

FRANCHISE DISCLOSURE DOCUMENT



THE *original* COOKIE BOUQUET® COMPANY

COOKIES FRANCHISE HOLDINGS LLC

a Delaware limited liability company
110 Hillside Avenue, Suite 304
Springfield, New Jersey 07081
(908) 264-2054
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www.cookiesbydesign.com

You will operate a retail “shop” under the tradename COOKIES BY DESIGN that produces decorated cookies, gourmet cookies, fanciful cookie arrangements, and related products for retail sale to the general public.

The total initial investment necessary to begin operation of a COOKIES BY DESIGN franchise business ranges from ~~\$160,000 to \$345,000~~ \$160,000 to \$345,000. This includes the ~~\$30,000~~ 500 that must be paid to the franchisor or affiliate.

~~The total investment necessary to begin operation of three to five franchised businesses is \$175,000 - \$375,000. This includes \$45,500 to \$60,500 that must be paid to the franchisor or its affiliate(s). If you are acquiring development rights under the area development program, the total initial investment necessary to begin operation of a COOKIES BY DESIGN Area Development franchise business ranges from \$205,000 to \$405,000. This includes the \$45,000 to \$60,000 that must be paid to the franchisor or affiliate. This includes 1 additional franchise on the low end and 5 additional franchises on the high end of the range under the Area Development. You must open at least one additional COOKIES BY DESIGN Franchised Business under an Area Development Agreement. There is no maximum number of additional COOKIES BY DESIGN Franchised Businesses under an Area 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 government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another format that is more convenient to you. To disclose the availability of disclosures in different formats, contact Clay Keeter at 110 Hillside Avenue, Suite 304, Springfield, New Jersey 07081, ckeeter@cookiesbydesign.com.

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 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: January 2, 2025

Special Risks to Consider About *This* Franchise

Certain states require 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 the State of New Jersey. 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 the State of New Jersey than in your own state.
2. **Short Operating History.** The franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise in a system with a longer operating history.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising fund payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
5. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.
6. **Going Concern.** The auditor's report on the franchisor's financial statements expresses substantial doubt about the franchisor's ability to remain in business. This means that the franchisor may not have the financial resources to provide services or support to you.
- 4.7. **Turnover Rate.** During the last 3 years, a high percentage of franchised outlets (more than 27%) were terminated, not renewed, or ceased operations for other reasons. This franchise could be a higher risk investment than a franchise in a system with a lower turnover rate.

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.

**FRANCHISE DISCLOSURE DOCUMENT
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EXHIBITS:

- EXHIBIT A – Agents for Service of Process
- EXHIBIT B – Franchise Agreement
- EXHIBIT C – Area Development Agreement
- EXHIBIT D – [Reserved]
- EXHIBIT E – Financial Statements
- EXHIBIT F – State Administrators
- EXHIBIT G – List of Current and Former Franchised Shops
- [EXHIBIT H- State Addendum](#)
- EXHIBIT ~~H-I~~ – State Effective Dates
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If we grant you development rights, you will sign our standard Area Development Agreement (see Exhibit C), for the development of multiple Shops within a defined development area. The development area and timetable for opening Shops will be determined by us and memorialized in a development schedule. The number of Shops to be developed under each Area Development Agreement will depend on such factors as the size, affluence and population density of the development area. For each Shop developed under the Area Development Agreement, you must enter into our then-current form of Franchise Agreement. The then-current franchise agreement may be different from the current franchise agreement included within this FDD.

In addition, if you are an existing franchisee who desires to fulfill orders in an extended delivery area assigned by us (an “Extended Delivery Area”), we may, in our sole discretion, elect to enter into an Extended Delivery Area Agreement, our current form of which is as Attachment F to the form Franchise Agreement attached to this disclosure document. The Extended Delivery Area Agreement allows you to fulfill orders received by the Shop or by us or our affiliate via telephone, facsimile, mail order, catalog sales, and/or the Internet, and to hand deliver and ship the orders to residential and business locations within an additional geographic area outside your Designated Territory. If we enter into an Extended Delivery Area Agreement with you, either of us may terminate the Extended Delivery Area Agreement at any time for any or no reason 30 days after delivery of written notice of termination to the other. Additionally, we may immediately suspend or terminate the Extended Delivery Area Agreement if you are in default of your obligations under the Extended Delivery Area Agreement. We also have the immediate right to unilaterally modify the Extended Delivery Area.

Market and Competition

You will offer and sell services to customers who use the services of florists and/or bakeries. We believe that the market for our products is developing. You will compete with other local and nationally franchised businesses providing similar services. Your ability to compete in this market depends in large part on geographical area, specific site location, general economic conditions and your capabilities.

Industry Specific Laws and Regulations

In addition to laws and regulations that apply to businesses generally, the U.S. Food and Drug Administration, the U.S. Department of Agriculture, and state and local health departments administer and enforce laws and regulations that govern food preparation and service and sanitation conditions. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations.

In addition, the Menu Labeling Provisions of the Patient Protection and Affordable Health Care Act require certain retail food establishments to post caloric information on menus and menu boards and to make available to consumers additional written nutrition information upon request. State and local governments may have their own regulations

ITEM 2 BUSINESS EXPERIENCE

Owner, Chairman, and Chief Executive Officer: Andrew Berger

Andrew Berger is our Owner and Chairman of the Board and has served as our Chief Executive Officer since June 2023. He is also a director and beneficial owner of Cookies USA and has held this position since May 2023. Mr. Berger has served as the chairman of the board of Cosi Restaurant Holdings LLC and its affiliated entities since August 2022. Prior to that, Mr. Berger served as the Chief Executive Officer and as chairman of the board of Cosi, Inc. from May 2017 to August 2022. Mr. Berger has served as the President of Tuesday Morning USA LLC since February 2024. Since January 2008, Mr. Berger has served as the Managing Member of AB Value Management LLC, ~~which is the General Partner of AB Value Partners LP~~. Since February 2002, Mr. Berger has served as President of Walker’s Manual, Inc. Mr. Berger

has also been a director of Autoscope Technologies Corporation (located in Minneapolis, Minnesota) since October 8, 2015, as well as a member of their Audit Committee and Nominating and Corporate Governance Committee since June 2016.

