FRANCHISE DISCLOSURE DOCUMENT

HOLY SCHNITZEL ENTERPRISE INC.
a New York corporation
688 Central Avenue
Cedarhurst, NY 11516
(516) 374-4659
www.HolySchnitzel.com
inbar@holyschnitzel.com

The franchise offered is for a quick-service restaurant operating under the name "Holy Schnitzel" serving a variety of kosher food, under strict rabbinical supervision selling sandwiches, soups, wraps, panini's, salads, proprietary dressings and toppings, desserts and beverages and other popular food items prepared to Holy Schnitzel standards for dine-in, take-out, delivery and catering.

The total investment necessary to begin the operation of a Holy Schnitzel franchise is $430,994 - $794,239. This includes $55,000 that must be paid to the franchisor.

The total investment necessary to begin operation of a Holy Schnitzel multi-unit operator business ranges from $475,069 to $791,964 for a required minimum of three Holy Schnitzel outlets to be developed. This includes $105,000 that must be paid to the franchisor.

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 Ofeer Benaltaba, 688 Central Avenue, Cedarhurst, New York, 11516, (516)374-4659.

The terms of your contract will govern your franchise relationship. Don't rely on the disclosure document alone to understand your contract. Read all of your contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as "*A Consumer's Guide to Buying a Franchise*," which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC's home page at *www.ftc.gov* for additional information. 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 29, 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
How much can I earn?	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 Exhibits D.
How much will I need to invest?	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.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Holy Schnitzel business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Holy Schnitzel franchisee?	Item 20 or Exhibits D lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	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.

Competition from franchisor. Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

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 agency information in Exhibit G.

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 and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in New York. Out-of-state 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 New York than in your own state.

2. **Spousal Liability.** Your spouse must also sign a personal guaranty making your spouse independently liable for the financial obligations under the agreement. The guaranty will place your spouse's marital and personal assets at risk if your franchise fails.

3. **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.

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

TABLE OF CONTENTS

ITEM 1 ..... **1**

THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES 1

ITEM 2 ..... **4**

BUSINESS EXPERIENCE 4

ITEM 3 ..... **4**

LITIGATION 4

ITEM 4 ..... **4**

BANKRUPTCY 4

ITEM 5 ..... **5**

INITIAL FEES 5

ITEM 6 ..... **5**

OTHER FEES 5

ITEM 7 ..... **11**

ESTIMATED INITIAL INVESTMENT 11

ITEM 8 ..... **15**

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES 15

ITEM 9 ..... **18**

FRANCHISEE'S OBLIGATIONS 18

ITEM 10 ..... **20**

FINANCING 20

ITEM 11 ..... **20**

FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING 20

ITEM 12 ..... **30**

TERRITORY 30

ITEM 13 ..... **33**

TRADEMARKS 33

ITEM 14 ..... **35**

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION 35

ITEM 15 ..... **36**

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS 36

ITEM 16 ..... **36**

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL 36

ITEM 17 ..... **37**
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION 37
ITEM 18 ..... **43**
PUBLIC FIGURES 43
ITEM 19 ..... **43**
FINANCIAL PERFORMANCE REPRESENTATIONS 43
ITEM 20 ..... **44**
OUTLETS AND FRANCHISEE INFORMATION 44
ITEM 21 ..... **46**
FINANCIAL STATEMENTS 46
ITEM 22 ..... **46**
CONTRACTS 46
ITEM 23 ..... **47**
RECEIPTS 47

EXHIBITS

A – Financial Statements
B – Franchise Agreement
C – Multi-Unit Operator Agreement
D – Franchised Outlets and Multi-Unit Operators
E – Operations Manual Table of Contents
F – State Addenda
G – List of State Franchise Administrators and Agents for Service of Process
H – General Release
I – Franchisee Acknowledgement Statement
J – Receipts

ITEM 1
THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Holy Schnitzel Enterprise Inc. (referred to in this Disclosure Document as "Holy Schnitzel," "we," "us," or "our"). We were formed as a New York company on October 30, 2015. Our principal place of business is 688 Central Avenue, Cedarhurst, New York, 11516 and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as "you," "your," or "franchisee," which includes all franchise owners and partners, if you are a corporation, partnership or other entity.

We are a franchising company which promotes and sells franchises for the operation of restaurants known as "Holy Schnitzel" ("Restaurant" or "Franchised Business"). We currently have three Company owned quick-service Restaurants; one established in Cedarhurst, New York in August 2011; and one established in Brooklyn, New York, in March 2013; and one established in New York, New York, in February 2019. Our Staten Island Restaurant was established in October 2007 and was sold to an unrelated franchisee in April 2019.

We began offering franchises when our Disclosure Document was approved in New York in January 2016 and have never offered franchises any other line of business. We are not an approved supplier of any product or service that you must purchase.

Our agents for service of process are listed in Exhibit G.

Our Parents, Predecessors and Affiliates

We have no parent or predecessor.

Our Affiliate is Lielle's Kitchen Inc., a New York corporation formed on September 17, 2008. Our Affiliate is the licensor of our trademark. Our affiliate is not an approved supplier of any product or service that you must purchase. Our affiliate does not offer franchises in this or any other line of business.

Description of Franchise

The franchise offered is for a quick-service restaurant serving a variety of kosher food, under strict rabbinical supervision selling sandwiches, soups, wraps, panini's, salads, proprietary dressings and toppings, desserts and beverages and other popular food items prepared to Holy Schnitzel standards for dine-in, take-out, delivery and catering. The Restaurants operate under the trade name and mark "Holy Schnitzel", and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the "Marks" or "Proprietary Marks".

Holy Schnitzel Restaurants are operated under the Marks and the System (described below) in accordance with the terms of the Franchise Agreement. The Restaurants are generally located in high traffic locations, including strip mall complexes, shopping malls, lifestyle centers and free-standing locations. Restaurants will typically need between 1,400 and 2,400 square feet of space. Each Restaurant will offer dine-in and take-out services. You must have our written authorization to offer catering and delivery services.

The Restaurants are established and operated under a comprehensive and unique system (the "System"). The System includes distinctive signage, interior and exterior design, décor and color scheme; special recipes and menu items, including proprietary products and ingredients; uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; inventory, management and financial control procedures (including point of sale and tracking systems); training and assistance; and advertising programs; all of which we may change, improve, and further develop, in our discretion. Certain aspects of the System are more fully described in this Disclosure Document and the Operations Manual, which you should expect to evolve over time, that are provided to you as a franchisee.

Franchise Agreement

We offer the right to establish and operate a Restaurant under the terms of a single unit franchise agreement within a specific Designated Territory (the "Franchise Agreement"), Exhibit B to this Disclosure Document. You may be an individual, corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee's Principals (referred to in this Disclosure Document as "your Principals"). The Franchise Agreement is signed by us and by you and your Principals. By signing the Franchise Agreement, your Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement (see Item 15). Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

You must also designate a minimum of one "General Manager" and two "Shift Managers" who will be the main individuals responsible for operating your Restaurant. We recommend that you act as the General Manager.

