTICLE 17. DISPUTE RESOLUTION

**17.1 Dispute Proceedings.** As Crave Cookies Franchising and Franchisee understands, there is always a possibility of difference of opinion or other disagreements in business relationships. As such, Crave Cookies Franchising and Franchisee agrees that it is important to resolve any disputes amicably, quickly, inexpensively, and professionally so that Crave Cookies Franchising and Franchisee can return to business as soon as possible. Crave Cookies Franchising and Franchisee have agreed that the provisions of this Article 17 support these mutual objectives and, therefore, agree to the following.

(a) Dispute Resolution. Crave Cookies Franchising and Franchisee agree that any dispute, controversy, issue, claim, or action whatsoever ("Dispute") between Crave Cookies Franchising, or its affiliates, shareholders, members, managers, officers, directors, agents, employees, and attorneys arising out of or relating to this Agreement, or any other agreement

between Franchisee and Crave Cookies Franchising, the Business, except those outlined under paragraph (b) below, will be exclusively processed in the following manner:

(i) Face-to-Face Meeting. The Dispute shall first be discussed in a face-to-face meeting between Franchisee and Crave Cookies Franchising at Crave Cookies Franchising's then-current headquarters. This face-to-face meeting will be held within thirty (30) days of Franchisee or Crave Cookies Franchising providing written notice to the other requesting such meeting. Crave Cookies Franchising has the right, in its sole discretion, to waive this requirement.

(ii) Mediation. If the face-to-face meeting has not resolved the matter successfully, either Franchisee or Crave Cookies Franchising may submit the matter to non-binding mediation using Utah ADR Services or as otherwise mutually agreed. Franchisee and Crave Cookies Franchising will split the costs, and each will bear their own expenses of any mediation. The mediation will be conducted exclusively in the city and state of Crave Cookies Franchising's then-current headquarters. If either party chooses to file a legal proceeding, as provided below, the mediator will be disqualified as a witness, consultant, expert, or counsel for either party for the matter in dispute and any related matters. If Franchisee and Crave Cookies Franchising agree not to participate in mediation, then the matter may proceed to a legal suit as provided below.

(iii) Legal Proceeding. If the mediation has not resolved the matter successfully, or mediation is waived, either Franchisee or Crave Cookies Franchising may institute a legal suit, action, or proceeding, exclusively in the city and state of Crave Cookies Franchising's then-current headquarters, against the other party to enforce this Agreement or obtain any other remedy regarding any breach of this Agreement. The prevailing party in the suit, action, or proceeding is entitled to receive, and the non-prevailing party shall pay, in addition to all other remedies to which the prevailing party may be entitled, the costs and expenses incurred by the prevailing party in conducting the suit, action, or proceeding, including attorneys' fees and expenses and court costs, even if not recoverable by law, including, but not limited to, all fees, taxes, costs, and expenses incident to appellate and post-judgment proceedings.

(b) Exceptions to Mediation. Franchisee agrees that nothing in this Agreement requires Crave Cookies Franchising to mediate disputes related to any of the following: (1) the validity of Marks, trademarks, service marks, or other Intellectual Property; (2) rights to obtain a writ of attachment or other prejudgment remedies; or (3) Disputes solely for royalty fees or marketing fund contribution fees owed by one party to the other under this Agreement.

(c) Confidentiality. All documents, information, and results pertaining to any arbitration or lawsuit will be confidential, except as required by law or as required for Crave Cookies Franchising to comply with laws and regulations applicable to the sale of franchises.

(d) Performance During Mediation or Litigation. Unless this Agreement has been terminated, Crave Cookies Franchising and Franchisee will comply with this Agreement and perform their respective obligations under this Agreement during the mediation or litigation process.

**17.2 Damages.** In any controversy or claim arising out of or relating to this Agreement, each party waives, to the fullest extent permitted by law, any right to punitive, exemplary, incidental, indirect, special, consequential or other similar damages, including, but not limited to, loss of profits, against the other and agrees that, in the event of a Dispute between them, the party making a claim will be limited to equitable relief and to the recovery of actual damages sustained, without limiting Franchisee's obligation to indemnify Crave Cookies Franchising pursuant to this Agreement, or other monetary damages not measured by the prevailing party's actual damages, except damages expressly authorized by federal statute and damages expressly authorized by this Agreement.

**17.3 Waiver of Class Actions and Jury Trial.** The parties agree that any claims will be litigated or otherwise resolved on an individual basis, and waive any right to act on a class-wide basis. Each party irrevocably waives any right to a jury trial for disputes arising or related to this Agreement to the fullest extent permitted by law and hereby stipulate that any such trial will occur without a jury.

**17.4 Time Limitation.** Any legal action arising from or related to this Agreement must be instituted within two years from the date such party discovers the conduct or event that forms the basis of the legal action. The foregoing time limit does not apply to claims (i) by one party related to non-payment under this Agreement by the other party, (ii) for indemnity under Article 16, or (iii) related to unauthorized use of Confidential Information or the Marks.

**17.5 Venue.** The parties agree that any such Dispute and legal proceeding will be brought in the United States District Court where Crave Cookies Franchising's headquarters is then located. If there is no federal jurisdiction over the Dispute, the parties agree that any such legal proceeding will be brought in the court of record of the state and county where Crave Cookies Franchising's headquarters is then located. Each party consents to the jurisdiction of such courts and waives any objection that it, he or she may have to the laying of venue of any proceeding in any of these courts.

**17.6 Legal Costs.** In any legal proceeding, except mediation, related to this Agreement or any guaranty, the non-prevailing party shall pay the prevailing party's attorney fees, costs and other expenses of the legal proceeding. "Prevailing party" means the party, if any, which prevailed upon the central litigated issues and obtained substantial relief.

## ARTICLE 18. MISCELLANEOUS

**18.1 Relationship of the Parties.** The parties are independent contractors, and neither is the agent, partner, joint venturer, or employee of the other. Crave Cookies Franchising is not a fiduciary of Franchisee. Crave Cookies Franchising does not control or have the right to control Franchisee or its Business. Any required specifications and standards in this Agreement and in the System Standards exist to protect Crave Cookies Franchising's interest in the System and the Marks, and the goodwill established in them, and not for the purpose of establishing any control, or duty to take control, over the Business. Crave Cookies Franchising has no liability for Franchisee's obligations to any third party whatsoever.

**18.2 No Third-Party Beneficiaries.** This Agreement does not confer any rights or remedies upon any person or entity other than Franchisee, Crave Cookies Franchising, and Crave Cookies Franchising's affiliates.

**18.3 Entire Agreement.** This Agreement constitutes the entire agreement of the parties and supersedes all prior negotiations and representations. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Crave Cookies Franchising in its franchise disclosure document.

**18.4 Modification.** No modification or amendment of this Agreement will be effective unless it is in writing and signed by both parties. This provision does not limit Crave Cookies Franchising's rights to modify the Manual or System Standards.

**18.5 Consent; Waiver.** No consent under this Agreement, and no waiver of satisfaction of a condition or nonperformance of an obligation under this Agreement will be effective unless it is in writing and signed by the party granting the consent or waiver. No waiver by a party of any right will affect the party's rights as to any subsequent exercise of that right or any other right. No delay, forbearance or omission by a party to exercise any right will constitute a waiver of such right.

**18.6 Cumulative Remedies.** Rights and remedies under this Agreement are cumulative. No enforcement of a right or remedy precludes the enforcement of any other right or remedy.

**18.7 Severability.** The parties intend that (i) if any provision of this Agreement is held by an arbitrator or court to be unenforceable, then that provision be modified to the minimum extent necessary to make it enforceable, unless that modification is not permitted by law, in which case that provision will be disregarded, and (ii) if an unenforceable provision is modified or disregarded, then the rest of this Agreement will remain in effect as written.

**18.8 Governing Law.** The laws of the state of Utah (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Utah law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 18.8.

**18.9 Notices.** Any notice will be effective under this Agreement only if made in writing and delivered as set forth in this Section to: (A) if to Franchisee, addressed to Franchisee at the notice address set forth in the Summary Page; and (B) if to Crave Cookies Franchising, addressed to 2949 Oak Park Lane, Holladay, UT 84117. Any party may designate a new address for notices by giving notice of the new address pursuant to this Section. Notices will be effective upon receipt (or first rejection) and must be: (1) delivered personally; (2) sent by registered or certified U.S. mail with return receipt requested; or (3) sent via overnight courier. Notwithstanding the foregoing, Crave Cookies Franchising may amend the Manual, give binding notice of changes to System Standards, and deliver notices of default by electronic mail or other electronic communication.

**18.10 Holdover.** If Franchisee continues operating the Business after the expiration of the term without a renewal agreement or successor franchise agreement executed by the parties in

accordance with Section 3.2, then at any time (regardless of any course of dealing by the parties), Crave Cookies Franchising may by giving written notice to Franchisee (the “Holdover Notice”) either (i) require Franchisee to cease operating the Business and comply with all post-closing obligations effective immediately upon giving notice or effective on such other date as Crave Cookies Franchising specifies, or (ii) bind Franchisee to a renewal term of [\_\_\_\_] years, and deem Franchisee and its Owners to have made the general release of liability described in Section 3.2(vi).

**18.11 Joint and Several Liability.** If two or more people sign this Agreement as “Franchisee”, each will have joint and several liability.

**18.12 No Offer and Acceptance.** Delivery of a draft of this Agreement to Franchisee by Crave Cookies Franchising does not constitute an offer. This Agreement shall not be effective unless and until it is executed by both Franchisee and Crave Cookies Franchising.

#### ARTICLE 19. CERTIFICATION OF FRANCHISOR’S COMPLIANCE

By signing this Agreement, Franchisee acknowledges the following:

- (1) Franchisee understands all the information in Crave Cookies Franchising’s Disclosure Document.
- (2) Franchisee understands the success or failure of the Business will depend in large part upon Franchisee’s skills, abilities and efforts and those of the persons Franchisee employs, as well as many factors beyond Franchisee’s control such as weather, competition, interest rates, the economy, inflation, labor and supply costs, lease terms, and the marketplace.
- (3) That no person acting on Crave Cookies Franchising’s behalf made any statement or promise regarding the costs involved in operating a Crave Cookies franchise that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (4) That no person acting on Crave Cookies Franchising’s behalf made any claim or representation to Franchisee, orally, visually, or in writing, that contradicted the information in the Disclosure Document.
- (5) That no person acting on Crave Cookies Franchising’s behalf made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money Franchisee may earn, or the total amount of revenue a Crave Cookies franchise will generate, that is not in the Disclosure Document or that is contrary to, or different from, the information in the Disclosure Document.
- (6) That no person acting on Crave Cookies Franchising’s behalf made any statement or promise or agreement, other than those matters addressed in this Agreement, concerning advertising, marketing, media support, market penetration, training,

support service, or assistance that is contrary to, or different from, the information contained in the Disclosure Document.

- (7) Franchisee understands that this Agreement contains the entire agreement between Crave Cookies Franchising and Franchisee concerning the Crave Cookies franchise, which means that any oral or written statements not set out in this Agreement will not be binding. In deciding to enter into this Agreement, Franchisee is not relying on any statement, promise, claim, or representation not expressly set forth in this Agreement or in the Disclosure Document.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:

CRAVE COOKIES FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

\_\_\_\_\_

Name: \_\_\_\_\_

Date: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**Attachment 1 to Franchise Agreement**

**OWNERSHIP INFORMATION**

**1. Form of Ownership.** Franchisee is a (check one):

- Sole Proprietorship*
- Partnership*
- Limited Liability Company*
- Corporation*

State: \_\_\_\_\_

**2. Owners.** If Franchisee is a partnership, limited liability company or corporation:

Name	Shares or Percentage of Ownership

**3. Officers.** If Franchisee is a limited liability company or corporation:

Name	Title

**Attachment 2 to Franchise Agreement**

**LOCATION ACCEPTANCE LETTER**

To: \_\_\_\_\_

This Location Acceptance Letter is issued by Crave Cookies Franchising, LLC for your Crave Cookies franchise in accordance with Section 6.1 of the Franchise Agreement.

1. The Location of the Business is:

\_\_\_\_\_

2. The Territory of the Business is:

\_\_\_\_\_

CRAVE COOKIES FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

### Attachment 3 to Franchise Agreement

#### GUARANTY AND NON-COMPETE AGREEMENT

This Guaranty and Non-Compete Agreement (this “Guaranty”) is executed by the undersigned person(s) (each, a “Guarantor”) in favor of Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”).

**Background Statement:** \_\_\_\_\_ (“Franchisee”) desires to enter into a Franchise Agreement with Crave Cookies Franchising for the franchise of a Crave Cookies business (the “Franchise Agreement”; capitalized terms used but not defined in this Guaranty have the meanings given in the Franchise Agreement). Guarantor owns an equity interest in Franchisee. Guarantor is executing this Guaranty in order to induce Crave Cookies Franchising to enter into the Franchise Agreement.

Guarantor agrees as follows:

**1. Guaranty.** Guarantor hereby unconditionally guarantees to Crave Cookies Franchising and its successors and assigns that Franchisee shall pay and perform every undertaking, agreement and covenant set forth in the Franchise Agreement and further guarantees every other liability and obligation of Franchisee to Crave Cookies Franchising, whether or not contained in the Franchise Agreement. Guarantor shall render any payment or performance required under the Franchise Agreement or any other agreement between Franchisee and Crave Cookies Franchising upon demand from Crave Cookies Franchising. Guarantor waives (a) acceptance and notice of acceptance by Crave Cookies Franchising of this Guaranty; (b) notice of demand for payment of any indebtedness or nonperformance of any obligations of Franchisee; (c) protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed; (d) any right Guarantor may have to require that an action be brought against Franchisee or any other person or entity as a condition of liability hereunder; (e) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the execution of and performance under this Guaranty by the undersigned; (f) any law which requires that Crave Cookies Franchising make demand upon, assert claims against or collect from Franchisee or any other person or entity (including any other guarantor), foreclose any security interest, sell collateral, exhaust any remedies or take any other action against Franchisee or any other person or entity (including any other guarantor) prior to making any demand upon, collecting from or taking any action against the undersigned with respect to this Guaranty; and (g) any and all other notices and legal or equitable defenses to which Guarantor may be entitled.

**2. Confidential Information.** With respect to all Confidential Information Guarantor shall (a) adhere to all security procedures prescribed by Crave Cookies Franchising for maintaining confidentiality, (b) disclose such information to its employees only to the extent necessary for the operation of the Business; (c) not use any such information in any other business or in any manner not specifically authorized or approved in writing by Crave Cookies Franchising, (d) exercise the highest degree of diligence and make every effort to maintain the confidentiality of all such information during and after the term of the Franchise Agreement, (e) not copy or otherwise reproduce any Confidential Information, and (f) promptly report any unauthorized

disclosure or use of Confidential Information. Guarantor acknowledges that all Confidential Information is owned by Crave Cookies Franchising or its affiliates (except for Confidential Information which Crave Cookies Franchising licenses from another person or entity). Guarantor acknowledges that all customer data generated or obtained by Guarantor is Confidential Information belonging to Crave Cookies Franchising. This Section will survive the termination or expiration of the Franchise Agreement indefinitely.