President and Director: David Polonitza

David Polonitza is a member of the Board and has served as our President since June 2023. He is also a director and the Executive Vice President of Cookies USA LLC and held the position since May 2023. Mr. Polonitza has served as the Executive Vice President and as a director of the board of Cosi Restaurant Holdings LLC and its affiliated entities since August 2022. Mr. Polonitza has served as the Executive Vice President of Tuesday Morning USA LLC since February 2024. From May 2017 to August 2022, Mr. Polonitza served as the Executive Vice President of Cosi, Inc. ~~and its affiliated entities~~, and from December 2018 to August 2022, he served as a director of the board of Cosi, Inc. and its affiliated entities. Mr. Polonitza has been the Chief Operating Officer of AB Value Management LLC since October 2010.

The above is a list of our directors, officers, executives and personnel with responsibility for the franchise program. Unless otherwise stated, the location of each company or employer is Mountainside, New Jersey.

**ITEM 3
LITIGATION**

Pending Action of Predecessor, Designed Cookies, Inc.

Cakes By Design Inc. (Plaintiff) v. Cookies By Design, Inc., Snickerdoodle Inc., Dharminder Bhullar and Kathleen R. Bhullar (Defendants), as amended Court File No. T-718-24, Federal Court, Toronto, Ontario, Canada, dated April 3, 2024. Plaintiff is a third-party that operates a shop under the trade name CAKES BY DESIGN in Toronto, Ontario, and Defendants include the predecessor franchisor, Cookies By Design, Inc. (“CBD”), a former franchisee in Toronto, Ontario, Snickerdoodle (“Snickerdoodle”), which operated a COOKIES BY DESIGN shop near the Plaintiff’s CAKES BY DESIGN shop, and the principals of Snickerdoodle. Plaintiffs claim that the Defendants are infringing on Plaintiff’s intellectual property rights. Plaintiff is seeking monetary relief of over \$50,000, nonmonetary relief, and awarding of attorneys’ fees and costs. To the knowledge of Cookies USA Franchisor Holdings LLC, Defendants have denied all allegations in response to the filings. Cookies Franchise Holdings LLC, Cookies USA LLC, and their respective officers are not parties to the amended complaint. Neither Cookies Franchise Holdings LLC nor Cookies USA LLC were parties to, and neither acquired the rights to, the Snickerdoodle Franchise Agreements or the Canadian trademarks, which remain in the name of Cookies By Design, Inc. or its affiliates.

The Cookie Bouquet of Houston, Inc., Champions Cookie Bouquet, Inc., and Cookie Bouquet Development Corporation v. Designed Cookies, Inc., Cookies by Design, Inc., Defendant Cookie Bouquet Franchising Corporation f/k/a Cookie Bouquet Inc., MGW Group, Inc., Mary Gwen Willhite-Gilliam, Richard J. Long and Clay Keeter, Cause No. 2023-40765 / Court: 269 filed in the District Court of Harris County, Texas on July 2, 2023. Plaintiffs are former franchisees of three Shops and Defendants include the predecessor franchisor, DCI, and certain officers and affiliates of DCI. Plaintiffs filed a Request for Declaratory Judgment and Original Petition claiming 1) violations of the Federal Trade Commission (“FTC”) Franchise Rule and the Texas Business Opportunity Act; 2) breach of contract; 3) fraud by non-disclosure; 4) negligent misrepresentation; 5) fraud and fraudulent inducement; 6) violations of the Texas Deceptive Trade Practices Act; 7) money had received; 8) Promissory estoppel; 9) breach of the covenant of duty of good faith and fair dealing; 10) wrongful conversion; and 11) alter ego/piercing the corporate veils. Plaintiffs are seeking monetary relief of over \$1,000,000, nonmonetary relief, and awarding of attorneys’ fees and costs. Defendants have denied all allegations in response filings and filed a Motion for Summary

under the Franchise Agreement for the first Shop (i.e., \$30,000), plus 25% of the Initial Franchise Fee (i.e., \$7,500) multiplied by the number of additional Shops you commit to develop. When you sign the Area Development Agreement, you will also sign a Franchise Agreement for the first Shop, and \$30,000 of your Development Fee payment will be credited toward satisfaction of the Initial Franchise Fee. When you sign each additional Franchise Agreement, \$7,500 of your Development Fee payment will be credited to satisfy the Initial Franchise Fee due, and you will pay the balance at that time. The Development Fee is uniform for all franchises and is considered fully earned and nonrefundable upon payment.

Other Initial Fees.

You must pay us a CBD POS Maintenance Fee of \$500 in January of each year. The CBD POS Maintenance Fee is uniformly charged for franchises currently offered. The CBD POS Maintenance Fee is considered fully earned and non-refundable upon payment.