Multi-Unit Operator Agreement

In certain circumstances, we will offer to you the right to sign a Multi-Unit Operator Agreement in the form attached as Exhibit C to this Disclosure Document (the "Multi-Unit Operator Agreement") to develop multiple franchised Restaurants to be located within a specifically described geographic territory (the "Exclusive Area"). We will determine the Exclusive Area before you sign the Multi-Unit Operator Agreement, and it will be included in the Multi-Unit Operator Agreement. Under the Multi-Unit Operator Agreement, you must establish a certain number of Holy Schnitzel Restaurants (at least three Restaurants) within the Exclusive Area according to a minimum performance schedule and sign a separate Franchise Agreement for each Restaurant established under the Multi-Unit Operator Agreement.

The Franchise Agreement for the first Restaurant developed under the Multi-Unit Operator Agreement will be in the form attached as Exhibit B to this Disclosure Document, and we expect that this Franchise Agreement for your first Restaurant will be signed at the same time as the Multi-Unit Operator Agreement. For each additional Restaurant developed under the Multi-Unit Operator Agreement, you must sign the form of Franchise Agreement that we are then offering to new franchisees, but the Royalty Fee, Creative Marketing Fee and other continuing fees will be the same as for your first Restaurant. The size of the Exclusive Area will vary depending upon local market conditions and the number of Restaurants to be developed. You may not open a Restaurant for business until a fully executed Franchise Agreement is in place for that Restaurant and the initial franchise fee has been fully paid.

The person or entity signing the Multi-Unit Operator Agreement is referred to as the "Multi-Unit Operator." The Multi-Unit Operator Agreement contains concepts similar to the Franchise Agreement involving the "Multi-Unit Operator's Principals."

Market and Competition

The market for quick-service restaurants in general is well developed and intensely competitive, but the market for quick service restaurants serving Kosher cuisine is unique and evolving. You will serve the general public and will compete with a variety of businesses, including locally owned to regional, national and chain restaurants, some of which may be franchise systems. We may establish other Restaurants in your area (if permitted under the Franchise Agreement) and/or sell or license others to sell products in your area. Also, we may sell products through the Internet, toll-free telephone numbers, catalogs, or other similar means of distribution to customers at any location, which may be located in your area. See Items 12 and 16 for a description of your permitted activities and your rights, and our permitted and restricted activities and rights.

Industry Regulations

The restaurant industry is heavily regulated. A wide variety of Federal, state and local laws, rules and regulations have been enacted that may impact the operation of your Restaurant, and may include those which: (a) establish general standards, zoning, permitting restrictions and requirements and other specifications and requirements for the location, construction, design, maintenance and operation of the Restaurant's premises; (b) set standards pertaining to employee health and safety; (c) regulate matters affecting the health, safety and welfare of your customers, such as general health and sanitation requirements for restaurants and laws and regulations relating to access by persons with disabilities; employee practices concerning the storage, handling, cooking and preparation of food; restrictions on smoking; available of and requirements for public accommodations and requirements for fire safety and general emergency preparedness; (d) establish requirements for food identification and labeling; and (e) regulate advertisements. State and local agencies inspect restaurants to ensure that they comply with these laws and regulations. You should investigate whether there are regulations and requirements that may apply in the geographic area in which you are interested in locating your Restaurant and you should consider both their effect and costs of compliance.

Many of the laws, rules and regulations that apply to business generally, such as the Americans With Disabilities Act, Federal Wage and Hour Laws and the Occupational Safety and Health Act, also apply to restaurants. 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 restaurant sanitary conditions. The federal Clean Air Act and various implementing state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some areas have also adopted or are considering proposals that would regulate indoor air quality.

The Nutrition Labeling and Education Act (NLEA) sets regulations for food labeling, including nutritional label standards, nutrient content claims, and health claims. NLEA applies to virtually all foods in the food supply, including food served and sold in restaurants. While NLEA specifies a number of exemptions for restaurants, there are many instances where a nutritional label is required. The Food and Drug Administration's *Nutritional Labeling Guide for Restaurants and Other Retail Establishments* provides answers to commonly asked questions regarding the application of NLEA.

You must identify, investigate, satisfy and comply with all laws, ordinances and/or regulations applicable to your Restaurant, including employment, workers' compensation, insurance, corporate, tax, public health and similar laws and regulations, because they vary from place to place, can change over time and may affect the operation of your Restaurant. You should independently research and review the legal requirements of the food services industry with your own attorney before you sign any binding documents or make any investments.

The general manager, managers and other employees we designate must be ServSafe (or similar) certified.

ITEM 2
BUSINESS EXPERIENCE

Owner – Ofeer Benaltaba

Ms. Benaltaba has been the owner of Holy Schnitzel Enterprises, LLC since October 2008 in Staten Island, New York and the owner of SMAC Entertainment since January 2001 in New York, New York.

Owner – Jacob Benaltaba

Mr. Benaltaba has been the owner of Holy Schnitzel Enterprises, LLC since October 2008 in Staten Island, New York.

Director of Training – Tony Maradiago

Mr. Maradiago has been our Director of Training since October 2008 with Holy Schnitzel Enterprises, LLC in Staten Island, New York.

Director of Finance – Inbar Noah

Ms. Noah has been our Director of Finance since June 2011 with Holy Schnitzel Enterprises, LLC, in Staten Island, New York.

Quality Control & New Recipes– Sivan Atia

Ms. Atia been our Quality Control & New Recipes since October 2008 with Holy Schnitzel Enterprises, LLC, in Staten Island, New York.

ITEM 3
LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4
BANKRUPTCY

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

ITEM 5
INITIAL FEES

Franchise Agreement: You must pay an initial franchise fee of $50,000 ("Initial Franchise Fee") to purchase a Holy Schnitzel franchise. The Initial Franchise Fee is paid in a lump sum when you sign the Franchise Agreement and is not refundable under any circumstances. The Initial Franchise Fee is uniformly imposed on all franchisees that purchase a Holy Schnitzel franchise.

Multi-Unit Operator Agreement: When you sign the Multi-Unit Operator Agreement for a minimum of three Holy Schnitzel Restaurants, you must pay us a development fee ("Development Fee") that is calculated based on the total number of Restaurants you commit to develop under the Multi-Unit Operator Agreement. The Development Fee will be equal to 100% of the Initial Franchise Fee for the first Restaurant to be developed, plus a deposit of 50% of the Initial Franchise Fee for each additional Restaurant to be developed. For example, if you commit to develop three Restaurants, the Development Fee is calculated as $50,000 + (2 x $25,000 = $50,000 for the second and third restaurant) = $100,000.

You must sign the Franchise Agreement for the first Restaurant at the same time you sign the Multi-Unit Operator Agreement. We will take a portion of the Development Fee to pay the Initial Franchise Fee in full for this first Restaurant. For each additional Restaurant you develop, we will apply a pro rata portion of the Development Fee toward the Initial Franchise Fee, and the balance of the Initial Franchise Fee is payable 90 days before the scheduled opening of the Restaurant or the date you sign the lease for the Restaurant premises, whichever occurs first.

The Development Fee is fully earned by us upon receipt and is not refundable under any circumstances.

Training Expenses Fee: You must pay us a training expenses fee of $5,000 to offset the expenses we will incur to provide you with pre-opening assistance and training prior to the opening of your Restaurant ("Training Expenses Fee"). The Training Expenses Fee is due upon signing the franchise agreement and is nonrefundable.

There are no other purchases from or payments to us or any affiliate of ours that you must make before your Restaurant opens. However, we may in the future, establish a commissary which manufactures and distributes proprietary sauces and dressings which you would be required to purchase. The commissary would be an approved supplier.