### **3. Covenants Not to Compete.**

(a) Restriction - In Term. During the term of the Franchise Agreement, Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor.

(b) Restriction – Post Term. For two years after the Franchise Agreement expires or is terminated for any reason (or, if applicable, for two years after a Transfer by Guarantor), Guarantor shall not directly or indirectly have any ownership interest in, lend money or provide financial assistance to, provide any services to, or be employed by, any Competitor located within five miles of Franchisee’s Territory or the territory of any other Crave Cookies business operating on the date of termination or transfer, as applicable. If the Franchise Agreement is terminated before the Territory is determined, then the area of non-competition will be the Development Area and the territory of any other Crave Cookies business operating on the date of termination.

(c) Interpretation. Guarantor agrees that each of the foregoing covenants is independent of any other covenant or provision of this Guaranty or the Franchise Agreement. If all or any portion of the covenants in this Section is held to be unenforceable or unreasonable by any court or arbitrator, then the parties intend that the court or arbitrator modify such restriction to the extent reasonably necessary to protect the legitimate business interests of Crave Cookies Franchising. Guarantor agrees that the existence of any claim it or Franchisee may have against Crave Cookies Franchising shall not constitute a defense to the enforcement by Crave Cookies Franchising of the covenants of this Section. If Guarantor fails to comply with the obligations under this Section during the restrictive period, then the restrictive period will be extended an additional day for each day of noncompliance.

**4. Modification.** Guarantor agrees that Guarantor’s liability hereunder shall not be diminished, relieved or otherwise affected by (a) any amendment of the Franchise Agreement, (b) any extension of time, credit or other indulgence which Crave Cookies Franchising may from time- to-time grant to Franchisee or to any other person or entity, or (c) the acceptance of any partial payment or performance or the compromise or release of any claims.

**5. Governing Law; Dispute Resolution.** This Guaranty shall be governed by and construed in accordance with the laws of the state of Utah (without giving effect to its principles of conflicts of law). The parties agree that any Utah law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 6. The provisions of Article 17 (Dispute Resolution) of the Franchise Agreement apply to and are incorporated into this Guaranty as if fully set forth herein. Guarantor shall pay to Crave Cookies Franchising all costs incurred by

Crave Cookies Franchising (including reasonable attorney fees) in enforcing this Guaranty. If multiple Guarantors sign this Guaranty, each will have joint and several liability.

Agreed to by:

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

\_\_\_\_\_  
Name: \_\_\_\_\_

Address: \_\_\_\_\_  
\_\_\_\_\_

\_\_\_\_\_  
Date: \_\_\_\_\_

## Attachment 4 to Franchise Agreement

### **COMPLIANCE, VIOLATIONS AND FEES**

#### **Section 1. INITIAL WRITTEN NOTICE**

##### A. Identification of Infraction:

- I. Crave Cookies Franchising, LLC will identify the specific infraction.
- II. Reference the specific section of the franchise agreement or Brand Standards and Operations Manual that has been violated.
- III. Indicate the severity level of the infraction (Mild, Moderate, Severe).

##### B. Formal Written Notice:

- I. Crave Cookies Franchising, LLC will provide a formal written notice to the franchisee via email.
- II. The notice will detail the nature of the infraction.
- III. The notice will include the date and time the infraction was observed.

#### **Section 2. OPPORTUNITY FOR CORRECTION**

##### A. Timeframe for Correction:

- I. Crave Cookies Franchising, LLC will specify a reasonable timeframe for the franchisee to rectify the issue.
- II. The timeframe will be based on the severity of the infraction and outlined in the infraction tiers in the FDD and the Brand Standards and Operations Manual.
- III. Typical timeframes:
  - a. Mild Infractions: 7-14 days.
  - b. Moderate Infractions: 24 hours to 7 days.
  - c. Severe Infractions: Immediate to 24 hours.

##### B. Correction Guidelines:

- I. The written notice will include detailed instructions or guidelines on how to correct the infraction.
- II. Crave Cookies Franchising, LLC will offer resources and support, such as training sessions, to help the franchisee address the issue.

### **Section 3. FOLLOW-UP AND ESCALATION**

#### **A. Follow-Up Communication:**

- I. Crave Cookies Franchising, LLC will follow up with the franchisee within the specified correction time frame to verify if the issue has been rectified.
- II. Follow-up will include an inspection or review of submitted evidence (e.g., photos, reports).

#### **B. Escalation of Penalties:**

- I. If the infraction is not corrected within the specified timeframe, penalties will escalate according to the severity tier.
  - a. First Offense: Verbal warning or a formal written warning, documented in the franchisee's file.
  - b. Second Offense:
    - i. Mild Infraction: Official warning and mandatory review meeting.
    - ii. Moderate Infraction: Fine or suspension of certain privileges; mandatory training (online, virtual, or in-person) may be required.
    - iii. Severe Infraction: Immediate fine and mandatory meeting with corporate within 24 hours.
  - c. Third Offense:
    - i. Mild Infraction: Fine of \$100 and submission of a comprehensive improvement plan.
    - ii. Moderate Infraction: Fine of \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan. For maintaining a 4.5-star rating, mandatory hiring of a reputation management and improvement company.
    - iii. Severe Infraction: Fine of \$5,000 and consideration for termination of the franchise agreement.

### **Section 4. DOCUMENTATION**

Record Keeping: Crave Cookies Franchising, LLC will thoroughly document every step of the process, including warnings, communications, and the franchisee's responses.

## **Section 5. TERMINATION OF FRANCHISE AGREEMENT (LAST RESORT)**

- A. Clear Grounds: Crave Cookies Franchising, LLC will define specific, egregious violations that warrant immediate termination.
- B. Due Process: Crave Cookies Franchising, LLC will ensure a fair process is followed, including providing written notice and an opportunity for the franchisee to respond.
- C. Support for Transition: Crave Cookies Franchising, LLC will offer guidance and support to minimize disruption during the transition period.

## **Section 6. INFRACTIONS FOR EACH CATEGORY WITH PENALTIES**

### **A. MILD INFRACTIONS**

These are minor issues that typically do not significantly impact the overall brand or customer experience but still need to be addressed to maintain consistency and quality.

#### **I. Failure to Follow the Sales Script:**

- a. First Infraction: Notification and detailed feedback.
- b. Second Infraction: Official warning and mandatory review meeting.
- c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.

#### **II. Minor Cleanliness Issues:**

- a. First Infraction: Notification and detailed feedback.
- b. Second Infraction: Official warning and mandatory review meeting.
- c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.

#### **III. Failure to Reply to Google Reviews Within 72 Hours:**

- a. First Infraction: Notification and detailed feedback.
- b. Second Infraction: Official warning and mandatory review meeting.
- c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.

#### **IV. Improper Uniform or Apparel:**

- a. First Infraction: Notification and detailed feedback.
- b. Second Infraction: Official warning and mandatory review meeting.

- c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.

V. Inaccurate Menu Display:

- a. First Infraction: Notification and detailed feedback.
- b. Second Infraction: Official warning and mandatory review meeting.
- c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.

B. MODERATE INFRACTIONS

These issues are more serious and can affect the customer experience, operational efficiency, or brand consistency. They require prompt correction within 24 hours. Infractions reset every 60 days.

I. Repeated Minor Cleanliness Issues:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

II. Inconsistent Product Quality:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

III. Failure to Maintain a Minimum 4.5-Star Rating on Online Review Platforms:

- a. First Infraction: Immediate notification and requirement for correction within 30 days.
- b. Second Infraction: Comprehensive improvement plan required (if not improved above 4.5 stars within 30 day period).
- c. Third Infraction: Mandatory hiring of a reputation management and improvement company if not improved above 4.5 stars within 60 day period.

IV. Incorrect Use of Marketing Materials:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

V. Repeatedly Reporting Menu Items Unavailable:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

VI. Creating Unapproved Discounts and Promotions:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

VII. Unapproved Packaging Utilization:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

VIII. Failure to Submit Weekly Prep Pictures:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours,
- b. Second Infraction: Shutting off online ordering until pictures have been approved (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

IX: Required Training Not Completed:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours, training must be scheduled immediately
- b. Second Infraction: Fine: \$500 (if training has not been scheduled and completed in a 60-day period).
- c. Third Infraction: Fine: \$1,000 if training has not been completed in the 120 days from the first infraction. Store will be temporarily closed if training is not completed at this point. .

X. Editing Existing Menu:

- a. First Infraction: Immediate notification and 7 day permissions restriction
- b. Second Infraction: Fine: \$500 and 30 day permission restriction
- c. Third Infraction: Fine: \$1,000 and permanent permission restriction .

C. SEVERE INFRACTIONS

These are critical issues that can significantly harm the brand's reputation, customer trust, and operational integrity. They require immediate attention and come with substantial penalties.

I. Significant Health and Safety Violations:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

II. Sharing Unit Level Sales and Performance Information Outside the Franchise Organization:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

III. Non-Compliance with Legal and Regulatory Requirements:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.

- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

IV. Gross Mismanagement of Financial Reporting:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

V. Any Action Severely Damaging the Brand Reputation:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

VI. Carrying Non-Approved Menu Items:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

**EXHIBIT C**

**MULTI-UNIT DEVELOPMENT AGREEMENT**

This Multi-Unit Development Agreement (this “MUDA”) is made between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_ (“Franchisee”) on the Effective Date.

**Background Statement:** On the same day as they execute this MUDA, Crave Cookies Franchising and Franchisee have entered into a Franchise Agreement for the franchise of a Crave Cookies business (the “Franchise Agreement”; capitalized terms used but not defined in this MUDA have the meanings given in the Franchise Agreement). Crave Cookies Franchising and Franchisee desire that Franchisee develop multiple Crave Cookies businesses.

**1. Multi-Unit Commitment.**

(a) Development Schedule; Fee. Franchisee shall develop and open Crave Cookies businesses on the following schedule:

<b>Store #</b>	<b>Territories for Opening</b>	<b>Opening Deadline</b>	<b>Initial Franchise Fee</b>
1			\$39,500
2			
3			
4			
5			
Total Initial Franchise Fee:			\$

(b) Payment. Upon execution of this MUDA, Franchisee shall pay the total Initial Franchise Fee to Crave Cookies Franchising for the first location. Each additional location listed on the MUDA can be reserved with a deposit of \$5000 with balance owing at the time of lease signing. The Initial Franchise Fee and deposits are non-refundable.

**2. Form of Agreement.** For Store #1, Franchisee and Crave Cookies Franchising have executed the Franchise Agreement simultaneously with this MUDA. For each additional Crave Cookies franchise, Franchisee shall execute Crave Cookies Franchising’s then-current standard form of franchise agreement no later than three business days after Franchisee leases or acquires a location. This MUDA does not give Franchisee the right to construct, open, or operate a Crave Cookies business, and Franchisee acknowledges that Franchisee may construct, open, and operate each Crave Cookies business only pursuant to a separate franchise agreement executed pursuant to this MUDA for each such Crave Cookies business.

**3. Development Area.** Franchisee shall locate the first location in the Development Area indicated on the Summary Page of this Franchise Agreement. Subsequent areas may be opened in any order so long as each Opening Deadline is met in order. Franchisee acknowledges that it does not have exclusive rights to develop, open or operate Crave Cookies businesses in the Development Area.

**4. Default and Termination.** The MUDA is automatically terminated without opportunity for Franchisee to cure, if any of the following occur:

- (i) Franchisee fails to satisfy the development schedule; or
- (ii) Crave Cookies Franchising has the right to terminate any franchise agreement between Crave Cookies Franchising and Franchisee (or any affiliate thereof) due to Franchisee's default thereunder (whether or not Crave Cookies Franchising actually terminates such franchise agreement).
- (iii) Initial location may be modified by Addendum to the Franchise Agreement.
- (iii) Crave Cookies Franchising has the right to extend opening deadlines.

**5. Limitation of Liability.** Franchisee's commitment to develop Crave Cookies businesses is in the nature of an option only. If Crave Cookies Franchising terminates this MUDA for Franchisee's default, Franchisee shall not be liable to Crave Cookies Franchising for lost future revenues or profits from the unopened Crave Cookies businesses. Franchisee may terminate this MUDA at any time.

**6. Conditions.** Franchisee's right to develop each Crave Cookies franchise after the Store #1 is subject to the following:

- (i) Franchisee must possess sufficient financial and organizational capacity to develop, open, operate, and manage each additional Crave Cookies business, in the reasonable judgment of Crave Cookies Franchising, and
- (ii) Franchisee must be in full compliance with all brand requirements at its open Crave Cookies businesses, and not in default under any Franchise Agreement or any other agreement with Crave Cookies Franchising.

**7. Dispute Resolution; Miscellaneous.** The laws of the State of Utah (without giving effect to its principles of conflicts of law) govern all adversarial proceedings between the parties. The parties agree that any Utah law for the protection of franchisees or business opportunity purchasers will not apply unless its jurisdictional requirements are met independently without reference to this Section 7. Franchisee shall not Transfer this MUDA without the prior written consent of Crave Cookies Franchising, and any Transfer without Crave Cookies Franchising's prior written consent shall be void. The provisions of Article 17 (Dispute Resolution) and Article 18 (Miscellaneous) of the Franchise Agreement apply to and are incorporated into this MUDA as if fully set forth herein.

**8. Entire Agreement Clause.** This Agreement and all related agreements executed simultaneously with this Agreement constitute the entire understanding of the parties and supersede any and all prior oral or written agreements between you and us on the matters contained in this Agreement; but nothing in this or any related agreement is intended to disclaim the representations we made in the latest franchise disclosure document that we furnished to you.

Agreed to by:

FRANCHISOR:

CRAVE COOKIES FRANCHISING, LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

FRANCHISEE:

*[if an individual:]*

\_\_\_\_\_  
Name: \_\_\_\_\_

*[if an entity:]*

\_\_\_\_\_  
By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT D**

**OPTION A: RIDER TO LEASE AGREEMENT**

Landlord: \_\_\_\_\_  
Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_

Franchisor: Crave Cookies Franchising, LLC  
Notice Address: 2949 Oak Park Lane,  
Holladay, UT 84117  
Telephone: 801-703-4532

Tenant: \_\_\_\_\_

Leased Premises: \_\_\_\_\_

This Franchisor Rider is incorporated into and made a part of the Lease to which it is attached. In the event of any conflict between the Lease and this Franchisor Rider, the terms and conditions of this Franchisor Rider shall control. Landlord and Tenant hereby agree as follows:

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Crave Cookies business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default. Franchisor’s notice address is as follows:

Crave Cookies Franchising, LLC  
2949 Oak Park Lane  
Holladay, UT 84117

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease pursuant to the terms and conditions of Article XIII of the Lease.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant's business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant's right of possession of the Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal. Franchisor's rights under this Section 7 shall expire 30 days after the date it receives notice from Landlord that Tenant's right of possession of the Premises has terminated.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

9. Third Party Beneficiary. Franchisor shall be a third-party beneficiary of this Franchisor Rider with the right to enforce the terms herein against Landlord and Tenant.

