

FRANCHISE DISCLOSURE DOCUMENT

DUCK DONUTS HOLDINGS, LLC
A Delaware limited liability company
261 West Chocolate Avenue,
Hershey, Pennsylvania 17033
(717) 298-6096
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www.duckdonuts.com



You will operate a retail shop selling fresh made-to-order donuts under the trademark “Duck Donuts”.

The total investment necessary to begin operation of a Duck Donuts franchise ranges from \$394,150 to \$628,700. This includes \$40,000 that must be paid to the franchisor.

The total investment necessary to begin the operation of a Duck Donuts multi-unit development business ranges from \$415,850- \$666,200, for a minimum of 2 Duck Donuts outlets to be developed. This includes \$60,000- \$70,000 that must be paid to the franchisor or an affiliate.

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 the 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 for you. To discuss the availability of disclosures in different formats, contact Devon Mailey at 261 West Chocolate Avenue, Hershey, Pennsylvania 17033, 717-298-6096.

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 accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise”, which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, DC, 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. 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: April 8, 2026

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 us by mediation, arbitration and litigation only in Pennsylvania. Out-of-state mediation, arbitration and litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to mediate and litigate with us in Pennsylvania than in your own state.
2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for your financial obligations under the franchise agreement, even though your spouse has no ownership interest in the business. This guarantee will place both your and your spouse's personal and marital assets, perhaps including your house, at risk if your franchise fails.
3. **Mandatory Minimum Payments.** You must make minimum royalty or advertising 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. ~~**Unregistered Trademark.** A primary trademark that you will use in your business is not currently federally registered. If the franchisor's right to use this trademark in your area is challenged, you may have to identify your business and its products or services with a name that differs from that used by other franchisees or the franchisor. This change can be expensive and may reduce brand recognition of the products or services you offer.~~

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

Agreement. We also offer our existing franchisees who are in good standing a reduced Initial Franchise Fee of \$30,000 for the purchase of an additional Duck Donuts franchise.

ITEM 6: OTHER FEES


Type of Fee	Amount	Due Date	Remarks
Royalty Fee	6% of weekly Gross Sales	Sunday following the close of each calendar week (Monday through Sunday)	Payable to us. See footnote 1.
Required Minimum Expenditure for Local Marketing and Advertising	1% of your Gross Sales	Monthly	Payable to third parties. All advertising must be pre-approved by us. See footnote 2.
Brand Fund Contribution	2% of your Gross Sales, subject to increase to no more than <u>maximum of</u> 3% of your Gross Sales.	Sunday following the close of each calendar week (Monday through Sunday)	Brand Fund Contributions are paid directly to the Brand Fund. See footnote 3.
Advertising Cooperative	Your share of actual cost of advertising.	As determined by cooperative.	No cooperatives have been established as of the date of this Disclosure Document. You are required to join an advertising cooperative if one is formed. Cooperatives will be comprised of all franchised Duck Donuts outlets in a designated geographic area. Any affiliate-owned outlets may participate in an advertising cooperative, in our sole discretion.
Digital Transaction Convenience Fee	.61 per online order	Monthly	This fee is used to develop, maintain, support & secure the ordering platforms for first party orders only (brand websites, online ordering & apps).

Type of Fee	Amount	Due Date	Remarks
Additional Training	A reasonable fee for each training session, which currently does not exceed \$500 per day for tuition. You also pay all travel and other related expenses incurred by you and your personnel to attend training.	As incurred.	See footnote 4.
Conference Non-Attendance Fee	\$1,500	As incurred.	If you fail to attend our annual franchisee conference, we will assess a non-attendance fee. You are required to obtain any missed mandatory training at your cost.
Remedial Training Fee	Our then-current per diem rate of <u>\$250 per day</u> , for each trainer, plus travel and other expenses. Our current per diem rate is \$250 per day.	As incurred.	We may impose this fee, payable to us, if you request additional training at your premises from time-to-time, or if you are operating below our standards and we require you to have additional training. You must also pay all costs of our trainer, which include but are not limited to, airfare, transportation, hotel and meals.
Interim Management Support Fee	Our then-current per diem rate of <u>\$500 per day</u> for on-site management, plus expenses. Our current rate is the \$500 per day, plus travel and other expenses.	As incurred.	We may impose this fee (in addition to all regularly occurring fees such as the Continuing Royalty Fee and Brand Fund Contributions), payable to us, if we provide on-site management of your Franchised Business. See footnote 5.