**ITEM 6
OTHER FEES**

| Type of Fee¹ | Amount | Due Date | Remarks |
|--------------------------------|--|-----------------|--|
| Royalty | Months one through six: 6% of Gross Sales Months six through the end of the Term: the greater of 6% of Gross Sales or \$500 | Monthly | See Note 2 for the definition of “Gross Sales”. |
| Advertising Fund | Up to 3% of Gross Sales | Monthly | We collect Advertising Fund contributions. |
| Minimum Local Advertising | 3% of Gross Sales, may be increased to 3.5% of Gross Sales upon 90 days’ prior notice | Quarterly | You will deliver to us a quarterly report describing the preceding quarter’s local advertising activities and the amount you spent on each of those activities. |
| Sublicensed Materials | Set by licensor; currently, none | Monthly | We or our designee collects and pays the licensor. |
| Extended Delivery Area Fee | 10% of Gross Sales in the Extended Delivery Area, of which 6% is a Royalty and 4% is an Extended Delivery Area fee. | Monthly | If you enter into an Extended Delivery Area Agreement to fulfill orders within an Extended Delivery Area (outside your Designated Territory), you will pay us a Royalty equal to 6% of Gross Sales on orders fulfilled or delivered in the Extended Delivery Area (outside your Designated Territory), plus a 4% Extended Delivery Area fee. |
| National Account Order Fee | Additional 5% of Gross Sales from National Account orders | Monthly | Additional fee of 5% of Gross Sales on National Account orders you fulfill. This fee covers our cost of identifying leads, securing and closing orders, collecting amounts due, and administering National Accounts. |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|--------------------------------|---|------------------------------------|---|
| CBD POS Maintenance Fee | Currently, \$500 per year, subject to increase upon 30 days' notice ³ | Annually each January 1st | No limitation on our ability to increase this fee. |
| Satellite/Kiosk Fee | \$500 per year per Satellite or Kiosk | Annually each January 1st | Payable only if a Satellite or Kiosk is established. |
| Internet Site/Online Order Fee | Currently \$3 per online order placed through our Internet site ⁴ | Monthly | Fee is added and charged to the purchaser at the time order is placed through the internet site. This fee may be increased with a 30-day notice. |
| Late Payment Fee | Lesser of 1.5% per month or the highest amount allowed by law | Upon demand | Payable only if any sums due us are not paid promptly when due. |
| Additional On-Site Assistance | Reimbursement for travel expenses, expenses per diem, and other related expenses | Upon demand | Payable only for additional opening assistance and supervision which we may require require, or you may request. |
| Additional Training | A reasonable fee ranging from \$100 to approximately \$1,500 | Upon demand | Other than the initial training for you or your Shop's original General Manager, we may charge a reasonable fee for training, seminars and materials, whether required or optional. |
| Site Approval Extension Fee | \$1,000 per extension | With your request for an extension | Payable if you request, and we permit, a 30-day extension of the period for approval of a proposed site. |
| Construction Extension Fee | \$1,000 per extension | With your request for an extension | Payable if you request, and we permit, a 30-day extension of your obligation to begin construction. |
| Insurance Fee | Reimbursement <u>of the cost of insurance plus any costs and expenses incurred by us</u> | Upon demand | Payable only if you fail to obtain the required insurance and we do so on your behalf. |
| Renewal Fee | \$5,000 | Before renewal | See Item 17 for more information regarding renewal. |
| Administrative Fee | \$250 per enforcement effort (i.e., written or verbal notification and follow up), and \$250 per week for each week that the issue remains unresolved | Upon demand | We may assess an administrative fee to compensate us for our time. |

| Type of Fee ¹ | Amount | Due Date | Remarks |
|----------------------------|--|-------------|---|
| Transfer Fee | \$5,000 if the transfer results in a change in control, a transfer of the Franchise Agreement or assets not in the ordinary course of business; the greater of the costs that we incur or \$1,000 if the transfer does not result in a change in control | Upon demand | |
| Relocation Fee | The lesser of \$5,000 or amount necessary to reimburse Franchisor for its reasonable costs and expenses | Upon demand | |
| Nonsufficient funds Fee | The greater of the actual cost of the fee, or \$25 | Upon demand | If any payment submission is returned by you as nonsufficient funds, or similar fee, then you agree to pay us \$25, or the actual cost of the fee, if greater, as a resubmittal accounting fee. |
| Tax Payment | Reimbursement | Upon demand | You must reimburse us for any sales taxes, gross receipts tax or similar tax imposed on us for any payments to us required by the Franchise Agreement. |
| Audit Fee | Reimbursement of our audit expenses | Upon demand | Payable only if an audit reveals an understatement of 2% or more. |
| Inspection and Testing Fee | Reimbursement of franchisor cost and expense of the inspection or testing | Upon demand | Payable only if you request our approval of a new product or supplier. |
| Indemnification | Varies | Upon demand | You must indemnify us and certain related parties from certain losses and expenses. |

Notes:

- (1) Unless otherwise noted, all fees are payable directly to us and are uniformly imposed and nonrefundable.
- (2) “Gross Sales” means all revenue from the sale of all products and services related to the Shop and any Satellites and/or Kiosks, whether for cash or credit (and, if for credit, whether or not payment is received therefor), and all other income of every kind and nature related to the Shop and any Satellites and/or Kiosks including, without limitation, proceeds of business interruption insurance and gross revenues received by the franchisee from any other business (including, but not limited to, all revenues from any mechanical or other device, such as vending machines) operated from the Shop, less: (i) any sales taxes or other taxes collected by you from your customers for transmittal to the appropriate taxing authority, (ii) valid credits deducted from revenues initially recorded as Gross Sales, and (iii) revenues from delivery fees collected on delivery orders.

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|---|------------------------|-------------------|-------------|-------------------------------|
| Additional Funds ⁸ (three months which include working capital) | \$25,000 to \$35,000 | As incurred | As incurred | Employees, Suppliers, etc. |
| TOTAL ⁹ | \$160,000 to \$345,000 | | | |

Area Development Agreement

| Type of Expenditure | Amount | Method of Payment | When Due | To Whom Payment is to be Made |
|--|--|-------------------|--|-------------------------------|
| Development Fee ¹ | \$ 45 15,000 to \$ 60 30,000 | Lump sum | When you sign the Area Development Agreement | Us |
| Estimated Initial Investment Range ¹⁰ | \$160,000 to \$345,000 \$160,000 to \$345,000 | As incurred | As incurred | Individual suppliers |
| TOTAL ⁹ | \$175,000 205,000 - \$375,000 405,000 | | | |

Notes:

- (1) Our standard Initial Franchise Fee for your first Shop is \$30,000. See Item 5 for a description of the Initial Franchise Fee and the Development Fee. The Development Fee itemized in the above table assumes the development of three Shops on the low end of the Development Fee amount and the development of five Shops on the high end of the Development Fee amount. [We do not offer direct or indirect financing for the Initial Franchise Fee or Area Development Fee.](#)
- (2) You or, if Franchisee is a business entity, one of your equity owners, must attend our initial training program and complete it to our satisfaction. We may also admit, at our discretion, your spouse if the franchisee is an individual, any additional equity owners, if the franchisee is a business entity, and/or your General Manager. You are responsible for all training-related expenses including travel, lodging, meals, and wages. We reserve the right to charge a reasonable per person tuition fee (currently \$1,000) for the third and additional attendees if more than two individuals are permitted to attend the initial training program.
- (3) You may purchase or lease commercial real estate for the Shop premises or enter into a lease-purchase agreement for the land and building. [A shop is approximately 800 to 1,500 square feet.](#) ~~Also, t~~The [building-Shop](#) may be either newly constructed or renovated and either free-standing or located in a mall or shopping center. In certain instances, you may be able to get the landlord to contribute toward renovation or improvement of the real estate and also may be able to arrange to pay a lesser amount for rent in exchange for paying the landlord a percentage of sales from the Shop. Real estate expenses (including, but not limited to, construction costs, impact fees, and broker commissions) will vary widely, depending on the geographic region, the site location, the size of the building, and other factors.