ITEM 6
OTHER FEES

Column 1 Type of fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty	5% of Gross Sales	Payable weekly on Tuesday for the preceding week ending Sunday	"Gross Sales" means all revenue from the sale of services and products and all other income related to the Franchised Business, except sales taxes. Royalty Fees are payable by automatic debit (see note 2)
Creative Marketing Fee	1% of Gross Sales	Payable at the same time and in	See Item 11 for a detailed discussion about the Creative Marketing Fund

Column 1 Type of fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
		the same manner as the Royalty	
Local Advertising	2% of Gross Sales	Must be spent each month	Payable directly to your local advertising vendors. Any advertising that you propose to use must first be approved by us
Advertising Cooperative	2% Gross Sales	As determined by co-op	See Item 11 for a discussion of advertising cooperatives. Any amount you contribute to an advertising cooperative will count toward your local advertising requirement, but if the amount you contribute to an advertising cooperative is less than the amount you must spend for local advertising, you must still spend the difference locally. See note 3
Initial Training Program for Additional or Replacement Employees	Our then-current training fee per person, plus expenses Current training fee = $1,500 per person	Before training begins	Training for up to three trainees is included in the Initial Franchise Fee, but you must pay your trainees' expenses, including travel, lodging, meals and wages. If you request that we provide our initial training program to any additional employees, during the term of your Franchise Agreement, you must pay our training fee as well as the trainees' expenses. If a new or replacement trainees do not complete our training program to our satisfaction, the training fee will be applied to another trainee you send to us.
Additional On-Site Training	Our then-current per diem rate per trainer, plus reimbursement of travel and lodging expenses Current per diem rate = $500	Payable upon receipt of invoice	If you request that we provide additional training at your Restaurant or if we determine that additional training is necessary for you, you must pay our daily fee for each trainer we send to your Restaurant and you must reimburse each trainer's expenses, including travel, lodging and meals
Transfer Fee (Franchise Agreement)	$10,000	Before completion of the transfer	No fee is imposed for a one-time transfer to a corporate entity you form for the convenience of ownership. Payable when you sell your franchise, or your franchise is transferred to your

Column 1 Type of fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			heirs or relatives upon your death or incapacity.
Transfer Fee (Multi-Unit Operator Agreement)	50% of our then-current Initial Franchise Fee	With request for our consent to transfer	No fee is imposed for a one-time transfer to a corporate entity you form for the convenience of ownership
Successor Agreement Fee	$5,000	Upon signing the Successor Franchise Agreement	You will only need to pay this fee if you renew the Franchise Agreement. There is no renewal under the Multi-Unit Operator Agreement.
Relocation Fee for Expenses	$2,500	With request to relocate the Restaurant	You will only need to pay this fee if you relocate the Restaurant. This fee will be used to off-set any costs relating to the evaluation of the new location.
Late Fees and Financial Penalties (Interest)	Lesser of 18% per annum of balance due or highest commercial contract interest rate law allows, but not less than $100 per occurrence	With payment of past due amount	Due on all overdue amounts. Interest accrues from the original due date until payment is received in full. We may assess these fees and penalties if (i) you fail to make any payment or submit any monthly report within 10 days after its due date, or (ii) you fail to comply with any of our other standard policies and procedures and your failure continues for more than 5 days after your receipt of written notice from us specifying the nature of your noncompliance.
Audit	Cost of audit (estimated to be between $1,000 and $5,000)	Payable 15 days of receipt of invoice	If an audit reveals an understatement of the Gross Sales of the Store, you shall pay to us 150% of the Royalty Fees and Brand Development Fees based on the difference between your actual Gross Sales and your reported Gross Sales. In the event the audit is made necessary by your failure to furnish reports or financial statements to us on a timely basis or if an understatement of Gross Sales for the period is 2% or greater, you will, in addition to paying any understated amounts reimburse us for the cost of the audit including, reasonable legal fees and accountants' fees.

Column 1 Type of fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Prohibited Product or Service Fine	$250 per day of use of unauthorized products or services	If incurred	If you offer or sell at the restaurant any products or services that we have not approved for the system. In addition to other remedies available to us.
Insurance	Premiums and our costs and expenses plus 10% administrative fee	When billed	Due only if you fail to maintain insurance and we (at our option) obtain insurance on your behalf
Management Fee	The greater of $5,000 and 10% of your Gross Revenue, plus actual travel, lodging and compensation of the individual we provide to manage your store.	If incurred, monthly	We may step in and manage your Restaurant in certain circumstances, including your death, disability or prolonged absence. We will charge a management fee if we manage your Restaurant, and you must reimburse our expenses
Indemnification	Will vary under circumstances	As incurred	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Business, or for costs associated with defending claims that you used the Marks in an unauthorized manner
Rabbinical Fees	$500 per month	As incurred	Rabbi or Temple
Transferee Training Fee	$2,500 for up to 2 people designated by the transferee who attend our training course	Before completion of transfer	Payable when you sell your franchise, or your franchise is transferred to your heirs or relatives upon your death or incapacity.
ETF Fee	$.14 for each transaction		Franchisor will provide ETF service.
Costs and Attorneys' Fees	Will vary under circumstances	As incurred	If you default under a franchise or multi-unit operator agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating the agreement
Product and/or Supplier Evaluation	Reimbursement of our evaluation costs, but not more than $2,500	On demand	Applies to new products or suppliers you wish to purchase that we have not approved. May be paid by suppliers

Column 1 Type of fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Gift Cards and Loyalty Cards	To be determined		We reserve the right to develop a gift card and/or loyal card program for all Holy Schnitzel Restaurants. If we develop this program, you must participate in it
POS System Maintenance Contract	$3,600	As incurred	Payable to approved supplier. You must purchase software licenses for each of the required terminals
Liquidated damages	Will vary under the circumstances	15 days after termination	See note 4
Customer Satisfaction Evaluations ("Mystery Shops")	Up to $100 per month	As incurred	Payable to our approved supplier. You must participate in the mystery shop program
On-line Ordering	To be determined	As incurred	Payable to the approved supplier. If we establish an on-line ordering program, you must participate in it
Violation of Non-Competition Covenant	$500 per week	On demand, if incurred	If you violate the covenant not to compete in your agreement with us
ServSafe (or similar) Certification	$150 per person or the then-current market rate	As needed	Each of your general managers, managers and other employees we designate must be ServSafe or similarly certified. Payable to an approved supplier
Restaurant Refurbishment	Will vary under the circumstances	As incurred	You must regularly maintain your Restaurant and its equipment. We may periodically require you to refurbish your Restaurant to meet our then-current image for new Holy Schnitzel Restaurants, but we will not require this more frequently than every five years.
Cleaning Service for Restaurant	$2,000	Monthly	You must contract with a cleaning service for your Restaurant
Refresher Training or Franchisee Meeting	Up to $1,000 per person, plus expenses	Before training or meeting begins	If we conduct a refresher training course or hold a meeting of our franchisees

Notes:

(1) Except as otherwise noted in this Item 6, all fees are imposed and collected by and payable to us. Except as noted above, all fees are non-refundable and currently are uniformly imposed.