**OPTION B: RIDER TO LEASE AGREEMENT**

Landlord: \_\_\_\_\_  
Notice Address: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_  
Telephone: \_\_\_\_\_  
  
Tenant: \_\_\_\_\_

Franchisor: Crave Cookies Franchising, LLC  
Notice Address: 2949 Oak Park Lane,  
Holladay, UT 84117  
Telephone: 801-703-4532

Leased Premises: \_\_\_\_\_

1. Use. Tenant is a franchisee of Franchisor. The Leased Premises shall be used only for the operation of a Crave Cookies business (or any name authorized by Franchisor).

2. Notice of Default and Opportunity to Cure. Landlord shall provide Franchisor with copies of any written notice of default (“Default”) given to Tenant under the Lease, and Landlord grants to Franchisor the option (but not the obligation) to cure any Default under the Lease (should Tenant fail to do so) within 10 days after the expiration of the period in which Tenant may cure the Default.

3. Termination of Lease. Landlord shall copy Franchisor on any notice of termination of the Lease. If Landlord terminates the Lease for Tenant’s Default, Franchisor shall have the option to enter into a new Lease with Landlord on the same terms and conditions as the terminated Lease. To exercise this option, Franchisor must notify Landlord within 15 days after Franchisor receives notice of the termination of the Lease.

4. Termination of Franchise Agreement. If the Franchise Agreement between Franchisor and Tenant is terminated during the term of the Lease, then upon the written request of Franchisor, Tenant shall assign the Lease to Franchisor. Landlord hereby consents to the assignment of the Lease to Franchisor.

5. Assignment and Subletting. Notwithstanding any provision of the Lease to the contrary, Tenant shall have the right to assign or sublet the Lease to Franchisor, provided that no such assignment or sublease shall relieve Tenant or any guarantor of liability under the Lease. If Franchisor becomes the lessee of the Leased Premises, then Franchisor shall have the right to assign or sublease its lease to a franchisee of the Crave Cookies brand. Any provision of the Lease which limits Tenant’s right to own or operate other Crave Cookies outlets in proximity to the Leased Premises shall not apply to Franchisor.

6. Authorization. Tenant authorizes Landlord and Franchisor to communicate directly with each other about Tenant and Tenant’s business.

7. Right to Enter. Upon the expiration or termination of the Franchise Agreement or the Lease, or the termination of Tenant’s right of possession of the Leased Premises, Franchisor or its designee may, after giving reasonable prior notice to Landlord, enter the Leased Premises

to remove signs and other material bearing Franchisor's brand name, trademarks, and commercial symbols, provided that Franchisor will be liable to Landlord for any damage Franchisor or its designee causes by such removal.

8. No Liability. By executing this Rider, Franchisor does not assume any liability with respect to the Leased Premises or any obligation as Tenant under the Lease.

Executed by:

LANDLORD:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

TENANT:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISOR:

CRAVE COOKIES FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## EXHIBIT E

### FORM OF GENERAL RELEASE

*[This is our current standard form of General Release. This document is not signed when you purchase a franchise. In circumstances such as a renewal of your franchise or as a condition of our approval of a sale of your franchise, we may require you to sign a general release.]*

This General Release (“Release”) is executed by the undersigned (“Releasor”) in favor of Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”).

**Background Statement:** *[describe circumstances of Release]*

Releasor agrees as follows:

- 1. Release.** Releasor (on behalf of itself and its parents, subsidiaries and affiliates and their respective past and present officers, directors, shareholders, managers, members, partners, agents, and employees (collectively, the “Releasing Parties”)) hereby releases Crave Cookies Franchising, its affiliates, and their respective directors, officers, shareholders, employees, and agents (collectively, the “Released Parties”) from any and all claims, causes of action, suits, debts, agreements, promises, demands, liabilities, contractual rights and/or obligations, of whatever nature, known or unknown, which any Releasing Party now has or ever had against any Released Party based upon and/or arising out of events that occurred through the date hereof, including without limitation, anything arising out of the Franchise Agreement (collectively, “Claims”).
- 2. Covenant Not to Sue.** Releasor (on behalf of all Releasing Parties) covenants not to initiate, prosecute, encourage, assist, or (except as required by law) participate in any civil, criminal, or administrative proceeding or investigation in any court, agency, or other forum, either affirmatively or by way of cross-claim, defense, or counterclaim, against any Released Party with respect to any Claim.
- 3. Representations and Acknowledgments.** Releasor represents and warrants that: (i) Releasor is the sole owner of all Claims, and that no Releasing Party has assigned or transferred, or purported to assign or transfer, to any person or entity, any Claim; (ii) Releasor has full power and authority to sign this Release; and (iii) this Release has been voluntarily and knowingly signed after Releasor has had the opportunity to consult with counsel of Releasor’s choice. Releasor acknowledges that the release in Section 1 is a complete defense to any Claim.
- 4. Miscellaneous.** If any of the provisions of this Release are held invalid for any reason, the remainder of this Release will not be affected and will remain in full force and effect. In the event of any dispute concerning this Release, the dispute resolution, governing law, and venue provisions of the Franchise Agreement shall apply. Releasor agrees to take any actions and sign any documents that Crave Cookies Franchising reasonably requests to effectuate the purposes of this Release. This Release contains the entire agreement of the parties concerning the subject

matter hereof. This Release shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

**5. The State of Washington.** This general release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

Agreed to by:

\_\_\_\_\_  
Name: \_\_\_\_\_  
Date: \_\_\_\_\_

**EXHIBIT F**

**FINANCIAL STATEMENTS**

AUDITED FINANCIAL STATEMENTS FOR 2024, 2023, AND 2022 (TOGETHER WITH  
INDEPENDENT AUDITOR'S REPORT)

During 2024, the Company had total revenues of \$2,413,050 of which \$1,277,704 are considered deferred until the company fulfills its obligations.

# **Crave Cookies Franchising, LLC**

**Financial Statements**

---

**As of December 31, 2024  
and for the Year Then Ended**

**Together with Independent Accountants' Audit Report**

**Crave Cookies Franchising, LLC**

**Index to Financial Statements**

---

	<b>Page</b>
<b>Independent Accountants' Audit Report .....</b>	<b>2</b>
<b>Balance Sheet .....</b>	<b>4</b>
<b>Statement of Operations .....</b>	<b>5</b>
<b>Statement of Members' Deficit .....</b>	<b>6</b>
<b>Statement of Cash Flows .....</b>	<b>7</b>
<b>Notes to Financial Statements .....</b>	<b>8</b>



## MELLOR & ASSOCIATES.

668 E 12225 S # 104

Draper, UT 84020

Phone: 801-750-0805

Fax: 801-326-4730

### **Independent Accountants' Audit Report**

Crave Cookies Franchising, LLC  
Holladay, Utah

#### **To the Members of Crave Cookies Franchising, LLC:**

##### **Opinion**

We have audited the financial statements of Crave Cookies Franchising, LLC, which comprise the balance sheet as of December 31, 2024, and the related statements of income, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Crave Cookies Franchising, LLC as of December 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

##### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Crave Cookies Franchising, LLC, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

##### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Crave Cookies Franchising, LLC's ability to continue as a going concern for one year after the date that the financial statements are issued.

### **Auditors' Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Crave Cookies Franchising, LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Crave Cookies Franchising, LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

*Mellor and Associates*

**Mellor and Associates, PLLC**  
Draper, Utah  
April 30, 2025

## Crave Cookies Franchising, LLC

### Balance Sheet As of December 31, 2024

#### **ASSETS**

Current assets:	
Cash	\$ 218,223
Contract receivables	63,376
Inventory	2,923
Related party receivable	<u>21,919</u>
Total current assets	306,441
Property and equipment, net	18,612
Right of use assets	<u>8,014</u>
Total assets	<u>\$ 333,067</u>

#### **LIABILITIES AND MEMBER'S EQUITY**

Current liabilities:	
Accounts payable	\$ 65,405
Accrued liabilities	38,513
Related party payable	99,435
Contract liabilities - current portion	249,005
Lease liabilities - current portion	<u>6,664</u>
Total current liabilities	459,022
Long-term liabilities:	
Contract liabilities	<u>1,028,699</u>
Total long-term liabilities	1,028,699
Total liabilities	<u>1,487,721</u>
Members' deficit	(1,154,654)
Total liabilities and members' deficit	<u>\$ 333,067</u>

See accompanying notes and independent accountants' audit report

**Crave Cookies Franchising, LLC**

**Statement of Operations**  
**For the years ended December 31, 2024**

---

Revenues	
Royalties	\$ 753,709
Franchise fees	736,428
Brand product sales	632,828
Marketing fees	290,085
Total revenues	<u>2,413,050</u>
Cost of revenues	<u>1,294,402</u>
Gross margin (loss)	1,118,648
General and administrative expenses	
Payroll	553,880
Professional Fees	291,766
Computers and software	71,257
Meals and travel	62,321
Office expenses	24,431
Depreciation	10,746
Vehicles	7,683
Utilities	6,414
Lease expense	3,728
Repairs and Maintenance	1,336
Total general and administrative expenses	<u>1,033,562</u>
Net income	<u>\$ 85,086</u>

See accompanying notes and independent accountants' audit report

**Crave Cookies Franchising, LLC**

**Statement of Members' Deficit  
For the year ended December 31, 2024**

---

Deficit balance as of December 31, 2023	\$	(973,288)
Member draws		(266,452)
Net income		<u>85,086</u>
Deficit balance as of December 31, 2024	\$	(1,154,654)

See accompanying notes and independent accountants' audit report

## Crave Cookies Franchising, LLC

### Statements of Cash Flows As of December 31, 2024

<b>Cash flows from operating activities:</b>	
Net income	\$ 85,086
Adjustments to reconcile net income (loss) to net cash provided (used) by operating activities:	
Depreciation	10,746
(Increase) decrease in:	
Receivables	36,623
Inventory	10,994
Prepaid expenses	1,375
Accounts payable	(100,231)
Accrued expenses	12,156
Contract liabilities	(1,437)
Lease liabilities	(6,625)
Credit cards payable	14,474
Net cash provided by operating activities	<u>68,436</u>
<b>Cash flows from investing activities:</b>	
Related party receivable	(21,919)
Related party payable	49,515
Purchase of property and equipment	(1,983)
Adjustment to beginning member's deficit	<u>211,024</u>
Net cash provided by investing activities	<u>236,637</u>
<b>Cash flows from financing activities:</b>	
Net cash used by financing activities	<u>(266,452)</u>
Net increase in cash	38,621
Cash at beginning of the year	<u>179,602</u>
Cash at end of year	<u>\$ 218,223</u>

See accompanying notes and independent accountants' audit report

## Crave Cookies Franchising, LLC

### Notes to the Financial Statements

---

#### Note 1 - Organization and Summary of Significant Accounting Policies

**Organization** - Crave Cookies Franchising, LLC (the Company) formed on February 15, 2021 under the laws of the state of Utah as a Utah corporation.

The Company is a franchise company for Crave Cookies locations. The Company grants franchisees the right to operate a physical storefront location using the Crave Cookies name and marks.

**Use of estimates** - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**Concentrations of Credit Risk** - Financial instruments which potentially subject the Company to concentration of credit risk consist primarily of receivables. In the normal course of business, the Company provides credit terms to its customers. Accordingly, the Company performs ongoing credit evaluations of its customers and maintains allowances for possible losses which, when realized, have been within the range of management's expectations.

The Company maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk with respect to cash and cash equivalents. As of December 31, 2024 the Company did not have cash balances over the federally insured limit.

**Cash and Cash Equivalents** - For purposes of the statement of cash flows, the Company considers all short-term investments with an original maturity of three months or less to be cash equivalents.

**Contract receivables** - accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of December 31, 2024, there was no allowance for credit losses recorded.

Generally, the Company does not charge interest on past due accounts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. During the year ended December 31, 2024, there was no credit loss expense related to doubtful accounts receivable, where collectability was not reasonably assured.

**Inventory** - inventory consist of cookie boxes. Inventories are stated at the lower of cost or net realizable value. Costs of cookie boxes are determined using the first-in, first-out (FIFO) method.

**Related party note receivable** - related party notes receivable represents amounts due from a related party for operating expenses and other fees that the Company paid on behalf of the related party. The terms of the note are non-interest bearing and due on demand. The related party is owned 100% by the owners of the Company.

See independent accountants' audit report

## Crave Cookies Franchising, LLC

### Notes to the Financial Statements

---

#### Note 1 - Organization and Summary of Significant Accounting Policies (continued)

**Property and equipment** - Property and Equipment - property and equipment is stated at cost. Depreciation expense is calculated on the straight-line method in an amount sufficient to write off the cost of depreciable assets over their estimated useful lives, ranging from three to five years.

Normal maintenance and repair are charged to costs and expenses as incurred. The cost and accumulated depreciation of property and equipment sold or otherwise retired are removed from the accounts and gain or loss on disposition is reflected in the net income in the period of disposition.

**Contract liabilities** - contract liabilities represent the Company's obligation to transfer goods or services to a customer when consideration has been received from the customer. These consist of deferred franchise fee revenues on the balance sheet.

**Related party note payable** - related party note payable represents amounts due to a related party for operating expenses and other fees that were paid on behalf of the Company. The terms of the note are non-interest bearing and due on demand. The related party is owned 100% by the owners of the Company.

**Revenue recognition** - revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. A portion of the proceeds from the sale of franchises is recognized as revenue when the Company has performed substantially all services for the franchise as stipulated in the franchise agreement, generally at completion of new franchise training and the start of business by the franchise. The remaining portion is recognized as revenue over the expected life of the franchise agreement. The Company generally requires that the entire franchise fee be paid upon execution of the franchise agreement and consequently recognizes deferred revenue until certain revenue recognition criteria have been met.

**Limited Liability Company Tax Status** - the Company, with the consent of its members, has elected under the Internal Revenue Code (IRC) to be taxed as a limited liability company. In lieu of income taxes, the members are taxed on the Company's taxable income. Therefore, no provision or liability for income taxes has been included in the financial statements.