- (4) This range includes the cost of kitchen and other equipment required for the Shop as well as all required computer systems. The kitchen equipment consists of items such as ovens, mixers, refrigerators, freezers, trays and utensils. The estimated cost of our required computer systems includes hardware and software and, with respect to software, includes the CBD POS Maintenance Fee (currently, free of cost for the first year and then \$500 per year).
- (5) Required signage includes, in most cases, one building sign and interior signage.
- (6) The insurance requirements are described in Item 8.
- (7) You must hire an architect approved by us to adapt our standard plans and specifications to the site and to local and state laws, regulations and ordinances. An engineer ordinarily will be required only for new construction, surveying, soil tests and electrical and mechanical engineering. An architect or engineer also may be required to supervise the construction and improvements of the Shop premises. You probably will also need accounting and legal services (e.g., franchise review, lease negotiation, financing and tax planning). The accounting and legal fees will vary, depending on your needs, your choice of professional service providers and other local circumstances (e.g., zoning applications, health permits).
- (8) These amounts are the minimum recommended levels to cover operating expenses, including your employees' salaries for three months. They do not include managerial salaries or any payment to you. They also do not take into account finance payments, charges, interest, and related costs you may incur if any portion of the initial investment is financed. ~~These are just estimates, and we cannot guarantee that they will be sufficient for your needs.~~
- (9) ~~Additional working capital may be required if sales are low or fixed costs are high.~~ We relied on our franchisees' operating experiences in compiling these working capital estimates.
- (10) This Estimated Initial Investment range is identical to the single-unit Estimated Initial Investment table total, except that the Initial Franchise Fee has been removed as an expense from both the low end and high end of the range. Instead, you will pay to us the Area Development Fee itemized in the table.

ITEM 8 RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Purchases from Designated or Approved Suppliers

You must purchase all products that bear any of our trademarks from us or from a producer, manufacturer, distributor or supplier we designate or approve. In addition, we can require you to purchase from us or from suppliers or distributors we designate other goods and services as we identify periodically, including: (a) fixtures, furniture, equipment, interior and exterior signage, graphics, décor, and Shop design consulting services; (b) your requirements of icing and baking mixes and ingredients, and all other food products and ingredients; (c) cookie and baking molds, cutters, and images; (d) containers, packaging materials, and shipping materials; (e) uniforms, shirts, memorabilia, and all merchandise and items intended for retail sale (whether or not bearing the Marks); (f) advertising, point-of-purchase materials, and other printed or digital promotional materials; (g) gift certificates and stored value cards; (h) stationery, business cards, and other templates and forms; and (i) paper goods, packaging, and supplies. You must purchase the POS computer system from our approved third-party vendor. See Item 11 for more information about computer hardware and software requirements.

Currently, we are the designated supplier for the CBD POS Software. Neither we nor our affiliates are approved suppliers or the only approved suppliers for any other goods or services. None of our officers owns an interest in any privately-held suppliers, or a material interest in any publicly-held suppliers of the franchise system. ~~Occasionally, our officers may own non-material interests in publicly held companies that may be suppliers to our franchise system.~~

| Obligation | Article in Agreements | Disclosure Document Item |
|-------------------------------------|---|--------------------------|
| u. Renewal (or Extension of Rights) | Article 3 of the Franchise Agreement, Article 5 of the Area Development Agreement | Items 6 and 17 |
| v. Post-termination obligations | Article 22 of the Franchise Agreement | Item 17 |
| w. Non-competition covenants | Article 17 of the Franchise Agreement, Article 8 of the Area Development Agreement | Items 12, 15, and 17 |
| x. Dispute resolution | Article 23 of the Franchise Agreement, Article 15 of the Area Development Agreement | Item 17 |

**ITEM 10
FINANCING**

We do not offer direct or indirect financing. We do not guaranty your note, lease, or obligation.

**ITEM 11
FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING**

Except as listed below, Cookies Franchise Holdings LLC is not required to provide you with any assistance.

Pre-Opening Obligations. Before you open your Shop for business:

1. We will approve or refuse to approve your site within 30 days of receiving all required information (Franchise Agreement, Section 5(b)).
2. If we deem necessary, we will provide you one on-site evaluation of a proposed Shop location at no charge to you (Franchise Agreement, Section 5(c)).
3. We will admit two individuals to our initial training program, described below (Franchise Agreement, Section 7(a)).
4. After your successful completion of our initial training program, we provide you access to our Operations Manuals (Franchise Agreement, Section 7(a)).
5. We will make available one individual to provide you with up to three days of on-site Shop opening and operating assistance at no cost to you (Franchise Agreement, Section 7(b)).
- 5-6. [We provide maximum, minimum or other retail pricing to the fullest extent permitted by law \(Franchise Agreement, Section 8\(j\)\).](#)

Continuing Obligations. During the operation of the Shop:

1. We will provide continuing advisory assistance, as we deem advisable, to you in the operation of the Shop (Franchise Agreement, Section 8(i)).
2. We may offer, from time to time, to provide, upon your request and at your expense, approved local advertising and promotional plans and materials, including newspaper slicks, promotional leaflets, and coupons. All such advertising must be placed in or distributed through such media or channel of communication as approved by us (Franchise Agreement, Section 10(b)).

Advertising

Our advertising program for the products and services offered by COOKIES BY DESIGN Shops currently consists of online advertising and marketing campaigns. Our advertising materials currently are created in-house and with the help of an outside advertising agency or independent contractors. You may develop

We will notify you of our acceptance or objection of the proposed site in writing within a period of 30 days after our receipt of the complete information requested. Among the factors we consider when accepting a proposed site are demographics, the general location and neighborhood, traffic patterns, visibility to traffic, parking availability, size, and layout of the building and lease characteristics.

You must sign a lease for the premises or enter into a binding commitment to purchase such premises, within 60 days after receipt of site acceptance from us. You must provide us with a fully signed copy of the lease or purchase agreement with respect to the approved site within 10 days after signing of the lease or purchase agreement.