(2) You must sign and deliver to us the documents required by us, our bank and/or your bank to authorize us to debit your bank account automatically for the Royalty Fee, Creative Marketing Fee and other amounts due under the Franchise Agreement or any related agreement between us (or our affiliates) and you. We will debit your account for these fees on Wednesday of each week based on the Gross Sales of your Restaurant for the previous week ending Sunday. If Wednesday is not a business day, then payment is due on the next business day. You must make the funds available for withdrawal by electronic transfer before each due date. In our automatic debit program, we may require you to obtain, at your expense, overdraft protection for your bank account in an amount that we specify.

If you fail to report the Restaurant's Gross Sales for any week, we may debit your account for 120% of the Royalty Fee and Creative Marketing Fee that we debited for the previous week. If the amount we debit from your account is less than the amount you actually owe us (once we have determined the true and correct Gross Sales of the Restaurant), we will debit your account for the balance due on the day that we specify. If the amount we debit from your account is greater than the amount you actually owe us (once we have determined the true and correct Gross Sales of the Restaurant), we will credit the excess, without interest, against the amount that we otherwise would debit from your account for the next payment due.

We have the right, at our sole option upon notice to you, to change periodically the timing and terms for payment of Royalty Fees, Creative Marketing Fees and other amounts payable to us under the Franchise Agreement.

If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

(3) Cooperatives will include all Restaurants in a designated geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote in the cooperative. No Cooperatives have been established as of the date of this Disclosure Document.

(4) If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is lower.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Initial Franchise Fee (1)	$50,000	Lump Sum	On signing Franchise Agreement	Us
Leasehold Improvements, Construction Cost (2)	$183,750 to $341,250	As Incurred	As Agreed	Supplier
Licenses and Permits (3)	$3,500 to $10,000	As Incurred	As Agreed	Government Agencies
Rent – 3 months (4)	$12,000 to $36,000	As Incurred	As Agreed	Landlord
Security Deposits	$525 to $2,625	As Arranged	As Arranged	Utility Companies
Blueprints (5)	$2,625 to $5,250	As Arranged	As Arranged	Architect, Engineer
Equipment, Furnishings & Fixtures (6)	$90,000 to $200,000	As Arranged	As Incurred	Suppliers
Signage	$5,250 to $10,500	As Arranged	As Incurred	Suppliers
Point of Sale System (7)	$15,750	As Arranged	As Incurred	Suppliers
Travel & Living Expenses While Training (8)	$5,775 to $7,875	Lump Sum	As Incurred	Us and Airline, Hotel, Restaurants, etc.
Insurance – 3 Months (9)	$2,100	As Incurred	As Incurred	Insurance Companies
Professional Fees (10)	$2,625 to $5,250	As Arranged	As Arranged	Attorney, Accountant
Grand Opening Advertising (11)	$10,000	As Incurred	As Incurred	Suppliers
Opening Inventory and Supplies (12)	$10,000 to $15,000	As Incurred	As Incurred	Suppliers
Architectural Design	$5,250 to $7,350	As Incurred	As Incurred	Architect

Column 1 Type of Expenditure	Column 2 Amount	Column 3 Method of Payment	Column 4 When Due	Column 5 To Whom Payment is to be Made
Phone/Fax/Printer	$130 to $263	As Incurred	As Incurred	Vendor
Internet set up	$263	As Incurred	As Incurred	Vendor
Uniforms	$263	As Incurred	As Incurred	Vendor
Printing	$525	As Incurred	As Incurred	Vendor
Office Supplies	$263 to $525	As Incurred	As Incurred	Vendor
Delivery Vehicle (13)	$2,100 to $31,500	As arranged	As arranged	Approved Supplier
Till Fund/Reserve Bank (14)	$1,000	As Incurred	Prior to opening	Your Bank
Additional Funds – 3 Months (15)	$27,300 to $40,950	As Incurred	As Incurred	Third Parties
TOTAL (16)	**$430,994 to $794,239**			

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

Notes:

1. ***Initial Franchise Fee and Delayed Opening Fee***. The Initial Franchise Fee and Delayed Opening Fee are discussed in detail in Item 5.

2. ***Leasehold Improvements and Construction Costs***. Leasehold improvement and construction costs vary significantly depending on the condition, location, size and configuration of the Restaurant premises and other factors relating to the geographic location of the business, suppliers, government regulations, labor costs and other considerations. You will contract directly with the construction contractor and possibly other construction suppliers on terms negotiated by you. Leasehold improvements do not include exterior costs. These estimates do not include extraordinary costs such as developing in a historical property or developing from a cold dark shell.

Holy Schnitzel Restaurants will generally occupy between 1,400 and 2,400 square feet. In some instances, the Restaurants may be larger depending on the size of available sites and/or franchisee preferences. Calculations regarding estimates for leasehold improvements, building construction and site work are based upon these square foot estimates. If you are able to locate a site that previously operated as a restaurant, your estimated cost for leasehold improvements will be significantly lower.

3. ***Licenses and Permits***. Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Restaurant. Our estimate does not include tap-in, fixture or similar fees which, depending on the municipality, can be several thousand dollars. We strongly

recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

4. ***Rent***. If you do not own adequate property, you must lease the property for your Restaurant. Rental costs will vary widely and may be significantly higher than projected in this table depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Restaurant.

Landlords may vary the base rental rate and charge rent based on a percentage of gross sales. In addition to base rent, the lease may require you to pay common area maintenance charges ("CAM Charges"), your pro rata share of the real estate taxes and insurance, and your pro rata share of other charges. The actual amount you pay under the lease will vary depending on the size of the Restaurant, the types of charges that are allocated to tenants under the lease, your ability to negotiate with landlords and the prevailing rental rates in the geographic region.

If you choose to purchase real property on which to build your Restaurant, your initial investment will probably be higher than what we estimate above. If you purchase real property, we cannot estimate how this purchase will affect your total initial investment.

5. ***Blueprints***. We will provide you with prototype or protostyle plans for the build-out of a Holy Schnitzel Restaurant. You must hire your own architect to adapt our plans to the specific shape and dimensions of the approved location for your Restaurant. You may not use your architect's plans until they have been approved by us. Our approval only relates to how well the build-out plans implement our prototype plans and implementation and presentation of the Proprietary Marks. You and your architect must make sure that the plans comply with all applicable laws, rules, regulations, ordinances and building codes, including any relating to accommodations for disabled persons.

6. ***Equipment, Furnishings and Fixtures***. You must lease or purchase, as arranged by you, the following equipment: refrigerators (including walk-in or reach ins), freezer, oven, grill, fryer, ice machine, worktables, shelving, dishwasher, and other related items including smallwares. The furniture and fixtures you will need for your Restaurant include: menu boards, booths, tables, chairs, artwork and décor items. Our estimates assume that all furnishings and equipment will be purchased, not leased.

7. ***Point of Sale System***. You must purchase or lease the Adelo for Restaurants Pro Edition point of sale system that we require. The point-of-sale system is described in Item 11.

8. ***Travel & Living Expenses While Training***. These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for the first four trainees. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. In addition, we will provide you with up to five days of pre-opening assistance and training prior to the opening of your Restaurant. We will provide this assistance and training at our expense, You must pay a fee of $5,000, which is included in our estimate, to offset our expense to provide you with assistance and training.

9. ***Insurance***. This estimate includes the estimated quarterly insurance premium for the insurance policies you must maintain. Our insurance requirements are described in Item 8. You should contact your insurance agent and obtain an estimate of your actual insurance costs.