The Company considers many factors when evaluating and estimating its tax positions and tax benefits. Tax positions are recognized only when it is more likely than not (likelihood of greater than 50%), based on technical merits, that the positions will be sustained upon examination. Reserves are established if it is believed certain positions may be challenged and potentially disallowed. If facts and circumstances change, reserves are adjusted through the provision for income taxes. The Company recognizes interest expense and penalties related to unrecognized tax benefits in the provision for income taxes.

**Advertising expenses** - the Company recorded advertising expenses for the franchisees of approximately \$492,712 in 2024. Advertising expenses are included in the cost of revenues on the statement of operations.

See independent accountants' audit report

## Crave Cookies Franchising, LLC

### Notes to the Financial Statements

---

#### Note 2 - Revenue from Contracts with Franchisees

**Performance Obligations** - The Company derives its revenues principally from three main sources: franchise fees and royalties, service sales, and product sales.

The Company determines the amount of revenue to be recognized in the revenue stream through the application of the following five-step model:

- 1) Identification of the contract, or contracts with the customer;
- 2) Identification of the performance obligations in the contract;
- 3) Determination of the transaction price;
- 4) Allocation of the transaction price to the performance obligations in the contract; and
- 5) Recognition of revenue when or as the Company satisfies the performance obligations

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring distinct goods or providing services to customers.

As a franchisor, the Company's principal business is to sell franchises and continuing fees to provide managed assistance of those franchises. Franchise rights may be granted through a franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements require that the franchisee remit continuing royalty and marketing fees to the Company based on the monthly revenues of the franchisees. The franchise agreements also require certain, upfront franchise fees such as initial fees paid upon opening of a franchise. The Company recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when pre-opening services are provided to a customer to enable them to direct the use and obtain the benefit of the franchise, with the remaining portion being recognized over the life of the contract.

The Company also sells products and services to customers. Sales to customers typically include products or equipment. The Company's performance obligation under these sales is to deliver products or equipment to customers and revenue is recognized at that point. The timing and amount of revenue recognized related to these revenues was not impacted by the adoption of Topic 606.

For the franchise fees, the Company has determined that the services they provide in exchange for upfront franchise fees, which primarily relate to pre-opening training and other services, are individually distinct from the ongoing services they provide to their franchisees. As a result, these pre-opening are recognized upon the franchise opening, and completion of the related training. The pre-opening fees that are recognized upon the franchise opening are generally 80% of the initial franchise fee. The remaining portion of the upfront franchise fees are recognized as revenue over the expected life of the franchise agreement, which is generally 10 years. If a franchise location closes before this estimated 10-year life, the Company recognizes the remaining unearned revenue and deferred costs into income at the time the location closes. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's right to use and benefit from the intellectual property. Franchise fees that are collected prior to the location opening are considered contract liabilities (also known as deferred revenue) and are recognized as income when the franchise location opens.

See independent accountants' audit report

## Crave Cookies Franchising, LLC

### Notes to the Financial Statements

#### Note 2 - Revenue from Contracts with Franchisees (continued)

During the year ended December 31, 2024, the Company recognized franchising fees of \$710,776. Franchisee deposits in amount of \$1,277,049 have been deferred until the revenue recognition requirements of generally accepted accounting principles have been met.

Revenues from continuing fees, including royalties, marketing fees and upfront franchise fees. The Company receives a monthly royalty fee equal to 6% and monthly marketing fee equal to 2% of the franchisees weekly gross sales due the following Tuesday. These royalty payments are considered to be variable consideration; however, the Company relies on a narrow exception to the variable consideration criteria where there is a sales-based or usage-based royalty and marketing. Under this exception, the Company recognizes revenue for sales-based royalty and marketing revenue on a monthly basis based on sales reports by their franchisees.

#### Note 3 - Accrued Liabilities

Accrued liabilities consisted of the following as of December 31, 2024:

Accrued payroll and related taxes	\$	12,156
Credit card liabilities		26,357
Total accrued liabilities	\$	38,513

#### Note 4 - Property and Equipment

Property and equipment consisted of the following as of December 31, 2024:

Equipment	\$	42,187
Less Accumulated Depreciation		(23,575)
Property and equipment, net	\$	18,612

Depreciation expense recognized during the year totaled \$10,746.

#### Note 5 - Related Party Receivables and Payables

During the year, the Company performs services for other entities that have common ownership with the Company. Other related entities also perform various services for the Company during the year. As of the year ended December 31, 2024, a break-out of the related payables and receivables are as follows:

Crave Draper, LLC	\$	20,919
Crave Cookies, LLC		1,000
Total related party receivables	\$	21,919
Crave Midvale, LLC	\$	99,435
Total related party payables	\$	99,435

See independent accountants' audit report

## Crave Cookies Franchising, LLC

### Notes to the Financial Statements

---

#### **Note 6 - Prior Period Adjustment**

During the current year audit, the Company found a revenue amount that was excluded in error. The net affect of the entry to true up the prior year's financials was to adjust the 2024 retained earnings balance by \$211,024. The affect of this entry as it relates to the prior year has not been evaluated.

#### **Note 7 - Significant Estimates**

The Company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

#### **Note 8 - Pending or Threatened Litigation**

From time to time the Company is subject to lawsuits. The Company is prepared to rigorously defend itself against any such litigation. As of December 31, 2024, the Company did not have any ongoing or threatened litigation.

Due to periodic disagreements with franchisees, the Company enters into arbitration proceedings to resolve the various matters. As of December 31, 2024, the Company was in arbitration with a franchisee. While the Company believes it will receive a favorable outcome, the potential outcome has not been evaluated and is not reflected on these financial statements.

#### **Note 9 - Subsequent Events**

Subsequent events have been evaluated through April 30, 2025, which is the date the financial statements were available to be issued.

See independent accountants' audit report



# **Crave Cookies Franchising, LLC**

## **Independent Auditor's Report and Financial Statements**

December 31, 2023 and 2022





250 E. 200 S., Suite 1200 / Salt Lake City, UT 84111

P 801.531.9100 / F 801.531.9147

[forvis.com](http://forvis.com)

## **Independent Auditor's Report**

Members and Management  
Crave Cookies Franchising, LLC  
Riverton, Utah

### ***Opinion***

We have audited the financial statements of Crave Cookies Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2023 and 2022, and the related statements of operations, members' deficit, and cash flows for the years ended December 31, 2023 and 2022, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2023 and 2022, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Basis for Opinion***

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**FORVIS, LLP**

Salt Lake City, Utah  
May 30, 2024

**Crave Cookies Franchising, LLC**  
**Statements of Operations**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Revenues</b>		
Initial franchise fees	\$ 452,192	\$ 412,792
Product sales	422,243	136,327
Royalties	321,462	110,296
Marketing fees	<u>103,694</u>	<u>33,128</u>
Total revenues	<u>1,299,591</u>	<u>692,543</u>
<b>Cost of Goods Sold</b>	<u>333,238</u>	<u>226,382</u>
<b>Gross Profit</b>	<u>966,353</u>	<u>466,161</u>
<b>Operating Expenses</b>		
Selling, general and administrative	1,403,217	545,997
Deprecation expense	<u>7,844</u>	<u>4,584</u>
Total operating expenses	<u>1,411,061</u>	<u>550,581</u>
<b>Net Loss</b>	<u>\$ (444,708)</u>	<u>\$ (84,420)</u>

See Notes to Financial Statements

4

**Crave Cookies Franchising, LLC  
Statements of Members' Deficit  
Years Ended December 31, 2023 and 2022**

---

<b>Balance, January 1, 2022</b>	<b>\$</b>	<b>(177,601)</b>
Owner distributions		(178,454)
Net loss		<u>(84,420)</u>
<b>Balance, December 31, 2022</b>		<b><u>(440,475)</u></b>
Owner distributions		(299,129)
Net loss		<u>(444,708)</u>
<b>Balance, December 31, 2023</b>	<b>\$</b>	<b><u>(1,184,312)</u></b>

See Notes to Financial Statements

5

**Crave Cookies Franchising, LLC**  
**Statements of Cash Flows**  
**Years Ended December 31, 2023 and 2022**

	<u>2023</u>	<u>2022</u>
<b>Operating Activities</b>		
Net loss	\$ (444,708)	\$ (84,420)
Items not requiring (providing) cash		
Depreciation	7,844	4,584
Non-cash operating lease expense	9,987	8,042
Provision for credit losses on accounts receivable	5,000	-
Changes in		
Accounts receivable	(87,392)	(17,607)
Inventory	(6,721)	14,319
Prepaid expenses	31,830	(33,205)
Contract assets	-	44,595
Accounts payable and accrued expenses	118,529	32,788
Lease liability	(10,310)	(7,719)
Contract liabilities	624,470	324,252
Net cash provided by operating activities	<u>248,529</u>	<u>285,629</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(16,931)	(16,064)
Repayments on related-party note	113,332	170,400
Borrowings on related-party note	(47,416)	(114,471)
Net cash provided by investing activities	<u>48,985</u>	<u>39,865</u>
<b>Financing Activity</b>		
Owners distributions	(299,129)	(178,454)
Net cash used in financing activity	<u>(299,129)</u>	<u>(178,454)</u>
<b>Change in Cash</b>	(1,615)	147,040
<b>Cash, Beginning of Year</b>	<u>181,217</u>	<u>34,177</u>
<b>Cash, End of Year</b>	<u>\$ 179,602</u>	<u>\$ 181,217</u>
<b>Non-cash Supplemental Cash Flow Information</b>		
Accrued expense converted into a note receivable - related party	\$ -	\$ 9,026
Right-of-use assets obtained in exchange for new operating lease liabilities	\$ 19,560	\$ -

See Notes to Financial Statements

6

**Note 1. Nature of Operations and Summary of Significant Accounting Policies**

***Nature of Operations***

Crave Cookies Franchising, LLC (the Company) formed on February 15, 2021 under the laws of the state of Utah as a Utah corporation.

The Company is a franchise company for Crave Cookies locations. The Company grants franchisees the right to operate a physical storefront location using the Crave Cookies name and marks.

***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

***Accounts Receivable***

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive. The Company provides an allowance for credit losses, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of December 31, 2023 and 2022, there was no allowance for credit losses recorded.

Generally, the Company does not charge interest on past due accounts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. During the years ended December 31, 2023 and 2022, credit loss expense related to doubtful accounts receivable, where collectability is not reasonably assured, was \$5,000 and \$0, respectively.

***Inventories***

Inventories consist of cookie boxes. Inventories are stated at the lower of cost or net realizable value. Costs of cookie boxes are determined using the first-in, first-out (FIFO) method.

***Notes Receivable – Related Party***

Notes receivable represent amounts due from a related party for operating expenses and other fees that the Company paid on behalf of the related party. The terms of the note are non-interest bearing and due on demand. The related party is owned 100% by the owners of the Company.

***Prepaid Expenses***

Prepaid expenses include prepayment for subscriptions and other prepaid expenses.

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

---

***Property and Equipment***

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset.

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Equipment	3-5 years
-----------	-----------

***Long-Lived Asset Impairment***

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the years ended December 31, 2023 or 2022.

***Contract Assets***

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. These consist of franchise commissions and supplies.

***Contract Liabilities***

Contract liabilities represent the Company's obligation to transfer goods or services to a customer when consideration has already been received from the customer. These consist of deferred franchise fee revenues on the balance sheets.

***Notes Payable – Related Party***

Notes payable represent amounts owed to a related party for operating expenses and other fees that the Company received from the related party. The terms of the note are non-interest bearing and due on demand. The related party is owned 100% by the owners of the Company.

***Revenue Recognition***

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. A portion of the proceeds from the sale of franchises is recognized as revenue when the Company has performed substantially all services for the franchise as stipulated in the franchise agreement, generally at completion of new franchise training and the start of business by the franchise. The remaining portion is recognized as revenue over the expected life of the franchise agreement. The Company generally requires that the entire franchise fee be paid upon execution of the franchise agreement and consequently recognizes deferred revenue until certain revenue recognition criteria have been met.

See Note 2 for additional information about the Company's revenue.

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

---

***Income Taxes***

The Company's members have elected to have the Company's income taxed as a limited liability company under provisions of the Internal Revenue Code. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

***Change in Accounting Principle***

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instrument – Credit Losses (Topic 326), Measurement of Credit Losses on Financial Instruments*, related to the impairment of financial instruments. This guidance, commonly referred to as current expected credit loss (CECL), changes impairment recognition to a model that is based on expected losses rather than incurred losses. The measurement of expected credit losses under the CECL methodology is applicable to financial assets measured at amortized cost, including trade receivables.

Adoption of the standard did not have significant impact on the financial statements.

***Advertising Expenses***

The Company recorded advertising expenses for the franchisees of approximately \$477,000 and \$150,000 in 2023 and 2022, respectively. Advertising expenses are included in selling, general and administrative expenses on the statements of operations.

**Note 2. Revenue from Contracts with Customers**

***Performance Obligations***

The Company derives its revenues principally from three main sources: 1) franchise fees and royalties, 2) service sales, and 3) product sales.

The Company determines the amount of revenue to be recognized in the revenue stream through the application of the following five-step model:

- Identification of the contract, or contracts with the customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfies the performance obligations

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring distinct goods or providing services to customers.

As a franchisor, the Company's principal business is to sell franchises and continuing fees to provide managed assistance of those franchisees. Franchise rights may be granted through a franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements require that the franchisee remit continuing/royalty fees to the Company based on the monthly revenues of the franchisees. The franchise agreements also require certain, upfront franchise fees such as initial fees paid upon opening of a franchise. The Company recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when pre-opening services are provided to a customer to enable them to direct the use and obtain the benefit of the franchise, with the remaining portion being recognized over the life of the contract.

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

The Company also sells products and services to customers. Sales to customers typically include products or equipment. The Company's performance obligation under these sales is to deliver products or equipment to customers and revenue is recognized at that point. The timing and amount of revenue recognized related to these revenues was not impacted by the adoption of Topic 606.

For the franchise fees, the Company has determined that the services they provide in exchange for upfront franchise fees, which primarily relate to pre-opening training and other services, are individually distinct from the ongoing services they provide to their franchisees. As a result, these pre-opening are recognized upon the franchise opening, and completion of the related training. The pre-opening fees that are recognized upon the franchise opening are generally approximately 80% of the initial franchise fee. The remaining portion of the upfront franchise fees are recognized as revenue over the expected life of the franchise agreement, which is generally 10 years. If a franchise location closes before this estimated 10-year life, the Company recognizes the remaining unearned revenue and deferred costs into income at the time the location closes. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's right to use and benefit from the intellectual property. Franchise fees that are collected prior to the location opening are considered contract liabilities (also known as deferred revenue) and are recognized as income when the franchise location opens.