A COOKIES BY DESIGN Shop usually opens for business eight to 12 months after the Franchise Agreement is signed or a franchisee pays consideration for the franchise. Factors which may affect the length of time between signing of the Franchise Agreement and opening for business include the time necessary to locate a location which we will accept; to obtain any financing you need; to obtain required permits and governmental agency approvals; to fulfill local ordinance requirements; to complete construction, remodeling, alteration, and improvement of the site, including the installation of fixtures, equipment, and signs; to complete our initial training program and to complete the hiring and training of personnel. Delay in construction may be caused by inclement weather, material or labor shortages, labor actions, slow deliveries, equipment shortages and similar factors.

Once the site is selected, the lease is signed, and our approval for construction has been obtained, you will have six months within which to complete construction and open the Shop for business. If you fail to open the Shop by the end of this six-month period, we may either grant you a 30-day extension for \$1,000 or we may terminate the Franchise Agreement.

We do not select the site for any additional franchises under your Area Development Agreement, and we generally do not own the premises or lease sites for the Franchised Businesses under the Area Development Agreement. We approve each additional Site for the Franchised Businesses under the Area Development Agreement. Our then-current standards for Sites' approval will apply. For your Site, you must: (i) complete the site review form that we designate, which will include, among other things, demographic information, a site plan and traffic-related information; (ii) if the premises for the proposed site is to be leased, satisfactory evidence that the lessor will agree to the requirements contained in the lease rider attached to the Franchise Agreement; and (iii) any other information or materials we reasonably require, such as a letter of intent or other document which confirms your favorable prospects for obtaining the proposed site for the additional Sites of your Franchised Business. (Article 5 of the Area Development Agreement)

The typical time between signing the Area Development Agreement or the first payment of consideration for the Area Development Agreement and securing the Site for each additional franchise under the Area Development Agreement is an additional 18 months for each franchise. You must open each additional franchised business under the Area Development Agreement within an additional 24 months for each franchise. Factors affecting this time period include how long it takes to complete any modification of your COOKIES BY DESIGN site, completion of financing arrangements, compliance with local ordinances, obtaining permits, and obtaining and installing equipment. If you do not secure a Site or fail to obtain our approval for a Site within an additional 18 months for each additional franchise or do not open the additional franchised businesses within the additional 24 months under the Area Development Agreement, we may terminate the Area Development Agreement, but we may not terminate the franchise agreements for the franchised businesses already open for your failure to open or secure a Site within the required time period. (Article 5 of the Area Development Agreement).

ITEM 12 TERRITORY

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.

(f) sell or distribute products and services identified by the Marks anywhere inside or outside of the Designated Territory, through other channels of distribution including grocery stores, supermarkets, convenience stores, and restaurants;

(g) offer and sell products and services identified by the Marks via mail order catalog and/or the Internet (either directly or under arrangement with other retailers) and the sole right to fulfill such orders, regardless of where the customer or shipping destination is located;

(h) operate one or more sites on the Internet that advertises a System Business, allows customers and potential customers to place orders at a System Business (including the Shop), sells any product or service, or permits other activities (whether or not similar), even though the Internet site is accessible to or viewable by persons in the Designated Territory;

(i) negotiate and contract for National Accounts for the benefit of the System inside or outside of the Designated Territory;

(j) sell and license others to sell a Shop's products and services in Special Venues and at Special Events inside or outside of the Designated Territory;

(k) fulfill any National Account order or sales through corporate Shops, other System franchisees, third party suppliers, or any other fulfillment method available to u. and complete any sales under the Internet Site, ~~(m)~~ (m) solicit, accept orders for, and selling, products and services to customers within the Designated Territory, if such products and/or services are to be delivered to customers outside of the Designated Territory; and

~~(m)~~ ~~(n)~~ (l) acquire any business or be acquired or sell its assets to any business which sells products and/or services similar to the Products and Services in the Designated Territory.

We are not required to compensate you if we exercise any of the rights specified above inside your Designated Territory.

You are not granted any options, rights of first-refusal or similar rights to acquire additional franchises within the Designated Territory or contiguous territories. Your rights within the Designated Territory do not depend upon achieving a certain sales volume, market penetration, or contingency, other than compliance with the Franchise Agreement. We retain all rights not expressly granted to you under the Franchise Agreement.

Extended Delivery Area Agreement

If we grant you extended delivery rights through our Extended Delivery Area Agreement, we will designate a geographic area outside of your Designated Territory as your Extended Delivery Area. You agree to fulfill orders and provide delivery services on order received by the Shop or by us or our affiliates via telephone, facsimile, mail order, catalog sales, and/or the Internet, and to hand deliver and ship products to residential and business customers located in the extended delivery area assigned by us (referred to as the "Extended Delivery Area") per our standards. The Extended Delivery Area Agreement and your Extended Delivery Area rights may be terminated by either you or us on 30 days' notice to the other party. We may also immediately terminate or suspend your rights under the Extended Delivery Area Agreement if you are in default.

We and our affiliates retain the right to fulfill, and hand deliver or ship orders anywhere inside the Extended Delivery Area. We also have the right to grant a franchise for the operation of a COOKIES BY DESIGN business in the Extended Area (but outside of your Protected Territory, as defined in your Franchise Agreement). If we grant a franchise in the Extended Delivery Area, we will have the right to terminate the rights granted by the Extended Delivery Area Agreement, or to reduce or modify the Extended Delivery Area, in our sole discretion.

Area Development Agreement

The Area Development Agreement grants you the right to establish and operate multiple Shops under separate Franchise Agreements within a Development Area.

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.

During the term of the Area Development Agreement, and so long as you comply with the Area Development Agreement, we will not, without your prior written consent, establish or operate nor grant anyone other than you the right to establish or operate a System Business which is physically located in the Development Area. Your rights within the Development Area do not depend upon achieving a certain sales volume, market penetration, or contingency other than compliance with the Area Development Agreement. We retain all other rights not expressly granted under the Area Development Agreement. We, our affiliates, their respective franchisees and licensees, and any other third party to whom we grant such rights, may, among other things:

- (a) operate other types of facilities besides System Businesses in the Development Area, including facilities that are identified by some or all of the Marks;
- (b) advertise and promote sales of a Shop's products and services or a System Business, at any location, including within the Development Area;
- (c) offer and sell collateral and ancillary products and services, such as pre-packaged food products, clothing, and memorabilia, in the Development Area under the Marks, even though those products and services may be similar to items offered by the Shops;
- (d) offer and sell any products and services (regardless of similarity to a Shop's products and services sold in the Shops) under any names and marks other than the Marks; at any location, including within the Development Area;
- (e) establish, promote and operate a System Business anywhere outside of the Development Area, regardless of proximity or financial impact to Shops within the Development Area;
- (f) establish, promote and operate any business other than a System Business within or outside of your Development Area, regardless of whether this other business is identified by the Marks;
- (g) sell or distribute products and services identified by the Marks anywhere inside or outside of the Designated Territory, through other channels of distribution including grocery stores, supermarkets, convenience stores, restaurants, and via mail order, catalog sales, and/or the Internet; and
- (h) operate one or more sites on the Internet that advertises a System Business, allows customers and potential customers to place orders at a System Business (including the Shop), sells any product or Service, or permits other activities (whether or not similar), even though the Internet site is accessible to or viewable by persons in the Development Area.