10. ***Professional Fees***. We strongly recommend that you engage the services of an attorney and/or accountant to assist you in evaluating this franchise offering. You may also wish to use an attorney to assist you in lease negotiations and/or to form an entity to own the franchise. Your costs may vary depending on how much you rely on your chosen advisors and the hourly rates your advisors charge.

11. ***Grand Opening Advertising***. You must submit to us your grand opening advertising plan and budget at least 30 days before your Restaurant's opening for our approval. If we do not receive your grand opening advertising plan when required, we also have the option of creating a grand opening advertising plan for you that you must then conduct. Your grand opening advertising campaign must include the elements that we require, such as food and merchandise give away.

12. ***Opening Inventory and Supplies***. The opening inventory and supplies that you must purchase includes the consumable items that you must purchase from the designated approved supplier, as well as menus and various other paper products for your Restaurant.

13. ***Vehicle.*** The low end of our estimate assumes that you will lease the vehicle with a two month down payment. The high end of our estimate assumes you will purchase the vehicle. While we have included the cost of a delivery vehicle in our estimated initial investment, the purchase or lease of a delivery vehicle is optional. If you choose not to purchase or lease a delivery vehicle you will not incur this investment.

14. ***Till Fund/Reserve Bank.*** You will need this money contained in your cash register to start your business day.

15. ***Additional Funds***. The amount of working capital needed will depend on the time necessary to achieve cash flow to cover operating expenses. This amount is the minimum recommended for your first three months of operations. Shortfalls of capital may arise from independent factors such as labor shortages, delays in construction or delivery and installation of leasehold improvements and equipment; or possible recession. If you begin operating your Restaurant with inadequate cash, you may experience a total loss of your investment.

This category includes estimated payroll, utilities, vendor, advertising, promotion, Royalty Fees, Creative Marketing Fees and similar costs during the initial phase of a new Restaurant, which we estimate will be three months, but we have not included or factored in any sales revenue your Restaurant may generated during this period. Your costs will depend on factors such as how much you follow our System and procedures, the local market for purchasing food products, the prevailing wage rate, competition, and the sales level reached during the initial period.

16. ***Total***. We relied on our Affiliate's experience in operating a Holy Schnitzel business when preparing these estimates. Your actual costs may vary greatly and will depend on factors such as the size and condition of the space and cost to convert to a Holy Schnitzel Restaurant, your management skill, experience, and business acumen; local economic conditions; the local market for products; the prevailing wage rate; competition; and the sales level reached during the start-up phase. These are only estimates and your costs may vary based on actual rental prices in your area,

and other site-specific requirements or regulations. The costs outlined here are not intended to be a forecast of the actual cost to you or to any particular franchisee.

YOUR ESTIMATED INITIAL INVESTMENT – MULTI-UNIT OPERATOR

If you become a Multi-Unit Operator, you must commit to develop a minimum of three Holy Schnitzel Restaurants. You will pay a Development Fee as described in Item 5. The Development Fee is fully earned by us when received and is not refundable or credited against any other fees you must pay to us.

For example, if you sign a Multi-Unit Operator Agreement to open three Holy Schnitzel Restaurants under separate Franchise Agreements, the following chart shows your estimated initial investment, based on the first table of this Item 7.

YOUR ESTIMATED INITIAL INVESTMENT MULTI-UNIT OPERATOR AGREEMENT FOR THREE RESTAURANTS				
Column 1 **Type of Expenditure**	**Column 2** **Amount**	**Column 3** **Method of Payment**	**Column 4** **When Due**	**Column 5** **To Whom Payment is to be Made**
Development Fee (for three Restaurants)	$100,000	Lump Sum	When Multi-Unit Operator Agreement is Signed	Us
Other Expenditures** for First Restaurant (1)	$375,069 to $691,964	As Disclosed in First Table	As Disclosed in First Table	As Disclosed in First Table
Total	**$475,069 to $791,964**			

1. ***Other Expenditures for First Restaurant***. A Multi-Unit Operator is expected to incur these same costs for each Holy Schnitzel Restaurant it develops, subject to inflation and other increases over time. If you are a Multi-Unit Operator, your professional fees (such as legal and financial) will probably be higher.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment (including computer hardware and software), décor items, signs and related items we require, all of which must conform to the standards and specifications in our Confidential Operations Manual ("Manual") or otherwise in writing. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

To make sure that the highest degree of quality and service is maintained, you must operate the Restaurant in strict conformity with the methods, standards and specifications that we prescribe in the

Manual or otherwise in writing. You must maintain sufficient supply and use and sell at all times only those food and beverage items, ingredients, products, materials, supplies and paper goods that meet our standards and specifications. All menu items must be prepared according to the recipes and procedures specified in the Manual or other written materials. You must not deviate from these standards and specifications by the use or offer of non-conforming items, or differing amounts of any items, without obtaining our written consent first. We can, and expect to, modify our standards and specifications as we deem necessary. We will provide you notice in the Manual or other methods (such as by e-mail) of any changes in the standards and specifications.

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale system), and other products used or offered for sale at the Restaurant solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. All consumable food items must be purchased from approved suppliers whose items are prepared according to Holy Schnitzel standards.

Currently neither we nor any affiliate is an approved supplier for any item you must purchase or lease, but we reserve the right to be an approved supplier in the future. None of our officers has an ownership interest in any approved supplier.

If you wish to purchase, lease or use any unapproved products or other items, or obtain them from an unapproved supplier, you must submit a written request for approval or you must request the supplier to do so. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. You or the supplier must reimburse our costs related to our evaluation of the proposed product or supplier, but not more than $2,500. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. We will notify you within 15 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval that we deem confidential. We will permit you to purchase certain items from any supplier, provided that the product or supplier has met our criteria.

We have and may continue to develop for use in the System certain proprietary products which are prepared from confidential proprietary recipes and manufactured according to our specifications. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items only from us or from the supplier we designate.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. There are currently no purchasing or

distribution cooperatives for any of the items described above in which you must participate, but we may form purchasing or distribution cooperatives in the future. We reserve the right to set up a purchasing or distribution cooperative for the ingredients and other items you must purchase. We do not provide material benefits to you (including successor rights or the right to additional franchises) based on whether you purchase through the sources we designate or approve.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services you must purchase or lease, and we may refuse to approve proposals from franchisees to add new products or suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants. We do not provide any material benefit, such as the grant of additional or successor franchises, to franchisee for using the suppliers we designate. When determining whether to grant new or additional franchises we consider many factors, including compliance with the requirements described in this Item 8.

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor). During the fiscal year ended December 31, 2023, we did not earn any revenue from payments to us by approved suppliers. If we contribute any Allowances from approved suppliers to the Creative Marketing Fund, it does not reduce or eliminate your obligation to pay the Creative Marketing Fee.

We estimate that your purchases from us or approved suppliers, or that must conform to our specifications, will represent approximately 100% of your total purchases in establishing the Restaurant, and approximately 100% of your total purchases in the continuing operation of the Restaurant.

All advertising and promotional materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Restaurant) and other items we designate must bear the Marks in the form, color, location and manner we prescribe. In addition, all advertising and promotion in any medium must be conducted in a dignified manner and must conform to the standards and requirements specified in the Manual or otherwise in writing. You must obtain our approval before you use any advertising and promotional materials and plans if we have not prepared or approved them during the 12 months before their proposed use. Any advertising and promotional materials you submit to us for our review will become our property.