Revenues from continuing fees, including royalties, marketing fees and upfront franchise fees. The Company receives a monthly royalty fee equal to 6% and monthly marketing fee equal to 2% of the franchisees weekly gross sales due the following Tuesday. These royalty payments are considered to be variable consideration; however, the Company relies on a narrow exception to the variable consideration criteria where there is a sales-based or usage-based royalty and marketing. Under this exception, the Company recognizes revenue for sales-based royalty and marketing revenue on a monthly basis based on sales reports by their franchisees.

**Contract Balances**

The following table provides information about the Company's contract assets and liabilities from contracts with customers as of December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Accounts receivable, beginning of year	\$ 17,607	\$ -
Accounts receivable, end of year	\$ 99,999	\$ 17,607
Contract assets, beginning of year	\$ -	\$ 44,595
Contract assets, end of year	\$ -	\$ -
Contract liabilities, beginning of year	\$ 654,671	\$ 330,419
Contract liabilities, end of year	\$ 1,279,141	\$ 654,671

**Note 3. Operating Leases – ASC 842**

**Accounting Policies**

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

**Nature of Leases**

The Company has entered into the following lease arrangements:

**Operating Leases**

The Company leased a vehicle that expired in 2023 and had monthly payments of \$674.

In 2023, the Company entered into a new vehicle lease that expires in 2025 and has monthly payments of \$576. Termination of the lease is generally prohibited unless there is a violation under the lease agreement.

**All Leases**

The Company has no material related-party leases.

The Company's lease agreement does not contain any material residual value guarantee or material restrictive covenants.

**Quantitative Disclosures**

The lease cost and other required information for the years ended December 31, 2023 and 2022, are:

	<u>2023</u>	<u>2022</u>
Lease cost		
Operating lease cost	\$ 9,987	\$ 8,042
Total lease cost	<u>\$ 9,987</u>	<u>\$ 8,042</u>
Other information		
Cash paid for amounts included in the measurement of lease liabilities	\$ 6,914	\$ 7,719

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2023 and 2022**

---

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2023, are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2024	\$ 6,914
2025	<u>6,914</u>
Total future undiscounted lease payments	13,828
Less imputed interest	<u>(539)</u>
Total lease liabilities	<u>\$ 13,289</u>

**Note 4. Significant Estimates**

***General Litigation***

The Company is subject to claims and lawsuits that arose primarily in the ordinary course of business. It is the opinion of management the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on the financial position, results of operations and cash flows of the Company. Events could occur that would change this estimate materially in the near term.

**Note 5. Subsequent Events**

Subsequent events have been evaluated through May 30, 2024, which is the date the financial statements were available to be issued.



# **Crave Cookies Franchising, LLC**

## **Independent Auditor's Report and Financial Statements**

December 31, 2022 and 2021



**Crave Cookies Franchising, LLC**  
**December 31, 2022 and 2021**

**Contents**

**Independent Auditor's Report..... 1**

**Financial Statements**

Balance Sheets..... 3  
Statements of Operations..... 4  
Statements of Members' Deficit..... 5  
Statements of Cash Flows ..... 6  
Notes to Financial Statements ..... 7

# FORVIS

250 E. 200 S., Suite 1200 / Salt Lake City, UT 84111

P 801.531.9100 / F 801.531.9147

[forvis.com](http://forvis.com)

## Independent Auditor's Report

Members and Management  
Crave Cookies Franchising, LLC  
Riverton, Utah

### **Opinion**

We have audited the financial statements of Crave Cookies Franchising, LLC (the Company), which comprise the balance sheets as of December 31, 2022 and 2021, and the related statements of operations, members' deficit, and cash flows for the year ended December 31, 2022 and the period from February 15, 2021 (inception) to December 31, 2021, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2022 and 2021, and the results of its operations and its cash flows for the periods then ended in accordance with accounting principles generally accepted in the United States of America.

### **Basis for Opinion**

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that these financial statements are available to be issued.

Members and Management  
Crave Cookies Franchising, LLC

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

**FORVIS, LLP**

Salt Lake City, Utah  
November 13, 2023

## Crave Cookies Franchising, LLC

### Balance Sheets

December 31, 2022 and 2021

#### Assets

	2022	2021
<b>Current Assets</b>		
Cash	\$ 181,217	\$ 34,177
Accounts receivable	17,607	-
Inventory	7,196	21,515
Prepaid expenses	26,795	-
Contract assets	-	2,000
Note receivable - related party	15,996	62,899
Total current assets	248,811	120,591
<b>Property and Equipment, at Cost</b>		
Equipment	23,272	7,208
Accumulated depreciation	(4,984)	(400)
Total property and equipment, net	18,288	6,808
<b>Right-of-Use (ROU) Assets - Operating Leases</b>	3,716	-
<b>Other Assets</b>	6,410	-
<b>Contract Assets - Long-term</b>	-	42,595
Total assets	\$ 277,225	\$ 169,994

#### Liabilities and Members' Deficit

<b>Current Liabilities</b>		
Accounts payable and accrued expenses	\$ 58,990	\$ 17,176
Operating lease liabilities	4,039	-
Contract liabilities, current portion	6,977	262,239
Total current liabilities	70,006	279,415
<b>Long-term Liabilities</b>		
Contract liabilities	647,694	68,180
Total long-term liabilities	647,694	68,180
Total liabilities	717,700	347,595
<b>Members' Deficit</b>	(440,475)	(177,601)
Total liabilities and members' deficit	\$ 277,225	\$ 169,994

See Notes to Financial Statements

3

**Crave Cookies Franchising, LLC**  
**Statements of Operations**  
**Year Ended December 31, 2022 and Period from**  
**February 15, 2021 (Inception) through December 31, 2021**

	<u>2022</u>	<u>2021</u>
<b>Revenues</b>		
Initial franchise fees	\$ 412,792	\$ 10,481
Product sales	136,327	-
Royalties	110,296	-
Marketing fees	<u>33,128</u>	<u>-</u>
Total revenues	<u>692,543</u>	<u>10,481</u>
<b>Cost of Goods Sold</b>	<u>226,382</u>	<u>-</u>
<b>Gross Profit</b>	<u>466,161</u>	<u>10,481</u>
<b>Operating Expenses</b>		
Selling, general and administrative	545,997	24,806
Depreciation expense	<u>4,584</u>	<u>400</u>
Total operating expenses	<u>550,581</u>	<u>25,206</u>
<b>Net Loss</b>	<u>\$ (84,420)</u>	<u>\$ (14,725)</u>

See Notes to Financial Statements

**Crave Cookies Franchising, LLC**  
**Statements of Members' Deficit**  
**Year Ended December 31, 2022 and Period from**  
**February 15, 2021 (Inception) through December 31, 2021**

<b>Balance, February 15, 2021</b>		\$	-
Owner distributions			(162,876)
Net loss			<u>(14,725)</u>
<b>Balance, December 31, 2021</b>			<u>(177,601)</u>
Owner distributions			(178,454)
Net loss			<u>(84,420)</u>
<b>Balance, December 31, 2022</b>		<b>\$</b>	<b><u>(440,475)</u></b>

*See Notes to Financial Statements*

5

**Crave Cookies Franchising, LLC**  
**Statements of Cash Flows**  
**Year Ended December 31, 2022 and Period from**  
**February 15, 2021 (Inception) through December 31, 2021**

	<u>2022</u>	<u>2021</u>
<b>Operating Activities</b>		
Net loss	\$ (84,420)	\$ (14,725)
Items not requiring (providing) cash		
Depreciation	4,584	400
Non-cash operating lease expense	8,042	-
Changes in		
Accounts receivable	(17,607)	-
Inventory	14,319	(21,515)
Prepaid expenses	(33,205)	-
Contract assets	44,595	(44,595)
Accounts payable and accrued expenses	32,788	17,176
Lease liability	(7,719)	-
Contract liabilities	<u>324,252</u>	<u>330,419</u>
Net cash provided by operating activities	<u>285,629</u>	<u>267,160</u>
<b>Investing Activities</b>		
Purchase of property and equipment	(16,064)	(7,208)
Repayments on notes receivable - related party	170,400	-
Borrowings on notes receivable - related party	<u>(114,471)</u>	<u>(62,899)</u>
Net cash provided by (used in) investing activities	<u>39,865</u>	<u>(70,107)</u>
<b>Financing Activities</b>		
Owners distributions	<u>(178,454)</u>	<u>(162,876)</u>
Net cash used in financing activities	<u>(178,454)</u>	<u>(162,876)</u>
<b>Change in Cash</b>	147,040	34,177
<b>Cash, Beginning of Period</b>	<u>34,177</u>	<u>-</u>
<b>Cash, End of Period</b>	<u>\$ 181,217</u>	<u>\$ 34,177</u>
<b>Non-cash Supplemental Cash Flow Information</b>		
Accrued expense converted into a note receivable - related party	\$ 9,026	\$ -

See Notes to Financial Statements

6

# Crave Cookies Franchising, LLC

## Notes to Financial Statements

December 31, 2022 and 2021

### **Note 1: Nature of Operations and Summary of Significant Accounting Policies**

#### ***Nature of Operations***

Crave Cookies Franchising, LLC (the Company) formed on February 15, 2021 under the laws of the state of Utah as a Utah corporation.

The Company is a franchise company for Crave Cookies locations. The Company grants franchisees the right to operate a physical storefront location using the Crave Cookies name and marks.

#### ***Use of Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

#### ***Accounts Receivable***

Accounts receivable are stated at the amount of consideration from customers of which the Company has an unconditional right to receive. The Company provides an allowance for doubtful accounts, which is based upon a review of outstanding receivables, historical collection information and existing economic conditions. As of December 31, 2022 and 2021, there was no allowance for doubtful accounts recorded.

Generally, the Company does not charge interest on past due accounts. Delinquent receivables are written off based on individual credit evaluation and specific circumstances of the customer. No bad debt expense was recorded in 2022 or 2021.

#### ***Inventories***

Inventories consist of cookie boxes. Inventories are stated at the lower of cost or net realizable value. Costs of cookie boxes are determined using the first-in, first-out (FIFO) method.

#### ***Notes Receivable – Related Party***

Notes receivable represent amounts due from a related party for operating expenses and other fees that the Company paid on behalf of the related party. The terms of the note are non-interest bearing and due on demand. The related party is owned 100% by the owners of the Company.

#### ***Prepaid Expenses***

Prepaid expenses include prepayment for subscriptions and other prepaid expenses.

#### ***Property and Equipment***

Property and equipment acquisitions are stated at cost, less accumulated depreciation and amortization. Depreciation and amortization are charged to expense on the straight-line basis over the estimated useful life of each asset.

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

The estimated useful lives for each major depreciable classification of property and equipment are as follows:

Equipment	3-5 years
-----------	-----------

***Long-lived Asset Impairment***

The Company evaluates the recoverability of the carrying value of long-lived assets whenever events or circumstances indicate the carrying amount may not be recoverable. If a long-lived asset is tested for recoverability and the undiscounted estimated future cash flows expected to result from the use and eventual disposition of the asset are less than the carrying amount of the asset, the asset cost is adjusted to fair value and an impairment loss is recognized as the amount by which the carrying amount of a long-lived asset exceeds its fair value.

No asset impairment was recognized during the year ended December 31, 2022 or during the period from February 15, 2021 through December 31, 2021.

***Contract Assets***

Contract assets primarily relate to the Company's rights to consideration for work completed but not billed at the reporting date. Contract assets are transferred to receivables when the rights become unconditional. These consist of franchise commissions and supplies.

***Contract Liabilities***

Contract liabilities represent the Company's obligation to transfer goods or services to a customer when consideration has already been received from the customer. These consist of deferred franchise fee revenues on the balance sheets.

***Revenue Recognition***

Revenue is recognized when control of the promised goods or services is transferred to the Company's customers, in an amount that reflects the consideration that it expects to be entitled to in exchange for those goods or services. The amount and timing of revenue recognition varies based on the nature of the goods or services provided and the terms and conditions of the customer contract. A portion of the proceeds from the sale of franchises is recognized as revenue when the Company has performed substantially all services for the franchise as stipulated in the franchise agreement, generally at completion of new franchise training and the start of business by the franchise. The remaining portion is recognized as revenue over the expected life of the franchise agreement. The Company generally requires that the entire franchise fee be paid upon execution of the franchise agreement and consequently recognizes deferred revenue until certain revenue recognition criteria have been met.

See Note 2 for additional information about the Company's revenue.

***Income Taxes***

The Company's members have elected to have the Company's income taxed as a limited liability company under provisions of the Internal Revenue Code. Therefore, taxable income or loss is reported to the individual members for inclusion in their respective tax returns and no provision for federal and state income taxes is included in these financial statements.

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

***Advertising Expenses***

The Company recorded advertising expenses for the franchisees of \$149,664 and \$14,224 in 2022 and 2021, respectively. Advertising expenses are included in selling, general and administrative expenses on the statements of operations.

**Note 2: Revenue from Contracts with Customers**

***Performance Obligations***

The Company derives its revenues principally from three main sources: 1) franchise fees and royalties, 2) service sales, and 3) product sales.

The Company determines the amount of revenue to be recognized in the revenue stream through the application of the following five-step model:

- Identification of the contract, or contracts with the customer;
- Identification of the performance obligations in the contract;
- Determination of the transaction price;
- Allocation of the transaction price to the performance obligations in the contract; and
- Recognition of revenue when or as the Company satisfies the performance obligations

Revenue is measured as the amount of consideration the Company expects to receive in exchange for transferring distinct goods or providing services to customers.

As a franchisor, the Company's principal business is to sell franchises and continuing fees to provide managed assistance of those franchises. Franchise rights may be granted through a franchise agreement that sets out the terms of the arrangement with the franchisee. The franchise agreements require that the franchisee remit continuing/royalty fees to the Company based on the monthly revenues of the franchisees. The franchise agreements also require certain, upfront franchise fees such as initial fees paid upon opening of a franchise. The Company recognizes revenue when performance obligations under the terms of contracts with its customers are satisfied, which occurs when pre-opening services are provided to a customer to enable them to direct the use and obtain the benefit of the franchise, with the remaining portion being recognized over the life of the contract.

The Company also sells products and services to customers. Sales to customers typically include products or equipment. The Company's performance obligation under these sales is to deliver products or equipment to customers and revenue is recognized at that point. The timing and amount of revenue recognized related to these revenues was not impacted by the adoption of Topic 606. There were no product or services sold to customers in 2021.

## Crave Cookies Franchising, LLC

### Notes to Financial Statements

December 31, 2022 and 2021

For the franchise fees, the Company has determined that the services they provide in exchange for upfront franchise fees, which primarily relate to pre-opening training and other services, are individually distinct from the ongoing services they provide to their franchisees. As a result, these pre-opening are recognized upon the franchise opening, and completion of the related training. The pre-opening fees that are recognized upon the franchise opening are generally approximately 80% of the initial franchise fee. The remaining portion of the upfront franchise fees are recognized as revenue over the expected life of the franchise agreement, which is generally 10 years. If a franchise location closes before this estimated 10-year life, the Company recognizes the remaining unearned revenue and deferred costs into income at the time the location closes. Revenues for these upfront franchise fees are recognized on a straight-line basis, which is consistent with the franchisee's right to use and benefit from the intellectual property. Franchise fees that are collected prior to the location opening are considered contract liabilities (also known as deferred revenue) and are recognized as income when the franchise location opens.