If you fail to comply with the Development Schedule, we may, among other things, terminate the Area Development Agreement or, alternatively, reduce the number of Shops that you were given the right to develop, or terminate or reduce the territorial exclusivity granted to you.

For a period of two years after the successful and timely completion of the Development Schedule, if we propose to establish any additional System Businesses which are physically located in the Development Area, you will have the right to enter into a new Area Development Agreement and/or Franchise Agreement to establish such additional Shops under the terms and conditions of the then-current form of development and/or franchise agreements. If you and we have not signed a new development and/or franchise agreement within a period of 30 days after we provide written notice to you of our desire to further develop the Development Area, we will have the right to further develop or establish such additional Shops in the Development Area on our own or with others.

information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee’s future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor’s management by contacting David Polonitza, Executive Vice President, 110 Hillside Avenue, Suite 304, Springfield, New Jersey 07081, dpolonitza@cookiesbydesign.com, (908) 264-2054, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20
OUTLETS AND FRANCHISEE INFORMATION**

**TABLE NO. 1
Systemwide Outlet Summary
For fiscal years ending May 31, 2022, 2023, and 2024**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---------------|------|----------------------------------|--------------------------------|------------------------|
| Franchised | 2022 | 50 | 46 | -4 |
| | 2023 | 46 | 42 | -4 |
| | 2024 | 42 | 37 | -5 |
| Company Owned | 2022 | 2 | 1 | -1 |
| | 2023 | 1 | 1 | 0 |
| | 2024 | 1 | 1 | 0 |
| Total Outlets | 2022 | 52 | 47 | -5 |
| | 2023 | 47 | 43 | -4 |
| | 2024 | 43 | <u>37</u> 38 | <u>-6</u> 5 |

**TABLE NO. 2
Transfers of Outlets from Franchisees
to New Owners (Other Than the Franchisor)
For fiscal years ending May 31, 2022, 2023, and 2024**

| State | Year | Number of Transfers |
|----------|------|---------------------|
| Florida | 2022 | 1 |
| | 2023 | 0 |
| | 2024 | 0 |
| Illinois | 2022 | 0 |
| | 2023 | 1 |
| | 2024 | 0 |
| Indiana | 2022 | 0 |

ITEM 21
FINANCIAL STATEMENTS

Attached to this disclosure document as Exhibit E are our parent company, Cookies USA LLC's unaudited financials as of December 31, 2024, and our parent company, Cookies USA LLC's audited financial statements as of May 31, 2024, along with our parent company, Cookies USA LLC guarantee of performance.

We have not been in business for three years or more and cannot include all the financial statements required by the FTC Rule for our last three fiscal years. Our fiscal year end ~~is s~~ on May 31.

As described in Item 1, Cookies Franchise Holdings LLC was formed on July 27, 2023. We began offering and selling franchises as of November 2023, and we had not previously prepared audited financial statements. Therefore, we have no audited statements to provide for prior periods.

ITEM 22
CONTRACTS

The following agreements are attached to this disclosure document:

- Exhibit B - Franchise Agreement (with Guaranty and all Attachments)
- Exhibit C – Area Development Agreement (with Guaranty and all Attachments)
- Exhibit D – [Reserved]

ITEM 23
RECEIPTS

The last two pages of this disclosure document include two detachable receipts acknowledging your receipt of this disclosure document. Please sign and date both receipts, keep one signed copy for your own records, and return the other signed copy to us via e-mail, delivery, or first-class mail.

AGENTS FOR SERVICE OF PROCESS

MARYLAND

Maryland Securities Commissioner,
200 St. Paul
Place, Baltimore, Maryland 21202-2020

MICHIGAN

Michigan Department of Attorney General
Consumer Protection Division
Attn: Franchise Section
525 W. Ottawa St. G. Mennen Williams Bldg., 1st Floor
Lansing, Michigan 48913

TEXAS

Northwest Registered Agent
5900 Balcones Drive, Suite 100
Austin, Texas 78731

WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

~~(o) No Representations; No Reliance. You acknowledge, expressly represent, and warrant that, except for representations made in Franchisor’s franchise disclosure document, Franchisor has made no representations, warranties, or guarantees, express or implied, as to the potential revenues, profits or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations in making your decision to purchase a COOKIES BY DESIGN franchise or area. You further acknowledge, expressly represent, and warrant that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.~~

~~(p) Electronic Signature. This Agreement, including all Attachments, may be signed with full force and effect using electronic signatures. By signing via your electronic signature, you consent to the legally binding terms and conditions of this Agreement and represent that you are the authorized signatory indicated in each signature block.~~

25. ACKNOWLEDGMENTS.

~~(a) Commercial Relationship. Franchisee and Franchisee’s Principals acknowledge that this Agreement creates an arm’s length commercial relationship that cannot and will not be transformed into a fiduciary or other “special” relationship by course of dealing, by any special indulgences or benefits that Franchisor bestows on Franchisee, or by inference from a party’s conduct.~~

~~_____ Franchisee’s Principals Initials,
_____ individually and on behalf of
_____ Franchisee _____~~

~~(b) Compliance with Anti-Corruption and Anti-Money Laundering Laws. Franchisee and Franchisee’s Principals represent, covenant and warrant to Franchisor that, to the best of their knowledge, neither Franchisee nor any of Franchisee’s Principals or managerial employees thereof is identified, either by name or an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further, Franchisee and Franchisee’s Principals represent, covenant and warrant that, to the best of their knowledge, they have not violated and agree that they will not violate any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons or entities who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, Public Law No. 107-56 (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13244 (text currently available at <http://treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), or similar law. The foregoing constitutes continuing representations and warranties, and Franchisee will notify Franchisor immediately in writing of the occurrence of any event or the development of any circumstance that might render the foregoing representation and warranty false, inaccurate or misleading.~~

~~Franchisee’s Principals Initials,
individually and on behalf of
Franchisee _____~~

other gender, and words in the singular form shall be construed to include the plural and vice versa, unless the context otherwise requires.