You must obtain our approval of the site for the Restaurant before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Restaurant before you sign the contract or lease. At our request, you and your landlord must sign a Collateral Assignment of Lease with us (Attachment 2 to the Franchise Agreement) which permits that your lease can be assigned to us on expiration or termination of your Franchise Agreement.

Before you open your Restaurant, you must obtain the insurance coverages we require. Our current insurance requirements are described below. We may modify our insurance requirements during the term of your Franchise Agreement, and any modifications will be communicated to you in our Manual or otherwise in writing. This insurance coverage must be maintained during the term of the Franchise

Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an "occurrence" basis.

We currently require our franchisees to have the following insurance coverages: (1) comprehensive general liability, including broad form contractual liability, employment practices coverage, broad form property damage, personal injury, facilities, completed operations, products liability, automobile (covering all vehicles used in the delivery of catering and products from the Restaurant, including owned, hired and non-owned vehicles) and fire legal liability in the amount of $5,000,000; (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Restaurant with an agreed amount endorsement equal to 100% of the property's value; (3) employer's liability, workers' compensation, and any other insurance that may be required by statute or rule of the state or locality in which the Restaurant is located and operated; (4) business interruption insurance of at least 50% of your annual gross sales excluding payroll, including naming us as an additional insured and loss payee for royalties that would have been paid by you based on the Restaurant's Gross Sales during the preceding 12 month period; (5) any insurance coverages required by the terms of the lease for the Restaurant premises; and (6) any other insurance coverages we may require in the future.

In addition, related to any construction, renovation or remodeling of the Restaurant, you must maintain builders risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us. All of the policies must name us, those of our affiliates that we specify, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds and must include a waiver of subrogation in favor of all those parties.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes. If you fail to obtain the insurance coverages, we require we may, but are not obligated to, obtain insurance coverage on your behalf. You must reimburse the costs we incur plus a 10% administrative fee if we choose to obtain insurance coverage for you.

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.

In the table below, the following abbreviations have these meanings: FA means the Franchise Agreement and MUOA means the Multi-Unit Operator Agreement.

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	FA – Section 2 MUOA – Section 3	Items 8 and 11
b. Pre-opening purchases/leases	FA – Sections 6, 7 and 8	Items 5, 6, 7, 8 and 11

Obligation	Section in Agreement	Disclosure Document Item
c. Site development and other pre-opening requirements	FA – Section 2	Items 1, 8 and 11
d. Initial and ongoing training	FA – Section 6	Items 5, 6 and 11
e. Opening	FA – Section 6	Items 5, 6 and 11
f. Fees	FA – Sections 3, 4, 5, 7, 8, 11, 14 and 18 MUOA – Sections 2 and 3	Items 5 and 6
g. Compliance with standards and policies/operating manual	FA – Sections 2, 3, 6, 8, 9, 10, 11 and 12	Items 11 and 14
h. Trademarks and proprietary information	FA – Sections 9 and 10 and Attachment 3 MUOA – Section 7	Items 11, 13 and 14
i. Restrictions on products/services offered	FA – Section 7 MUOA – Section 7	Items 8 and 16
j. Warranty and customer service requirements	FA – Section 7	Item 8
k. Territorial development and sales quotas	MUOA – Section 3	Item 12
l. Ongoing product/service purchases	FA – Section 7	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Sections 2, 7 and 14	Items 8 and 11
n. Insurance	FA – Section 12	Items 7 and 8
o. Advertising	FA – Section 8	Items 6, 8 and 11
p. Indemnification	FA – Section 15 MUOA – Section 14	Item 6
q. Owner's participation/ management/staffing	FA – Sections 6, 14, 15 and 19 MUOA – Section 7	Items 1, 11 and 15
r. Records and reports	FA – Sections 4, 7 and 11	Item 6
s. Inspections and audits	FA – Sections 2, 7 and 11 MUOA – Section 12	Items 6, 8 and 11
t. Transfer	FA – Section 14 MUOA – Section 11	Items 6 and 17
u. Renewal	FA – Section 3 MUOA – Section 5	Items 6 and 17

Obligation	Section in Agreement	Disclosure Document Item
v. Post-termination obligations	FA – Section 18 MUOA – Section 10	Items 6 and 17
w. Non-competition covenants	FA – Section 10 and Attachment 4 MUOA – Section 12	Item 17
x. Dispute resolution	FA – Section 19 MUOA – Section 19	Items 6 and 17
y. Liquidated damages	FA –Section 18	Item 6
z. Guaranty	Article 6 and Attachment 7	Item 15

ITEM 10
FINANCING

We do not offer, either directly or indirectly, any financing arrangements to you. We do not guarantee your notes, leases or other obligations.

ITEM 11
FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING

Except as listed below, Holy Schnitzel Enterprise Inc. is not required to provide you with any assistance.

Pre-Opening Obligations

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement we will provide you with the following assistance:

1. We will grant to you exclusive rights to a Designated Area within which you will assume the responsibility to establish and operate an agreed-upon number of Holy Schnitzel Restaurants under separate Franchise Agreements (Multi-Unit Operator Agreement – Section 1.1).

2. We will review site survey information on sites you select for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve the site for a Restaurant (Multi-Unit Operator Agreement – Section 8.1).

3. We will provide you with standard specifications and layouts for building and furnishing the Restaurant (Multi-Unit Operator Agreement – Section 8.2).

4. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Operator Agreement – Section 8.3).

5. We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Restaurant (Multi-Unit Operator Agreement – Section 8.4).

6. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Multi-Unit Operator Agreement – Section 8.5).

Franchise Agreement: Before the opening of a Restaurant, we will provide the following assistance and services:

1. Our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1.) Once we have approved the location for your Restaurant, we will determine the boundaries of your Designated Territory.

2. Site location assistance, if you request that we provide this, which will be at your cost. (Franchise Agreement, Section 5.2.)

3. On loan, one set of prototypical architectural and design plans and specifications for a Restaurant for adaptation by you, at your expense. (Franchise Agreement, Section 5.3.)

4. On loan, our Manual, which we may revise during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.4 and 10.1.)

5. A list of our approved suppliers, which includes the suppliers of any fixtures, equipment, signs, supplies, goods and inventory you must purchase. The list of approved suppliers is subject to change during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.9 and 7.4.)

6. An initial training program at our Affiliate's Holy Schnitzel Restaurant, at our headquarters, at your Restaurant and/or at another location we designate, as described below. (Franchise Agreement, Sections 5.10 and 6.4.)

7. Review of and assistance with your grand opening advertising campaign to promote the opening of your Restaurant. (Franchise Agreement, Section 8.8.)

8. Provide you with one of our representatives for a period of up to five days around your scheduled opening at no additional charge (Franchise Agreement, Section 6.4). We will provide this assistance and training at our expense, but you must reimburse us up to $5,000 to off-set the additional out-of-pocket expenses that are incurred by our representatives. If you request additional days of opening assistance, you must pay our then-current per diem fee for our representative and reimburse our representative's expenses for each additional day. If you are opening your second or later Restaurant, we reserve the right to not provide opening assistance.

Continuing Obligations

Franchise Agreement: During the operation of a Restaurant, we will provide the following assistance and services:

1. As we reasonably determine necessary, visits to and evaluations of the Restaurant and the products and services provided to make sure that our high standards of quality, appearance and service of the System are maintained. (Franchise Agreement, Sections 5.5 and 7.5.6.)