Revenues from continuing fees, including royalties, marketing fees and upfront franchise fees. The Company receives a monthly royalty fee equal to 6% and monthly marketing fee equal to 2% of the franchisees weekly gross sales due the following Tuesday. These royalty payments are considered to be variable consideration; however, the Company relies on a narrow exception to the variable consideration criteria where there is a sales-based or usage-based royalty and marketing. Under this exception, the Company recognizes revenue for sales-based royalty and marketing revenue on a monthly basis based on sales reports by their franchisees. There were no royalty or marketing payments in 2021.

#### Contract Balances

The following table provides information about the Company's contract assets and liabilities from contracts with customers as of December 31, 2022 and 2021:

	2022	2021
Accounts receivable, beginning of period	\$ -	\$ -
Accounts receivable, end of period	\$ 17,607	\$ -
Contract assets, beginning of period	\$ 44,595	\$ -
Contract assets, end of period	\$ -	\$ 44,595
Contract liabilities, beginning of period	\$ 330,419	\$ -
Contract liabilities, end of period	\$ 654,671	\$ 330,419

## Crave Cookies Franchising, LLC

### Notes to Financial Statements

December 31, 2022 and 2021

#### Note 3: Operating Leases – ASC 842

##### ***Change in Accounting Principle***

In February 2016, the FASB issued ASU 2016-02, *Leases (Topic 842)*. This ASU requires lessees to recognize a lease liability and a right-of-use (ROU) asset on a discounted basis, for substantially all leases, as well as additional disclosures regarding leasing arrangements. Disclosures are required to enable users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases. In July 2018, the FASB issued ASU 2018-11, *Leases (Topic 842): Targeted Improvements*, which provides an optional transition method of applying the new lease standard. Topic 842 can be applied using either a modified retrospective approach at the beginning of the earliest period presented or, as permitted by ASU 2018-11, at the beginning of the period in which it is adopted, *i.e.*, the comparatives under ASC 840 option.

The Company adopted Topic 842 on January 1, 2022 (the effective date) using the comparatives under ASC 840 transition method, which applies Topic 842 at the beginning of the period in which it is adopted. Prior period amounts have not been adjusted in connection with the adoption of this standard. The Company elected the package of practical expedients under the new standard, which permits entities to not reassess lease classification, lease identification or initial direct costs for existing or expired leases prior to the effective date. The Company elected the practical expedient to account for nonlease components and the lease components to which they relate as a single lease component for all. Also, the Company elected to keep short-term leases with an initial term of 12 months or less off the balance sheets. The Company did not elect the hindsight practical expedient in determining the lease term for existing leases as of January 1, 2022.

The most significant impact of adoption was the recognition of operating lease ROU assets and operating lease liabilities of \$11,758. The standard did not significantly affect the Company's statements of operations or cash flows.

##### ***Accounting Policies***

The Company determines if an arrangement is a lease or contains a lease at inception. Leases result in the recognition of ROU assets and lease liabilities on the balance sheets. ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments arising from the lease, measured on a discounted basis. The Company determines lease classification as operating or finance at the lease commencement date.

At lease commencement, the lease liability is measured at the present value of the lease payments over the lease term. The ROU asset equals the lease liability adjusted for any initial direct costs, prepaid or deferred rent, and lease incentives. The Company has made a policy election to use a risk-free rate (the rate of a zero-coupon U.S. Treasury instrument) for the initial and subsequent measurement of all lease liabilities. The risk-free rate is determined using a period comparable with the lease term.

The lease term may include options to extend or to terminate the lease that the Company is reasonably certain to exercise. Lease expense is generally recognized on a straight-line basis over the lease term.

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

The Company has elected not to record leases with an initial term of 12 months or less on the balance sheets. Lease expense on such leases is recognized on a straight-line basis over the lease term.

**Nature of Leases**

The Company has entered into the following lease arrangements:

**Operating Leases**

The Company leases a vehicle that expires in 2023 and has monthly payments of \$674. Termination of the leases is generally prohibited unless there is a violation under the lease agreement.

**All Leases**

The Company has no material related-party leases.

The Company's lease agreement does not contain any material residual value guarantee or material restrictive covenants.

**Quantitative Disclosures**

The lease cost and other required information for the year ended December 31, 2022, are:

Lease cost	
Operating lease cost	<u>\$ 8,042</u>
Total lease cost	<u>\$ 8,042</u>
Other information	
Cash paid for amounts included in the measurement of lease liabilities	\$ 7,719

Future minimum lease payments and reconciliation to the balance sheet at December 31, 2022, are as follows:

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2023	<u>\$ 4,045</u>
Total future undiscounted lease payments	4,045
Less imputed interest	<u>(6)</u>
Total lease liabilities	<u>\$ 4,039</u>

**Crave Cookies Franchising, LLC**  
**Notes to Financial Statements**  
**December 31, 2022 and 2021**

**Note 4: Subsequent Events**

Subsequent events have been evaluated through November 13, 2023, which is the date the financial statements were available to be issued.

## EXHIBIT G

### BRAND STANDARDS MANUAL TABLE OF CONTENTS

If you would like to receive a copy of this please contact Becky English at [becky@cravecookies.com](mailto:becky@cravecookies.com).

<b>Manual Section</b>	<b>Number of Pages</b>
Preface & Introduction	35
Establishing My Franchise Business	37
Personnel	48
Administrative Procedures	25
Daily Procedures	21
Selling & Marketing	22
<b>Total Number of Pages</b>	<b>208</b>

## EXHIBIT H

### CURRENT AND FORMER FRANCHISEES

#### Current Franchisees

Names of all current franchisees (as of the end of our last fiscal year) and the address and telephone number of each of their outlets:

Crave Herriman	Ron Aguero	11946 Carlsbad Way Ste 200, Herriman, UT 84096	385-900-5178
Crave American Fork	Darrin Flynn	76 North 100 East, American Fork, UT, 84003	801-822-0904
Crave Odessa	Soto Passias	13240 FL-54, Odessa, FL 33556	813-749-6715
Crave Spokane	Rod Hullinger	513 E Hastings Rd, A, Spokane, WA 99218	509-994-9994
Crave Sicklerville	Steve Vicario	629 Cross Keys Rd, Sicklerville, NJ 08081	856-818-9247
Crave Deptford	Steve Vicario	2000 Clemens Bridge Rd, Deptford, NJ 08096	856-537-7208
Crave SLC	Mike Schreurs	20 East 600 South #102, SLC, UT 84111	385-295-4120
Crave Southwest Marketplace	Mike Schreurs	7910 So Rainbow Rd, #120 Las Vegas, NV 89139	702-982-0061
Crave Fort Apache	Mike Scheurs	6870 So. Fort Apache Rd #107 Las Vegas, NV 89148	702-268-8737
Crave Reno	Mike Scheur	704B South Virginia Street, Reno, NV,89501	775-686-6901
Crave Centennial Village	Mike Scheurs	6480 Losee Rd, Suite 110, Las Vegas, NV 89086	
Crave Mesa	James Wilhite	2733 No Power Rd,#105, Mesa, AZ	541-521-7990

		85297	
Crave Lake Charles	Tommy Johns	4497 Nelson Rd A, Lake Charles, LA 70605	337-990-5250
Crave Johns Creek	Kim Fishman	3719 Old Alabama Rd, #200D , Johns Creek, GA 30022	678-587-5956
Crave Bristol	Alisa Crandall	426 Pinnacle Parkway #350, Bristol, TN 37620	435-647-6889
Crave Renton	Mary Katzenbach	10825 SE Petrovitsky Rd, Renton, WA 98055	
Crave Estero	Brandon Webb	19517 Highand Oaks Drive, Unit 502, Estero, FL 33928	
Crave Naples	Brandon Webb	2363 Vanderbilt Beach Rd, Su 911, Naples, FL 34109	
Crave Oviedo	Keith Vincent	1121 Alafaya Trail, #1017, Oviedo, FL 32765	
Crave Prosper	Skyeler King	4325 East University Dr, Prosper, TX 75078	
Crave Orland Park	Haitham Abuzir	15625 So LaGrange Rd, Unit A, Orland Park, IL 60462	
Crave Fishers	Brandon Ziehl	11649 Maple St. Suite 85, Fishers, IN 46038	
Crave Richmond	Brady Quinn	4836 Waterview Town Center Dr, #400, Richmond, TX 77407	
Crave Lewis Center	John Bishop	5876 Evans Farm Dr., Lewis Center, OH 43035	
Crave Katy	Neal Harmon	2716 W Grand Parkway N, Suite 120, Katy, TX 77449	
Crave Tulsa	Keli Kabler	1441 So. Quaker Ave, Tulsa OK 74120	
Crave Crossroads	Ashley Justice	6592 N Decatur Blvd #110, Las Vegas, NV 89131	
Crave Kissimmee	Chriag Patel	1491 E Osceola Pkwy, Kissimmee,	818-968-3841

		FL 34744	
Crave Hobbs	Nadeem Kassis	312 W Navajo (Unit 44), Hobbs, NM 88240	
Crave Greenwood Village	Julie Bulatovic	4940 S Yosemite St E2, Greenwood Village, CO 80111	
Crave Springfield	Jennifer Elison	3808 Octavus Via, Springfield, IL 62703	251-262-6777
Crave Puyallup	Brad Haley	17526 Meridian Ave East, Puyallup, WA 98375	253-260-7417
Crave Ballwin	TJ and Brooke Bayer	14430 Clayton Rd, Ballwin, MO 63011	
Crave Lakeview East	Omar Khattab	2951 No. Broadway, Chicago, IL 60657	
Crave Maumee	Gabrielle Seitz	107 W Wayne St, Maumee, OH 43537	419-794-1170

#### Former Franchisees

Name, city and state, and current business telephone number, or if unknown, the last known home telephone number of every franchisee who had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who have not communicated with us within 10 weeks of the disclosure document issuance date:

Dale Asay	American Fork	Utah	801-636-2300
Lisa Boman	Orem	Utah	208-860-3400
Jared Van Orden	Sandy	Utah	385-249-8293
Dallin DeLoach Jeff Garduno	Lehi	Utah	385-249-8293
Paul Wiley	Draper	Utah	385-900-4789
Ben Liljenquist	Sandy	Utah	801-200-5824
Kathy Hawkins	West Valley	Utah	801-499-0553

Jordan Farr Jared Isom	Ogden	Utah	385-389-2894
Josh Harden	Dallas	Texas	

**EXHIBIT I**

**STATE ADDENDA TO DISCLOSURE DOCUMENT**

## CALIFORNIA ADDENDUM TO DISCLOSURE DOCUMENT

California Corporations Code, Section 31125 requires the franchisor to give the franchisee a disclosure document, approved by the Department of Business Oversight, prior to a solicitation of a proposed material modification of an existing franchise.

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE OFFERING CIRCULAR.

OUR WEBSITE HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT AT [www.dbo.ca.gov](http://www.dbo.ca.gov).

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF CALIFORNIA. SUCH REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF BUSINESS OVERSIGHT NOR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

ALL THE OWNERS OF THE FRANCHISE WILL BE REQUIRED TO EXECUTE PERSONAL GUARANTEES. THIS REQUIREMENT PLACES THE MARITAL ASSETS OF THE SPOUSES DOMICILED IN COMMUNITY PROPERTY STATES – ARIZONA, CALIFORNIA, IDAHO, LOUISIANA, NEVADA, NEW MEXICO, TEXAS, WASHINGTON AND WISCONSIN AT risk IF YOUR FRANCHISE FAILS.

1. The following paragraph is added to the end of Item 3 of the Disclosure Document:

Neither franchisor nor any person or franchise broker in Item 2 of this disclosure document is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in that association or exchange.

2. The following paragraph is added to the end of Item 6 of the Disclosure Document:

With respect to the Late Fee described in Item 6, this Item is amended to disclose that the maximum rate of interest permitted under California law is 10%.

3. The following paragraphs are added at the end of Item 17 of the Disclosure Document:

The Franchise Agreement requires franchisee to sign a general release of claims upon renewal or transfer of the Franchise Agreement. California Corporations Code Section 31512 provides that any condition, stipulation or provision purporting to bind any person acquiring a franchise to waive compliance with any provision of that law or any rule or order thereunder is void.

California Business and Professions Code Sections 20000 through 20043 provide rights to the franchisee concerning termination, transfer, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, the law will control.

The Franchise Agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

The Franchise Agreement contains a covenant not to compete which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The Franchise Agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The Franchise Agreement requires litigation. The litigation will occur in Holladay, Utah, with the costs being borne equally by Franchisor and Franchisee. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The Franchise Agreement requires application of the laws of Utah. This provision may not be enforceable under California law.

**HAWAII ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Hawaii only, this Disclosure Document is amended as follows:

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE, OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

Registered agent in the state authorized to receive service of process:

Commissioner of Securities  
335 Merchant Street  
Honolulu, Hawaii 96813

Registration of franchises or filings of offering circulars in other states. As of the date of filing of this Addendum in the State of Hawaii:

1. A franchise registration is effective or an offering circular is on file in the following states: \_\_\_\_\_
2. A proposed registration or filing is or will be shortly on file in the following states: \_\_\_\_\_
3. No states have refused, by order or otherwise to register these franchises.
4. No states have revoked or suspended the right to offer these franchises.
5. The proposed registration of these franchises has not been withdrawn in any state.

## **ILLINOIS ADDENDUM TO DISCLOSURE DOCUMENT**

In recognition of the requirements of the Illinois Franchise Disclosure Act of 1987, as amended (the “Act”), this Disclosure Document is amended as follows:

Illinois law governs the agreements between the parties to this franchise.

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

Section 41 of the Act provides that any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with the Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Act.

Franchisor will not collect any initial fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business (Section 200.508 of the Rules). The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

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

## **MARYLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Maryland only, this Disclosure Document is amended as follows:

The following is added to Item 17:

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.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

You have the right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.

The Franchise Agreement provides for termination upon bankruptcy of the franchisee. This provision may not be enforceable under federal bankruptcy law.

## MINNESOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of Minnesota only, this Disclosure Document is amended as follows:

- Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee's rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee's rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.
- With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.
- The franchisor will protect the franchisee's rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.
- Minnesota considers it unfair to not protect the franchisee's right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).
- Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- The franchisee cannot consent to the franchisor obtaining injunctive relief. The franchisor may seek injunctive relief. See Minn. Rules 2860.4400J. Also, a court will determine if a bond is required.
- The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, which states "No action may be commenced pursuant to this Section more than three years after the cause of action accrues."
- 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 franchisee.

**THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.**

## NEW YORK ADDENDUM TO DISCLOSURE DOCUMENT

In the State of New York only, this Disclosure Document is amended as follows:

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 SOURCES OF 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 THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY ST. 21ST FLOOR, NEW YORK, NY 10005. 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 WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

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

Except as provided above, with regard 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, which are 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 10 year period 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 Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the offering circular: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for 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; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor’s obligations under the Franchise Agreement.

8. 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 upon the franchisee by Article 33 of the General Business Law of the State of New York.

9. The following is added to the end of Item 19:

**REPRESENTATIONS REGARDING EARNINGS CAPABILITY**

CRAVE COOKIES FRANCHISING, LLC DOES NOT FURNISH OR AUTHORIZE ITS SALESPERSONS TO FURNISH ANY ORAL OR WRITTEN INFORMATION CONCERNING THE ACTUAL OR POTENTIAL SALES, COSTS, INCOME OR PROFITS OF A FRANCHISE. ACTUAL RESULTS VARY FROM UNIT TO UNIT AND CRAVE COOKIES FRANCHISING, LLC CANNOT ESTIMATE THE EARNINGS OF ANY PARTICULAR FRANCHISE.

## NORTH DAKOTA ADDENDUM TO DISCLOSURE DOCUMENT

In the State of North Dakota only, this Disclosure Document is amended as follows:

THE SECURITIES COMMISSIONER HAS HELD THE FOLLOWING TO BE UNFAIR, UNJUST OR INEQUITABLE TO NORTH DAKOTA FRANCHISEES (NDCC SECTION 51-19-09):

1. Restrictive Covenants: Franchise disclosure documents that disclose the existence of covenants restricting competition contrary to NDCC Section 9-08-06, without further disclosing that such covenants will be subject to the statute.
2. Situs of Litigation Proceedings: Franchise agreements providing that the parties must agree to the litigation of disputes at a location that is remote from the site of the franchisee's business.
3. Restrictions on Forum: Requiring North Dakota franchisees to consent to the jurisdiction of courts outside of North Dakota.
4. Liquidated Damages and Termination Penalties: Requiring North Dakota franchisees to consent to liquidated damages or termination penalties.
5. Applicable Laws: Franchise agreements that specify that they are to be governed by the laws of a state other than North Dakota.
6. Waiver of Trial by Jury: Requiring North Dakota Franchises to consent to the waiver of a trial by jury.
7. Waiver of Exemplary and Punitive Damages: Requiring North Dakota Franchisees to consent to a waiver of exemplary and punitive damage.
8. General Release: Franchise Agreements that require the franchisee to sign a general release upon renewal of the franchise agreement.
9. Limitation of Claims: Franchise Agreements that require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
10. Enforcement of Agreement: Franchise Agreements that require the franchisee to pay all costs and expenses incurred by the franchisor in enforcing the agreement. The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney's fees.

## **RHODE ISLAND ADDENDUM TO DISCLOSURE DOCUMENT**

In the State of Rhode Island only, this Disclosure Document is amended as follows:

Item 17, summary columns for (v) and (w) are amended to add the following:

Any provision in the franchise agreement restricting jurisdiction or venue to a forum outside Rhode Island or requiring the application of the laws of a state other than Rhode Island is void as to a claim otherwise enforceable under the Rhode Island Franchise Investment Act.

## **VIRGINIA ADDENDUM TO DISCLOSURE DOCUMENT**

In the Commonwealth of Virginia only, this Disclosure Document is amended as follows:

The following statements are added to Item 17(h):

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 do 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.

Under 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 the franchisee under the franchise, that provision may not be enforceable.

Item 17(t) is amended to read as follows:

Only the terms of the Franchise Agreement and other related written agreements are binding (subject to applicable state law). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.

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.

**WASHINGTON ADDENDUM TO DISCLOSURE DOCUMENT**

(See Exhibit J for Washington Addendum to Disclosure Document and Rider to Franchise Agreement)

**EXHIBIT J**

**STATE ADDENDA TO AGREEMENTS**

**ILLINOIS RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Illinois Act” means the Illinois Franchise Disclosure Act of 1987.
- 2. Governing Law and Jurisdiction.** Notwithstanding any provision of the Agreement to the contrary, the Agreement is governed by Illinois law. The parties irrevocably submit to the jurisdiction and venue of the federal and state courts in Illinois, except for matters which the Agreement provides will be resolved by mediation. 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 behalf of the Franchisor. This provision supersedes any other term of any document executed in connection with the franchise.
- 3. Limitation of Claims.** No action can be maintained to enforce any liability created by the Illinois Act unless brought before the expiration of 3 years from the act or transaction constituting the violation upon which it is based, the expiration of 1 year after Franchisee become aware of facts or circumstances reasonably indicating that Franchisee may have a claim for relief in respect to conduct governed by the Illinois Act, or 90 days after delivery to the Franchisee of a written notice disclosing the violation, whichever shall first expire.
- 4. Waivers Void.** Notwithstanding any provision of the Agreement to the contrary, any condition, stipulation, or provision purporting to bind Franchisee to waive compliance with any provision of the Illinois Act or any other law of the State of Illinois is void. This Section shall not prevent Franchisee 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 litigation of any claim pursuant to the provisions of Title 9 of the United States Code.
- 5. Deferral of Initial Franchise Fee.** Franchisor will not collect any initial fees until Franchisor has satisfied its pre-opening obligations to Franchisee and Franchisee has commenced doing business (Section 200.508 of the Rules). The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.
- 6. Effective Date.** This Rider is effective as of the Effective Date.

*[Signatures on next page]*

Agreed to by:

FRANCHISOR:  
CRAVE COOKIES FRANCHISING, LLC

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## INDIANA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Indiana Acts” means the Indiana Franchise Act and the Indiana Deceptive Franchise Practices Act.

**2. Certain Provisions Modified.** Any provision of the Agreement which would have any of the following effects is hereby modified to the extent required for the Agreement to be in compliance with the Indiana Acts:

(1) Requiring goods, supplies, inventories, or services to be purchased exclusively from the franchisor or sources designated by the franchisor where such goods, supplies, inventories, or services of comparable quality are available from sources other than those designated by the franchisor. However, the publication by the franchisor of a list of approved suppliers of goods, supplies, inventories, or services or the requirement that such goods, supplies, inventories, or services comply with specifications and standards prescribed by the franchisor does not constitute designation of a source nor does a reasonable right of the franchisor to disapprove a supplier constitute a designation. This subdivision does not apply to the principal goods, supplies, inventories, or services manufactured or trademarked by the franchisor.

(2) Allowing the franchisor to establish a franchisor-owned outlet engaged in a substantially identical business to that of the franchisee within the exclusive territory granted the franchisee by the franchise agreement; or, if no exclusive territory is designated, permitting the franchisor to compete unfairly with the franchisee within a reasonable area.

(3) Allowing substantial modification of the franchise agreement by the franchisor without the consent in writing of the franchisee.

(4) Allowing the franchisor to obtain money, goods, services, or any other benefit from any other person with whom the franchisee does business, on account of, or in relation to, the transaction between the franchisee and the other person, other than for compensation for services rendered by the franchisor, unless the benefit is promptly accounted for, and transmitted to the franchisee.

(5) Requiring the franchisee to prospectively assent to a release, assignment, novation, waiver, or estoppel which purports to relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act or requiring any controversy between the franchisee and the franchisor to be referred to any person, if referral would be binding on the franchisee. This subsection (5) does not apply to mediation before an independent mediator.

(6) Allowing for an increase in prices of goods provided by the franchisor which the franchisee had ordered for private retail consumers prior to the franchisee's receipt of an official

price increase notification. A sales contract signed by a private retail consumer shall constitute evidence of each order. Price changes applicable to new models of a product at the time of introduction of such new models shall not be considered a price increase. Price increases caused by conformity to a state or federal law, or the revaluation of the United States dollar in the case of foreign-made goods, are not subject to this subsection (6).

(7) Permitting unilateral termination of the franchise if such termination is without good cause or in bad faith. Good cause within the meaning of this subsection (7) includes any material violation of the franchise agreement.

(8) Permitting the franchisor to fail to renew a franchise without good cause or in bad faith. This chapter shall not prohibit a franchise agreement from providing that the agreement is not renewable upon expiration or that the agreement is renewable if the franchisee meets certain conditions specified in the agreement.

(9) Requiring a franchisee to covenant not to compete with the franchisor for a period longer than three years or in an area greater than the exclusive area granted by the franchise agreement or, in absence of such a provision in the agreement, an area of reasonable size, upon termination of or failure to renew the franchise.

(10) Limiting litigation brought for breach of the agreement in any manner whatsoever.

(11) Requiring the franchisee to participate in any (A) advertising campaign or contest; (B) promotional campaign; (C) promotional materials; or (D) display decorations or materials; at an expense to the franchisee that is indeterminate, determined by a third party, or determined by a formula, unless the franchise agreement specifies the maximum percentage of gross monthly sales or the maximum absolute sum that the franchisee may be required to pay.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

CRAVE COOKIES FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**MARYLAND RIDER TO FRANCHISE AGREEMENT AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Maryland Franchise Law” means the Maryland Franchise Registration and Disclosure Law, Business Regulation Article, §14-206, Annotated Code of Maryland.
- 2. Releases, Estoppels and Waivers of Liability.** 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 Law.
- 3. Statute of Limitations.** Any provision of the Agreement which provides for a period of limitations for causes of action shall not apply to causes of action under the Maryland Franchise Law, Business Regulation Article, §14-227, Annotated Code of Maryland. Franchisee must bring an action under such law within three years after the grant of the franchise.
- 4. Jurisdiction.** Franchisee does not waive its right to file a lawsuit alleging a cause of action arising under the Maryland Franchise Law in any court of competent jurisdiction in the State of Maryland.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

CRAVE COOKIES FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## MINNESOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement. The “Minnesota Act” means Minnesota Statutes, Sections 80C.01 to 80C.22.

**2. Amendments.** The Agreement is amended to comply with the following:

Minnesota Statutes, Section 80C.21 and Minnesota Rules 2860.4400(J) prohibit the franchisor from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring the franchisee to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the Franchise Disclosure Document or agreement(s) can abrogate or reduce (1) any of the franchisee’s rights as provided for in Minnesota Statutes, Chapter 80C or (2) franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction.

With respect to franchises governed by Minnesota law, the franchisor will comply with Minnesota Statutes, Section 80C.14, Subd. 3-5, which require (except in certain specified cases) (1) that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the franchise agreement and (2) that consent to the transfer of the franchise will not be unreasonably withheld.

The franchisor will protect the franchisee’s rights to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name. Minnesota considers it unfair to not protect the franchisee’s right to use the trademarks. Refer to Minnesota Statutes, Section 80C.12, Subd. 1(g).

Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.

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

The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5, and therefore the applicable provision of the Agreement is amended to state “No action may be commenced pursuant to Minnesota Statutes, Section 80C.17 more than three years after the cause of action accrues.”

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.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

CRAVE COOKIES FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

**NEW YORK RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT  
AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
- 2. Waivers Not Required.** Notwithstanding any provision of the Agreement to the contrary, Franchisee is not required to assent to a release, assignment, novation, waiver or estoppel which would relieve Crave Cookies Franchising or any other person from any duty or liability imposed by New York General Business Law, Article 33.
- 3. Waivers of New York Law Deleted.** Any condition, stipulation, or provision in the Agreement purporting to bind Franchisee to waive compliance by Crave Cookies Franchising with any provision of New York General Business Law, or any rule promulgated thereunder, is hereby deleted.
- 4. Governing Law.** Notwithstanding any provision of the Agreement to the contrary, the New York Franchises Law shall govern any claim arising under that law.
- 5. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

CRAVE COOKIES FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

Date: \_\_\_\_\_

## NORTH DAKOTA RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

**1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.

**2. Amendments.** The Agreement (and any Guaranty Agreement) is amended to comply with the following:

- (1) Restrictive Covenants: Every contract by which Franchisee, any Guarantor, or any other person is restrained from exercising a lawful profession, trade, or business of any kind is subject to NDCC Section 9-08-06.
- (2) Situs of Litigation Proceedings: Franchisee and any Guarantor are not required to agree to the litigation of disputes at a location that is remote from the site of Franchisee’s business.
- (3) Restrictions on Forum: Franchisee and any Guarantor are not required to consent to the jurisdiction of courts outside of North Dakota.
- (4) Liquidated Damages and Termination Penalties: Franchisee is not required to consent to liquidated damages or termination penalties.
- (5) Applicable Laws: The Agreement (and any Guaranty Agreement) is governed by the laws of the State of North Dakota.
- (6) Waiver of Trial by Jury: Franchisee and any Guarantor do not waive a trial by jury.
- (7) Waiver of Exemplary and Punitive Damages: The parties do not waive exemplary and punitive damages.
- (8) General Release: Franchisee and any Guarantor are not required to sign a general release upon renewal of the Agreement.
- (9) Limitation of Claims: Franchisee is not required to consent to a limitation of claims. The statute of limitations under North Dakota law applies.
- (10) Enforcement of Agreement: The prevailing party in any enforcement action is entitled to recover all costs and expenses including attorney’s fees.

**3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

CRAVE COOKIES FRANCHISING, LLC

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

FRANCHISEE:

\_\_\_\_\_

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

**RHODE ISLAND RIDER TO FRANCHISE AND MULTI-UNIT DEVELOPMENT AGREEMENT**

This Rider amends the Franchise and Multi-Unit Development Agreement dated \_\_\_\_\_ (the “Agreement”), between Crave Cookies Franchising, LLC, a Utah limited liability company (“Crave Cookies Franchising”) and \_\_\_\_\_, a \_\_\_\_\_ (“Franchisee”).

- 1. Definitions.** Capitalized terms used but not defined in this Rider have the meanings given in the Agreement.
  
- 2. Jurisdiction and Venue.** Any provision of the Agreement restricting jurisdiction or venue to a forum outside the State of Rhode Island or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under Rhode Island Franchise Investment Act.
  
- 3. Effective Date.** This Rider is effective as of the Effective Date.

Agreed to by:

FRANCHISOR:

FRANCHISEE:

CRAVE COOKIES FRANCHISING, LLC

\_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

## WASHINGTON FRANCHISE DISCLOSURE DOCUMENT AND FRANCHISE AGREEMENT ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

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.

**Amendments.** Franchise Disclosure Document is amended to comply with the following:

- (1) Section 6, Note 1 of the Franchise Disclosure Document is amended as follows:

“Gross Sales” is defined in our franchise agreement as the total dollar amount of all sales generated through your business for a given period, including, but not limited to, payment for any services or products, including but not limited to, all revenues from sales at the premises and from direct delivery, catering, and/or delivery services through a third party, sold by you, whether for cash or credit. Gross Sales does not include (i) bona fide refunds to customers, (ii) sales taxes collected, (iii) sale of used equipment not in the ordinary course of business, (iv) sales of prepaid cards or similar products (but the redemption of any such card or product will be included in Gross Sales), or (v) delivery expenses or third-party platform charges.