You may only solicit sales from customers in your Territory. Your local advertising must target customers in your Territory, although the reach of your local advertising may extend beyond your Territory.

ITEM 13: TRADEMARKS

Our affiliate Duck Donuts IP, LLC (“Licensor”) is the owner of the Marks and has granted to us the exclusive right to use the Marks and license to others the right to use the Marks in the operation of a Duck Donuts franchise in accordance with the System. The Franchise Agreement will license to you the right to operate your Franchised Business using the following trademarks (the “Principal Marks”).

Mark	Registration Number	Registration Date	Register
DUCK DONUTS	5218263	June 6, 2017	Principal
(Add) 	<u>3691587</u>	<u>October 6, 2009</u>	<u>Principal</u>

All required affidavits and renewals have been filed for the above Principal Mark.

We also license to you the following Principal Mark:



~~With regard to this Mark only, we do not have a federal registration for this trademark. Therefore, our trademark does not have many legal benefits and rights as a federally registered trademark. If our right to use this trademark is challenged, you may have to change to an alternative trademark, which may increase your expenses.~~

You must notify us immediately when you learn about an infringement of or challenge to your use of the Principal Marks or other Marks. Licensor and we will take any action we think appropriate and, if you have given us timely notice and are in full compliance with the Franchise Agreement, we will indemnify you for all expenses and damages arising from any claim challenging your authorized use of the Principal Marks or other Marks. Licensor and we have the right to control any administrative proceedings or litigation involving the Principal Marks or other Mark licensed by us to you. You must cooperate fully with Licensor and us in defending and/or settling the litigation.

We have the right to substitute different Marks if we can no longer use the current Marks, or if we determine that substitution of different Marks will be beneficial to the System. In such event, we may require you, at your expense, to modify or stop using any Mark, including the Principal Marks, or to use one or more additional or substitute Marks.

You must not directly or indirectly contest Licensor’s right, or our right, to the Principal Marks or other Marks.

	Provision	Section in Franchise Agreement	Summary
			Franchise within 6 months to a replacement franchisee that we approve.
q.	Non-competition covenants during the term of the franchise	Section 19.5.1	You may not: divert, or attempt to divert, customers of any Duck Donuts outlet (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any restaurant or eatery business that derives more than ten percent (10%) of its gross revenue from the sale of doughnuts or other bakery treats; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. <u>Subject to applicable law.</u>
r.	Non-competition covenants after the franchise is terminated or expires	Section 19.5.2	For 24 months after the termination of the Franchise Agreement, you may not: divert, or attempt to divert, customers of any Duck Donuts business (including yours) to any competitor; participate in any capacity, including, but not limited to as an owner, partner, officer, director, employee or agent, in any other capacity in any restaurant or eatery business that derives more than ten percent (10%) of its gross revenue from the sale of doughnuts or other bakery treats within 10 miles of your former Duck Donuts outlet location or any other Duck Donuts outlet location; do any act that could damage the goodwill of the Marks or System, or disrupt or jeopardize our business or that of our franchisees. <u>Subject to applicable law.</u>
s.	Modification of the agreement	Sections 9.4, 14.6 19.1.4 and 21.4	No oral modifications generally, but we may change the Operations Manual and System standards at any time. You may be required to implement these changes at your own costs. We have the right to modify our Marks at any time upon written notice to you.
t.	Integration/merger clause	Section 21.4	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. Notwithstanding the foregoing, nothing in any Franchise Agreement is intended to disclaim the express representations made in this Franchise Disclosure Document.
u.	Dispute resolution by arbitration or mediation	Sections 20.1, 20.2 and 20.3	At our option, claims that are not resolved internally may be submitted to non-binding mediation at our headquarters, and then to binding

The following representation is an historic financial performance representation of our existing outlets that were in operation in calendar year 2025. As of December 31, 2025, we had 144 franchised outlets and 1 affiliate-owned outlet operating in the Duck Donuts System. The data below represents performance of 105 franchised outlets and our 1 affiliate-owned outlet, which were open as of January 1, 2025, and operated continuously throughout calendar year 2025. We have excluded 42 franchised outlets because they did not operate for the full calendar year. We have also excluded 6 food trucks which are non-traditional outlets and, and 1 arena, which are non-traditional outlets, and 16 international outlets.