(l) Entire Agreement. This Agreement and the attachments hereto constitute the entire agreement between Franchisor, Developer and Developer's Principals concerning the subject matter hereof. All prior agreements, discussions, representations, warranties and covenants are merged herein. THERE ARE NO WARRANTIES, REPRESENTATIONS, COVENANTS OR AGREEMENTS, EXPRESS OR IMPLIED, BETWEEN THE PARTIES EXCEPT THOSE EXPRESSLY SET FORTH IN THIS AGREEMENT. Except those permitted to be made unilaterally by Franchisor, any amendments or modifications of this Agreement will be in writing and executed by Franchisor and Developer. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made by Franchisor in the franchise disclosure document.

(m) Rules of Construction. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement will be construed as if drafted jointly by the parties, and no presumption or burden of proof will arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

(n) Business Judgment. Notwithstanding any contrary provisions contained in this Agreement, the parties acknowledge and agree that: (i) this Agreement (and the relationship of the parties which arises from this Agreement) grants Franchisor the discretion to make decisions, take actions and/or refrain from taking actions not inconsistent with Developer's explicit rights and obligations hereunder that may affect favorably or adversely Developer's interests; (ii) Franchisor will use its business judgment in exercising such discretion based on Franchisor's assessment of Franchisor's own interests and balancing those interests against the interests, promotion and benefit of the System and Shops generally (including Franchisor, and its Affiliates and other franchisees), and specifically without considering Developer's individual interests or the individual interests of any other particular developer or franchisee (examples of items that will promote or benefit the System and Shops generally include, without limitation, enhancing the value of the Marks and/or the COOKIES BY DESIGN brand, improving customer service and satisfaction, improving project quality, improving uniformity, enhancing or encouraging modernization, and improving the competitive position of the System); (iii) Franchisor will have no liability to Developer for the exercise of its discretion in this manner; and (iv) even if Franchisor has numerous motives for a particular action or decision, so long as at least one motive is a reasonable business justification no trier of fact in any legal action shall substitute its judgment for Franchisor's judgment so exercised and such action or decision will not be subject to challenge for abuse of discretion. IF FRANCHISOR TAKES ANY ACTION OR CHOOSES NOT TO TAKE ANY ACTION IN ITS DISCRETION WITH REGARD TO ANY MATTER RELATED TO THIS AGREEMENT AND ITS ACTION OR INACTION IS CHALLENGED FOR ANY REASON, THE PARTIES EXPRESSLY DIRECT THE TRIER OF FACT THAT FRANCHISOR'S RELIANCE ON A BUSINESS REASON IN THE EXERCISE OF ITS DISCRETION IS TO BE VIEWED AS A REASONABLE AND PROPER EXERCISE OF ITS DISCRETION, WITHOUT REGARD TO WHETHER OTHER REASONS FOR OUR DECISION MAY EXIST AND WITHOUT REGARD TO WHETHER THE TRIER OF FACT WOULD INDEPENDENTLY ACCORD THE SAME WEIGHT TO THE BUSINESS REASON.

(o) ~~No Representations; No Reliance. You acknowledge, expressly represent, and warrant that, except for representations made in Franchisor's franchise disclosure document, Franchisor has made no representations, warranties, or guarantees, express or implied, as to the potential revenues, profits or services of the business venture contemplated under this Agreement, and that you have not relied on any such representations in making your decision to purchase a COOKIES BY DESIGN franchise or area. You further acknowledge, expressly represent, and warrant that neither Franchisor nor its representatives have made any statements inconsistent with the terms of this Agreement.~~

(p) ~~Electronic Signature.~~ This Agreement, including all Attachments, may be signed with full force and effect using electronic signatures. By signing via your electronic signature, you consent to the legally binding terms and conditions of this Agreement and represent that you are the authorized signatory indicated in each signature block.

17. ACKNOWLEDGMENTS

Developer hereby acknowledges the following:

(a) ~~Commercial Relationship.~~ ~~Developer and Developer’s Principals acknowledge that this Agreement creates an arm’s length commercial relationship that cannot and will not be transformed into a fiduciary or other “special” relationship by course of dealing, by any special indulgences or benefits that Franchisor bestows on Developer, or by inference from a party’s conduct.~~

Developer’s Principals Initials,

individually and on behalf of

Developer _____

(b) ~~Compliance with Anti-Corruption and Anti-Money Laundering Laws.~~ Developer and Developer’s Principals represent, covenant and warrant to Franchisor that, to the best of their knowledge, neither Developer nor any of Developer’s Principals or managerial employee thereof is identified, either by name or an alias, pseudonym or nickname, on the lists of “Specially Designated Nationals” or “Blocked Persons” maintained by the U.S. Treasury Department’s Office of Foreign Assets Control (texts currently available at www.treas.gov/offices/enforcement/ofac/). Further Developer and Developer’s Principals represent, covenant and warrant that, to the best of their knowledge, they have not violated and agree that they will not violate any law (in effect now or which may become effective in the future) prohibiting corrupt business practices, money laundering or the aid or support of persons or entities who conspire to commit acts of terror against any person or government, including acts prohibited by the U.S. Patriot Act, Public Law No. 107-56 (text currently available at <http://www.epic.org/privacy/terrorism/hr3162.html>), U.S. Executive Order 13244 (text currently available at <http://treas.gov/offices/enforcement/ofac/sanctions/terrorism.html>), or similar law. The foregoing constitutes continuing representations and warranties, and Developer shall notify Franchisor immediately in writing of the occurrence of any event or the development of any circumstance that might render the foregoing representation and warranty false, inaccurate or misleading.

Developer’s Principals Initials,
individually and on behalf of
Developer _____

IN WITNESS WHEREOF, the parties have duly executed this Agreement on the date first written above.