- (2) Section 7, the note section is amended as follows:

### Notes

1. Your lease security deposit and utility deposits will usually be refundable unless you owe money to the landlord or utility provider. None of the other expenditures in this table will be refundable. Neither we nor any affiliate finances any part of your initial investment.

2. Our estimates in this table assume you pay one month rent plus a security deposit before you open for business. For this to occur, you would need to negotiate a “free rent” period for the time it takes to build out your business. We

expect that you will rent your location. If you choose to purchase real estate instead of renting, your costs will be significantly different. We are willing to give advice on locations but ultimately, you are responsible for selecting your location. We recommend a location that is 1,200 – 2,000 square feet, however, you are free to choose the size and location of your building, as long as it complies with all the Crave Cookies Franchising, LLC standards, disclosed in this document.

3. The low-end estimate of \$50,000 for Leasehold Improvements is based on the assumption that the franchisee is making certain types of improvements. This low-end estimate could be applicable if you choose a new location that may not require significant leasehold improvements. The high-end estimate of \$150,000 could be applicable if you choose an older location or location that requires significant leasehold improvements to meet Crave Cookies Franchising, LLC's standards. You must request estimates from contractors to confirm how much actual leasehold improvements will cost. Your actual construction costs will depend on factors such as, but not limited to, the condition of the premises, availability of materials and equipment, interest rates and the insurance coverage you choose.

The Leasehold Improvements estimate includes expenses to conform the approved space to Crave Cookies Franchising, LLC's specifications for lighting, flooring, mechanical systems, electrical systems, plumbing, carpentry, wall and ceiling treatments, exhaust/ventilation systems, storage areas and signs.

4. The low-end estimate of \$70,000 for Furniture, Fixtures, and Equipment is based on the assumption that the franchisee is purchasing certain types of equipment. This low-end estimate could be applicable if you choose to purchase used equipment. The high-end estimate of \$90,000 could be applicable if you choose new equipment.

The Furniture, Fixtures, and Equipment estimate includes all initial equipment and fixtures for your store, such as kitchen equipment, utility sinks, counters and shelving, refrigeration, millwork, cabinetry, flooring, chairs, tables, interior design, ovens, warmers, lighting, and interior signage.

5. Crave Cookies Franchising, LLC does not require the use of an architect for any improvement project, unless otherwise required by state or local laws or guidelines. All improvements must be in conformity with Crave Cookies Franchising's System Standards.

6. This includes any other required expenses you will incur before operations begin and during the initial period of operations, such as payroll, additional inventory, rent, and other operating expenses in excess of income generated by the business. It does not include any salary or compensation for you. In formulating the amount required for additional funds, we relied on the following factors, basis, and experience: the development of a Crave Cookies business by our affiliate, and our general knowledge of the industry.

7. This estimate assumes you sign a Multi-Unit Development Agreement for three to five franchises. The franchise fee for your first unit is counted in the “Estimated Initial Investment – Franchise Agreement” table. Your initial franchise fees are reduced to \$26,000 for the second and each additional franchise. You will pay all franchise fees upon signing the MUDA.

**Invalid Statements in the State of Washington.** If the Franchisor omitted material information or made certain representations, promises, guarantees or warranties outside of the FDD, it may give rise to a claim under chapter 19.100 RCW. Further, franchisees cannot waive any such claims pursuant to RCW 19.100.220. As such, we believe that it may not be in “good faith” in accordance with RCW 19.100.180(1) to include provisions that may be prohibited under Washington law. As such, the following statements do not apply to Washington Franchisees:

(1) Section 5.4(c) of the Franchise Agreement:

“Franchisee acknowledges that Crave Cookies Franchising accepts no responsibility for the performance of the business.”

(2) Section 6.1(iii) of the Franchise Agreement:

“... Crave Cookies has no liability to Franchisee with respect to the location of the Business.”

(3) Article 19 of the Franchise Agreement does not apply in the State of Washington.

In any litigation or mediation involving a franchise purchased in Washington, the litigation or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the litigation or mediation, or as determined by the court or mediator at the time of litigation or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Franchisor will not collect any initial fees until it has provided its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

\_\_\_\_\_  
FRANCHISOR

\_\_\_\_\_  
FRANCHISEE

## WASHINGTON MULTI-UNIT DEVELOPMENT AGREEMENT ADDENDUM

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW will prevail.

RCW 19.100.180 may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any litigation or mediation involving a franchise purchased in Washington, the litigation or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the litigation or mediation, or as determined by the court or mediator at the time of litigation or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

A release or waiver of rights executed by a franchisee may not include rights under the Washington Franchise Investment Protection Act or any rule or order thereunder except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

Franchisor will not collect any initial fees until it has provided its pre-opening obligations under the Franchise Agreement and the franchisee is open for business.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed \$100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed \$250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provisions contained in the franchise agreement or elsewhere that conflict with these limitations are void and unenforceable in Washington.

RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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.

Article 19 of the Franchise Agreement does not apply in the State of Washington.

Because franchisor has material pre-opening obligations with respect to each franchised business Franchisee opens under the Multi-Unit Development Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened ***and until franchisor has met all its pre- opening obligations under the Agreement and Franchisee is open for business with respect to each such location.***

The undersigned does hereby acknowledge receipt of this addendum.

Dated this \_\_\_\_\_ day of \_\_\_\_\_ 20\_\_\_\_\_.

---

FRANCHISOR

---

FRANCHISEE

## EXHIBIT K

### STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the states, 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
Florida	Pending
Illinois	Pending
Indiana	Pending
Maryland	Pending
Minnesota	Pending
Utah	Pending
Washington	Pending
Wisconsin	Pending

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.

## **EXHIBIT L**

### **COMPLIANCE, VIOLATIONS AND FEES**

#### **Section 1. INITIAL WRITTEN NOTICE**

A. Identification of Infraction:

- I. Crave Cookies Franchising, LLC will identify the specific infraction.
- II. Reference the specific section of the franchise agreement or Brand Standards and Operations Manual that has been violated.
- III. Indicate the severity level of the infraction (Mild, Moderate, Severe).

B. Formal Written Notice:

- I. Crave Cookies Franchising, LLC will provide a formal written notice to the franchisee via email.
- II. The notice will detail the nature of the infraction.
- III. The notice will include the date and time the infraction was observed.

#### **Section 2. OPPORTUNITY FOR CORRECTION**

A. Timeframe for Correction:

- I. Crave Cookies Franchising, LLC will specify a reasonable timeframe for the franchisee to rectify the issue.
- II. The timeframe will be based on the severity of the infraction and outlined in the infraction tiers in the FDD and the Brand Standards and Operations Manual.
- III. Typical timeframes:
  - a. Mild Infractions: 7-14 days.
  - b. Moderate Infractions: 24 hours to 7 days.
  - c. Severe Infractions: Immediate to 24 hours.

B. Correction Guidelines:

- I. The written notice will include detailed instructions or guidelines on how to correct the infraction.

- II. Crave Cookies Franchising, LLC will offer resources and support, such as training sessions, to help the franchisee address the issue.

### **Section 3. FOLLOW-UP AND ESCALATION**

#### **A. Follow-Up Communication:**

- I. Crave Cookies Franchising, LLC will follow up with the franchisee within the specified correction time frame to verify if the issue has been rectified.
- II. Follow-up will include an inspection or review of submitted evidence (e.g., photos, reports).

#### **B. Escalation of Penalties:**

- I. If the infraction is not corrected within the specified timeframe, penalties will escalate according to the severity tier.
  - a. First Offense: Verbal warning or a formal written warning, documented in the franchisee's file.
  - b. Second Offense:
    - i. Mild Infraction: Official warning and mandatory review meeting.
    - ii. Moderate Infraction: Fine or suspension of certain privileges; mandatory training (online, virtual, or in-person) may be required.
    - iii. Severe Infraction: Immediate fine and mandatory meeting with corporate within 24 hours.
  - c. Third Offense:
    - i. Mild Infraction: Fine of \$100 and submission of a comprehensive improvement plan.
    - ii. Moderate Infraction: Fine of \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan. For maintaining a 4.5-star rating, mandatory hiring of a reputation management and improvement company.
    - iii. Severe Infraction: Fine of \$5,000 and consideration for termination of the franchise agreement.

### **Section 4. DOCUMENTATION**

Record Keeping: Crave Cookies Franchising, LLC will thoroughly document every step of the process, including warnings, communications, and the franchisee's responses.

## **Section 5. TERMINATION OF FRANCHISE AGREEMENT (LAST RESORT)**

- A. Clear Grounds: Crave Cookies Franchising, LLC will define specific, egregious violations that warrant immediate termination.
  
- B. Due Process: Crave Cookies Franchising, LLC will ensure a fair process is followed, including providing written notice and an opportunity for the franchisee to respond.
  
- C. Support for Transition: Crave Cookies Franchising, LLC will offer guidance and support to minimize disruption during the transition period.

## **Section 6. INFRACTIONS FOR EACH CATEGORY WITH PENALTIES**

### **A. MILD INFRACTIONS**

These are minor issues that typically do not significantly impact the overall brand or customer experience but still need to be addressed to maintain consistency and quality.

- I. Failure to Follow the Sales Script:
  - a. First Infraction: Notification and detailed feedback.
  - b. Second Infraction: Official warning and mandatory review meeting.
  - c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.
  
- II. Minor Cleanliness Issues:
  - a. First Infraction: Notification and detailed feedback.
  - b. Second Infraction: Official warning and mandatory review meeting.
  - c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.
  
- III. Failure to Reply to Google Reviews Within 72 Hours:
  - a. First Infraction: Notification and detailed feedback.
  - b. Second Infraction: Official warning and mandatory review meeting.
  - c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.
  
- IV. Improper Uniform or Apparel:
  - a. First Infraction: Notification and detailed feedback.

- b. Second Infraction: Official warning and mandatory review meeting.
- c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.

V. Inaccurate Menu Display:

- a. First Infraction: Notification and detailed feedback.
- b. Second Infraction: Official warning and mandatory review meeting.
- c. Third Infraction: Fine: \$100 and submission of a comprehensive improvement plan.

B. MODERATE INFRACTIONS

These issues are more serious and can affect the customer experience, operational efficiency, or brand consistency. They require prompt correction within 24 hours. Infractions reset every 60 days.

I. Repeated Minor Cleanliness Issues:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

II. Inconsistent Product Quality:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

III. Failure to Maintain a Minimum 4.5-Star Rating on Online Review Platforms:

- a. First Infraction: Immediate notification and requirement for correction within 30 days.
- b. Second Infraction: Comprehensive improvement plan required (if not improved above 4.5 stars within 30 day period).
- c. Third Infraction: Mandatory hiring of a reputation management and improvement company if not improved above 4.5 stars within 60 day period.

IV. Incorrect Use of Marketing Materials:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

V. Repeatedly Reporting Menu Items Unavailable:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

VI. Creating Unapproved Discounts and Promotions:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

VII. Unapproved Packaging Utilization:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours.
- b. Second Infraction: Fine: \$500 and scheduled audit within 7 days (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

VIII. Failure to Submit Weekly Prep Pictures:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours,
- b. Second Infraction: Shutting off online ordering until pictures have been approved (if within the same 60-day period).
- c. Third Infraction: Fine: \$1,000 and follow-up audit within 30 days, along with a detailed improvement plan.

IX: Required Training Not Completed:

- a. First Infraction: Immediate notification and requirement for correction within 24 hours, training must be scheduled immediately
- b. Second Infraction: Fine: \$500 (if training has not been scheduled and completed in a 60-day period).
- c. Third Infraction: Fine: \$1,000 if training has not been completed in the 120 days from the first infraction. Store will be temporarily closed if training is not completed at this point. .

X. Editing Existing Menu:

- a. First Infraction: Immediate notification and 7 day permissions restriction
- b. Second Infraction: Fine: \$500 and 30 day permission restriction
- c. Third Infraction: Fine: \$1,000 and permanent permission restriction .

C. SEVERE INFRACTIONS

These are critical issues that can significantly harm the brand's reputation, customer trust, and operational integrity. They require immediate attention and come with substantial penalties.

I. Significant Health and Safety Violations:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

II. Sharing Unit Level Sales and Performance Information Outside the Franchise Organization:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

III. Non-Compliance with Legal and Regulatory Requirements:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.

- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

IV. Gross Mismanagement of Financial Reporting:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

V. Any Action Severely Damaging the Brand Reputation:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

VI. Carrying Non-Approved Menu Items:

- a. First Infraction: Immediate fine: \$1,000 and mandatory meeting with corporate within 24 hours.
- b. Second Infraction: Fine: \$2,500 and potential temporary closure of the franchise.
- c. Third Infraction: Fine: \$5,000 and consideration for termination of the franchise agreement.

**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 Crave Cookies Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Crave Cookies Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
Becky English	2949 Oak Park Lane, Holladay, UT 84117	801-703-4532
Dave Root	2949 Oak Park Lane, Holladay, UT 84117	801-834-4746

Issuance Date: May 12, 2025

I received a disclosure document dated \_\_\_\_\_, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- F. Financial Statements
- G. Brand Standards Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
- J. State Addenda to Agreements

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date Received: \_\_\_\_\_

**Keep This Copy For Your Records**

**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 Crave Cookies Franchising, LLC offers you a franchise, it must provide this disclosure document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale. New York requires that you be given this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of any franchise or other agreement, or payment of any consideration that relates to the franchise relationship.

If Crave Cookies Franchising, LLC does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and any applicable state agency (which are listed in Exhibit A).

The name, principal business address, and telephone number of each franchise seller offering the franchise is:

<b>Name</b>	<b>Principal Business Address</b>	<b>Telephone Number</b>
Becky English	2949 Oak Park Lane, Holladay, UT 84117	801-703-4532
David Root	2949 Oak Park Lane, Holladay, UT 84117	801-834-4746

Issuance Date: May 12, 2025

I received a disclosure document dated \_\_\_\_\_, that included the following Exhibits:

- A. State Administrators and Agents for Service of Process
- B. Franchise Agreement (with Guaranty and Non-Compete Agreement)
- C. Multi-Unit Development Agreement
- D. Rider to Lease Agreement
- E. Form of General Release
- F. Financial Statements
- G. Brand Standards Manual Table of Contents
- H. Current and Former Franchisees
- I. State Addenda to Disclosure Document
- J. State Addenda to Agreements

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_

Date Received: \_\_\_\_\_

**Return This Copy To Us: Crave Cookies Franchising, LLC**