2. Review of your annual marketing plan, which must be submitted to us by not later than December 1st of each year for the next year. (Franchise Agreement, Section 8.2.)

3. Advice and written materials (including updates to the Manual) concerning techniques of managing and operating the Restaurant, including new developments and improvements in equipment, food products, recipes, packaging and preparation. (Franchise Agreement, Section 5.7.)

4. Training programs and seminars and other related activities regarding the operation of the Restaurant as we may conduct for you or Restaurant personnel generally, which may be mandatory for you, your General Manager, Shift Managers and other Restaurant personnel. (Franchise Agreement, Section 6.4.2.)

5. At your request or if we determine it is necessary, additional on-site training at your Restaurant. You must pay our per diem fee for each trainer providing the training as well as reimburse each trainer's expenses. (Franchise Agreement, Section 6.4.4.)

6. Administration of the Creative Marketing Fund. (Franchise Agreement, Section 8.3.)

7. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you and your Principals have fully complied with the terms of the Franchise Agreement. (Franchise Agreement, Section 9.4.)

8. Determine the minimum and/or maximum prices you may charge, as permitted by applicable law. (Franchise Agreement – Section 7.13.)

Grand Opening Advertising: You must conduct a grand opening advertising campaign to promote the opening of your Restaurant, and you must spend $10,000 for this campaign. You must submit to us your grand opening advertising plan and budget at least 30 days before your Restaurant's opening for our approval. Your grand opening advertising campaign must be conducted in the 60-day period comprising 30 days before and 30 days after the opening of your Restaurant and may include the elements that we require, such as food and merchandise give away. If we do not receive your grand opening advertising plan when required, we also have the option of creating a grand opening advertising plan for you that you must then conduct.

Creative Marketing Fund: Recognizing the value of advertising and marketing to the goodwill and public image of Holy Schnitzel Restaurants, we reserve the right to establish, administer and control a Creative Marketing Fund. If we require, you must contribute 1% of your Restaurant's Gross Sales to the Creative Marketing Fund. Holy Schnitzel Restaurants that we and our affiliates own will contribute to the Creative Marketing Fund on the same basis as franchisees. We may (but are not required to) contribute Allowances that we receive from certain approved suppliers to the Creative Marketing Fund, but this does not reduce the Creative Marketing Fee you must pay. When we establish the Creative Marketing Fund, we will provide you with upon 15 days' notice. For the fiscal year ended December 31, 2024, the Creative Marketing Fund had not been created.

The Creative Marketing Fund is maintained and administered by us or our designee as follows:

1. We direct all advertising programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Creative Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. We may use monies from the Creative Marketing Fund to present refresher training programs, to conduct mystery shopper programs to ensure 4 Walls Marketing and/or to offset the cost of an annual meeting of our franchisees. In

administering the Creative Marketing Fund, we and our designees are not required to make expenditures for you that are equivalent or proportionate to your contribution or to make sure that any particular franchisee or Restaurant benefits directly or *pro rata* from the placement of advertising.

2. The Creative Marketing Fund may be used to satisfy the costs of maintaining, administering, directing and preparing advertising, including the cost of preparing and conducting digital, television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; public relations activities; employing advertising agencies; employing mystery shopper services; social media initiatives; and costs of our personnel and other departmental costs for advertising that we administer or prepare internally. All sums you pay to the Creative Marketing Fund will be maintained in a separate account from our general funds. We may reimburse ourselves out of the Creative Marketing Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Creative Marketing Fund and advertising programs for you and the System. Our reimbursements will not be more than 25% of the Creative Marketing Fund. The Creative Marketing Fund and its earnings will not otherwise benefit us. The Creative Marketing Fund is operated solely as a conduit for collecting and expending the Creative Marketing Fees as outlined above. Any sums paid to the Creative Marketing Fund that are not spent in the year they are collected will be carried over to the following year. The Creative Marketing Fund and its earnings will not otherwise inure to our benefit except that any resulting technology and intellectual property will be deemed our property.

3. We will prepare an annual statement of the operations of the Creative Marketing Fund that will be made available to you if you request it. We are not required to have the Creative Marketing Fund statements audited.

4. Although the Creative Marketing Fund is intended to be perpetual, we may terminate the Creative Marketing Fund at any time. The Creative Marketing Fund will not be terminated until all monies in the Creative Marketing Fund have been spent for advertising or returned to contributors on a *pro rata* basis. If we terminate the Creative Marketing Fund, we have the right to reinstate it at any time and you must again contribute to the Creative Marketing Fund. Any reinstated Creative Marketing Fund will be maintained as described above.

5. No money in the Creative Marketing Fund will be used to create and place advertising that is primarily a solicitation of franchise sales.

We currently advertise the Restaurants and the products offered by the Restaurants primarily using point of purchase advertising materials, direct mail, electronic and internet marketing, public relations and promotions, social media and print media. As the number of Restaurants in the System expands, we envision using other forms of media, including television, radio, internet, magazine and newspaper advertising campaigns; and direct mail and outdoor billboard advertising. The coverage is typically regional and national in nature. The majority of our advertising is developed by members of our staff or third-party consultants.

We are not obligated to spend any amount on advertising in your area or territory other than the amount we would pay to the Advertising Cooperative or the Creative Marketing Fund.

Local Advertising: You must conduct Local Advertising in your Designated Territory and you must spend at least 2% of your Restaurant's Gross Sales each month for local advertising. We must approve all advertising before you use it. You must provide us with an annual marketing plan by December 1 of every year for the following year and we must approve this plan. You must also send us a monthly update

to your marketing plan before the end of every month including an expenditure report to show that you have complied with the Local Advertising requirements.

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our approval before you may use it. We will have 15 days after receipt of all materials to approve or disapprove of the proposed advertising materials. Unless we provide our specific approval of the proposed advertising materials, the materials are deemed not approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials.

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our Website address and telephone number.

Cooperative Advertising: We may designate any geographic area in which two or more Restaurants are located as a region for purposes of establishing an advertising Cooperative, or we may approve of the formation of an advertising Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates or our franchisees. We have the right to form, dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering advertising programs and developing, subject to our approval as described above, promotional materials for use by the members in Local Advertising. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. If the Cooperative will operate according to written documents, we must approve of these documents and a copy of the Cooperative documents applicable to the geographic area in which your Restaurant will be located will be provided to you if you request it.

All contributions to the Cooperative will be maintained and administered in accordance with the documents governing the Cooperative, if any. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No advertising or materials may be used by the Cooperative or furnished to its members without first obtaining our approval. Currently there are no Cooperatives in the System. The Cooperative is not required to prepare an annual financial statement. Each member of the Cooperative will have one vote on all Cooperative matters, but no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote.

Website / Intranet / Social Media: We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Restaurant a "click through" subpage at our website for the promotion of your Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Restaurant, you must routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Holy Schnitzel Restaurants – also be devoted in part to offering Holy Schnitzel franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Restaurant; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates "Holy Schnitzel" name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Restaurant or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn, Twitter, Instagram, or TikTok without our prior written consent. We will control all social media initiatives. We will control all social media initiatives. You must comply with our System standards regarding the use of social media in your Franchised Business's operation, including prohibitions on your and the Franchised Business's employees posting or blogging comments about the Franchised Business or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook, Instagram, FourSquare and MySpace, professional networks like LinkedIn, live-blogging tools like X (Twitter), virtual worlds, file, audio and video-sharing sites like TikTok, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

Advisory Council: We reserve the right to establish an advisory council to work with us to improve various aspects of our System, including advertising, merchandising, food products, and other items. If we choose to establish an advisory council, its members will include franchisee representatives and our representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If you participate in an advisory council, you must pay any costs you incur related to your participation, such as travel and living expenses to attend meetings. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to form, change, merge or dissolve any advisory council at any time.