FRANCHISOR:
COOKIES FRANCHISE HOLDINGS LLC

DEVELOPER:

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

EXHIBIT H

STATE ADDENDUM

ILLINOIS ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

Item 5 of the Disclosure document is amended to state payment of Initial Franchise and Area Development Fees will be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules). The Office of the Illinois Attorney General imposed this financial assurance requirement due to Franchisor's financial condition.

ILLINOIS ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

Payment of Initial Franchise and Area Development Fees will be deferred until Franchisor has satisfied its pre-opening obligations to franchisee and the franchisee has commenced business operations (Section 200.508 of the Rules). The Office of the Illinois Attorney General imposed this financial assurance requirement due to Franchisor's financial condition.

FRANCHISOR: _____ FRANCHISEE: _____

COOKIES FRANCHISE HOLDINGS LLC

By: _____ By: _____

Its: _____ Its: _____

Date: _____ Date: _____

MARYLAND ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT

The following additional disclosures are required by the Maryland Franchise Registration and Disclosure Law:

ITEM 5

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

ITEM 17

The franchise agreement provision, which provides for termination upon bankruptcy of the franchisee, may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

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.

You may sue us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

MARYLAND ADDENDUM TO FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

The Franchise Agreement and Area Development Agreement to which this addendum is attached are amended as follows to comply with the Maryland Franchise Registration and Disclosure Law:

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

2. A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

3. 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.

4. This franchise agreement provides that disputes are resolved through arbitration. A Maryland franchise regulation states that it is an unfair or deceptive practice to require a franchisee to waive its right to file a lawsuit in Maryland claiming a violation of the Maryland Franchise Law. In light of the Federal Arbitration Act, there is some dispute as to whether this forum selection requirement is legally enforceable.

5. Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. All representations requiring prospective franchisees to assent to a release, estoppel, or waiver of liability are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

7. Each provision of this Addendum is effective only to the extent that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law are met independently of this addendum. To the extent, this addendum is inconsistent with any term or condition of the Franchise Agreement or its exhibits or attachments, the terms of this Addendum control. Franchisor and Franchisee hereby ratify and affirm the Franchise Agreement in all other respects.

The parties are signing this addendum concurrently with the Franchise Agreement to which it is attached.

FRANCHISOR: _____ FRANCHISEE:
COOKIES FRANCHISE HOLDINGS LLC

By: _____ By: _____
Its: _____ Its: _____

Date: _____ Date: _____

MARYLAND ADDENDUM TO THE DISCLOSURE DOCUMENT FRANCHISE AGREEMENT AND AREA DEVELOPMENT AGREEMENT

- 1 Based upon the franchisor's financial condition, the Minnesota Security Registration Division has required a financial assurance. Therefore, all initial fees and payments owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the franchise agreement. In addition, all development fees and initial payments by area developers shall be deferred until the first franchise under the development agreement opens.
- 2 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.
- 3 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.
- 4 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).
- 5 Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee to assent to a general release.
- 6 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.
- 7 The Limitations of Claims section must comply with Minnesota Statutes, Section 80C.17, Subd. 5.
- 8 NSF checks are governed by Minnesota Statute 604.113, which puts a cap of \$30 on service charges.
- 9 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, franchisee

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

FRANCHISOR:

COOKIES FRANCHISE HOLDINGS LLC

By: _____

Its: _____

Date: _____

FRANCHISEE:

By: _____

Its: _____

Date: _____

EXHIBIT I

STATE EFFECTIVE DATES

STATE EFFECTIVE DATES

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| STATE | EFFECTIVE DATE |
|--------------------------|----------------|
| Maryland | |
| Michigan | |

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 J

RECEIPTS

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 Cookies Franchise Holdings 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.

If Cookies Franchise Holdings 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 the applicable state agency listed in [Exhibit F](#). [Exhibit A](#) to this disclosure document lists our agents for service of process.

Issuance Date: January 2, 2025

Franchise sellers' name and contact information: David Polonitza, Cookies Franchise Holdings LLC, 110 Hillside Avenue, Suite 304, Springfield, NJ 07081, (908) 264-2054, dpolonitza@cookiesbydesign.com, and Clay Keeter, Cookies Franchise Holdings LLC, 110 Hillside Avenue, Suite 304, Springfield, NJ 07081, (908) 264-2054, ckeeter@cookiesbydesign.com.

I received a disclosure document issued January 2, 2025, that included the following Exhibits:

- A. Agents for Service of Process
- B. Franchise Agreement (with Guaranty and all Attachments)
- C. Area Development Agreement (with Guaranty and all Attachments)
- D. [Reserved]
- E. Financial Statements
- F. State Administrators
- G. List of Current and Former Franchised Shops
- H. [State Addendums](#)
- [I](#) State Effective Dates
- [J](#) Receipts

Date: _____
Franchisee: _____
By: _____
Title: _____

[RETAIN 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 Cookies Franchise Holdings 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.

If Cookies Franchise Holdings 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 the applicable state agency listed in Exhibit F. Exhibit A to this disclosure document lists our agents for service of process.

Issuance Date: January 2, 2025

Franchise sellers' name and contact information: David Polonitza, Cookies Franchise Holdings LLC, 110 Hillside Avenue, Suite 304, Springfield, NJ 07081, (908) 264-2054, dpolonitza@cookiesbydesign.com, and Clay Keeter, Cookies Franchise Holdings LLC, 110 Hillside Avenue, Suite 304, Springfield, NJ 07081, (908) 264-2054, ckeeter@cookiesbydesign.com.

I received a disclosure document issued January 2, 2025, that included the following Exhibits:

- A. Agents for Service of Process
- B. Franchise Agreement (with Guaranty and all Attachments)
- C. Area Development Agreement (with Guaranty and all Attachments)
- D. [Reserved]
- E. Financial Statements
- F. State Administrators
- G. List of Current and Former Franchised Shops
- H. State Addendums
- I. State Effective Dates
- J. Receipts~~H. State Effective Dates~~
- ~~I. Receipts~~

Date: _____
Franchisee: _____
By: _____
Title: _____

[RETURN THIS COPY TO DESIGNED COOKIES, INC.]

You may return the signed receipt either by signing, dating, and either mailing it to Cookies Franchise Holdings LLC at 110 Hillside Avenue, Suite 304, Springfield, NJ 07081, or by emailing a copy to franchise@cookiesbydesign.com.