**Gross Sales – Franchised Outlets
January 1 – December 31, ~~2024~~2025**

Top 25% Performers (25 Outlets) – Average Gross Sales	\$792,9892.45
Middle 50% Performers (49 Outlets) – Average Gross Sales	\$466,950.37
Bottom 25% Performers (25 Outlets) – Average Gross Sales	\$306,498

**Gross Sales – Affiliate-Owned Outlet
January 1 – December 31, ~~2024~~2025**

Affiliate-Owned Outlet	\$798,793.35
Cost as a Percentage of Gross Sales:	
Food Cost	20.2%

“Gross Sales” is defined as the total revenue derived from the sale of goods and services less sales tax and customer refunds or adjustments.

Our affiliate-owned outlet operates in substantially the same manner as franchise outlets; however, our affiliate-owned outlet is not subject to the same fees which a franchisee will experience. Item 6 of this Disclosure Document outlines the fees to which a franchisee will be subject, such as royalty fees and brand fund contributions.

Written substantiation will be made available to you upon reasonable request.

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

Other than the above disclosure, 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 Devon Mailey at Duck Donuts Holdings, LLC, 261 West Chocolate Avenue, Hershey, Pennsylvania, 17033, or 717-298-6096, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

**Table No. 1
System-wide Outlet Summary
For Years 2023 to 2025**

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	111	133	+22
	2024	133	143	+10
	2025	143	144	+2
Company -Owned	2023	1	1	0
	2024	1	1	0
	2025	1	1	0
Total Outlets	2023	112	134	+22
	2024	134	144	+10
	2025	144	146	+2

**Table No. 2
Transfers of Outlets From Franchisees to New Owners (Other than the Franchisor)
For Years 2023 to 2025**

State	Year	Number of Transfers
Florida	2023	0
	2024	0
	2025	1
Idaho	2023	0
	2024	0
	2025	2
Maryland	2023	0
	2024	0
	2025	1
Minnesota	2023	2
	2024	1
	2025	0
Missouri	2023	1
	2024	0
	2025	0

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.

4. _____

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.

**AMENDMENT TO THE DUCK DONUTS HOLDINGS, LLC
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF MINNESOTA**

In recognition of the requirements of the Minnesota Statutes Chapter 80C, the parties to the attached Duck Donuts Franchise Agreement (the “Franchise Agreement”) agree as follows:

1. Minnesota Rules 2860.4400(D) prohibits a franchisor from requiring a franchisee’s assent to a release other than as part of a voluntary settlement of disputes. To the extent of any inconsistencies with the Minnesota Rules requirement contained in Sections 5.2.5 or 16.3.6 of the Franchise Agreement, such inconsistent provisions are hereby deleted.

2. To the extent of any inconsistencies, Section 5.1.1 of the Franchise Agreement is hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 4, Franchisor will give Franchisee 180 days’ notice for non-renewal of the Franchise Agreement.”

3. To the extent of any inconsistencies, Section 6.4 of the Franchise Agreement is hereby amended to state that the non-sufficient funds fee is Thirty Dollars (\$30.00) per occurrence.

4. To the extent of any inconsistencies, Sections 17.1 through 17.3 of the Franchise Agreement are hereby amended to state:

“Except in certain specified cases as set forth in Minn. Stat. § 80C.14 subd. 3, Franchisor will give Franchisee 90 days notice of termination (with 60 days to cure)”.

5. To the extent of any inconsistencies, Article 20, Dispute Resolution, of the Franchise Agreement is hereby amended to state:

“Franchisor cannot require Franchisee to: (i) conduct litigation outside Minnesota, (ii) waive a jury trial, or (iii) consent to liquidated damages, termination penalties or judgment notes. Nothing in this Franchise Agreement shall abrogate or reduce (1) any of Franchisee’s rights as provided for in Minn. Stat. Chapter 80C or (2) Franchisee’s rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. Franchisee cannot consent to Franchisor obtaining injunctive relief. Franchisor may seek injunctive relief.”

6. Each provision of this Amendment shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Minnesota Statutes Chapter 80C are met independently without reference to this Amendment.

7. 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.