Training: No later than 10 days before the date your Restaurant begins operation, up to three trainees, including you, one General Manager and two Shift Managers must attend and complete, to our satisfaction, our initial training program.

Our initial training program is approximately four weeks and is mandatory for all new franchisees and General Managers and Shift Managers. We will conduct this training at our headquarters or our Affiliate's Restaurants located in Staten Island, New York, at your Restaurant and/or at another location we designate. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement general managers, managers and other personnel needing training, the number of new Restaurants being opened and the timing of the scheduled openings of Restaurants. We do not currently have an established schedule for offering our initial training program.

We will provide instructors and training materials for the initial training of you, one General Manager and two Shift Managers at no charge to you. You may also have additional personnel trained by us for the Restaurant at your expense. We will determine whether any training attendee has satisfactorily

completed initial training. We will determine whether each General Manager and each Shift Manager has satisfactorily completed initial training. If a General Manager or Shift Managers do not satisfactorily complete the initial training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Restaurant. Any General Managers or Shift Managers subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that manager to the headquarters training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training. You must also pay for all expenses you, your General Manager and Shift Managers and other personnel incur for any training program, including costs of travel, lodging, meals and wages.

If, during the term of your Franchise Agreement, you request that we provide additional training on-site at your Restaurant, or if we determine that you need additional training, you must pay our then-current per diem fee for each trainer we provide, and you must reimburse us for any expenses our trainers incur, such as costs of travel, lodging, and meals.

Our initial training program is conducted by Tony Maradiaga. Our instructor has between 8 and 10 years of experience relevant to the subject being taught, and at least one year of experience with us and/or our Affiliate. We reserve the right to make changes in our training staff as we deem necessary and advisable without prior notice.

The instructional materials used in the initial training consist of our Manual, marketing and promotion materials, and any other materials that we believe will be beneficial to our franchisees in the training process.

The training schedule and activities of the initial training program are described below:

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Instruction	Column 3 House of On-the-Job Training	Column 4 Location
Introduction & Welcome	3	0	Staten Island, New York
Human Resources	2	0	Staten Island, New York
Recap (preparation for next day) menu & margins, Profits & loss, Q &A)	1	0	Staten Island, New York
Menu	2	0	Staten Island, New York
Introduction to Profit & Loss	3	0	Staten Island, New York
Recap (preparation for next day. Budgeting, customer service, Q & A)	1	0	Staten Island, New York

Column 1 Subject	Column 2 Hours of Classroom Instruction	Column 3 House of On-the-Job Training	Column 4 Location
Budgeting for Success	3	0	Staten Island, New York
Customers & Customer Service	2	0	Staten Island, New York
Recap (Prep for next day. Marketing and Advertising)	1	0	Staten Island, New York
Marketing & Advertising	3	0	Staten Island, New York
Food Safety & Sanitation	2	0	Staten Island, New York
Recap (Prep for tomorrow. POS System)	1	0	Staten Island, New York
POS System	3	0	Staten Island, New York
Recap (Prep for following week. Hands on preparation)	2	0	Staten Island, New York
Equipment	0	9	Staten Island, New York
Raw Production	0	8	Staten Island, New York
Raw Production-Redundant Training	0	3	Staten Island, New York
Crew Training on POS	0	5	Staten Island, New York
Raw Production-Redundant Training	0	3	Staten Island, New York
Marketing	0	5	Staten Island, New York
Inventory & Margins	0	4	Staten Island, New York
Final Clean Down and Inspection	0	4	Staten Island, New York

The entire training program is subject to change due to updates in materials, methods, manuals and personnel without notice to you. The subjects and time periods allocated to the subjects actually taught to a specific franchisee and its personnel may vary based on the individual needs and/or experience of those persons being trained.

In addition to the initial training program and any additional on-site assistance or training you request, as described above, we may offer refresher training programs and/or an annual meeting of our franchisees. We may designate that attendance at any refresher training program and/or annual meeting is mandatory for you, your General Manager, Shift Managers and/or other Restaurant personnel. We will choose the location for the refresher training or annual meeting, which may be our headquarters, a conference center or a resort or hotel close to our headquarters. We expect that refresher training and/or annual meetings will be held in Staten Island, New York. Refresher training programs generally include training in new methods and techniques, as well as an overview of basic concepts for operating a Holy Schnitzel Restaurant. Annual meetings may include some training, but generally give our franchisees the opportunity to meet each other and exchange ideas. The annual meeting also gives us an opportunity to discuss with our franchisees ideas to improve the System, menu items, marketing and other items of general interest. You must pay for the expenses of your trainees/attendees, including travel, lodging, meals and wages, which will depend on the distance you must travel and the accommodations you choose, and we may charge a per person fee, up to $1,000, for refresher training and/or the franchisee meeting.

Operations Manual: The Table of Contents for our Manual is attached to this Disclosure Document as Exhibit E. Our Operations Manual consists of approximately 300 total pages.

Site Selection and Opening: You must assume all costs, liabilities, expenses and responsibility for locating, obtaining and developing a site for the Restaurant and for constructing and equipping the Restaurant at the accepted site. You will select the site for the Restaurant subject to our approval and using our site submittal forms and/or criteria. The Restaurant may not be relocated without first obtaining our written consent and payment of our relocation fee. Before you lease or purchase the site for the Restaurant, you must locate a site that satisfies our site selection guidelines. If you request that we conduct an on-site evaluation, then before we conduct the on-site evaluation, you must submit to us in the form we specify a description of the site, including evidence that the site satisfies our site selection guidelines, together with other information and materials that we may reasonably require, including a letter of intent or other evidence that confirms your favorable prospects for obtaining the site. For any on-site evaluation or other location assistance, you must pay our then-current per diem fee and reimburse our costs related to the evaluation, such as travel and living expenses while conducting the evaluation of the site.

You must submit information and materials for the proposed site to us for approval no later than 180 days after you have signed the Franchise Agreement. We will have 10 days after we receive this information and materials from you to approve or disapprove the proposed site as the location for the Restaurant. If we do not provide our specific approval of a proposed site, the site is deemed not approved. We do not warrant or guarantee that your Restaurant will be successful at any site that we approve. Our approval only means that the site has met our minimum requirements for a Holy Schnitzel Restaurant. If you are unable to locate a site for your Restaurant within 180 days after you sign the Franchise Agreement, we have the right to terminate your Franchise Agreement or we may provide you with an extension of this timeframe.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think are advisable. The criteria we use when evaluating a site you propose includes: general location and neighborhood, traffic patterns, parking, size, physical characteristics of existing buildings, ease of access to the location, level of foot traffic, visibility to the site, co-tenants within the building, lease terms, level of competition in the area, and demographic characteristics such as income levels, household size, population density and ethnic mix.

We estimate that the time from when the Franchise Agreement is signed to the opening of the Restaurant will be approximately nine months. This time may be shorter or longer depending on the time

necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. You must purchase all equipment, signs, fixtures, opening inventory and suppliers from approved suppliers. We will not sell, deliver or install these items for you. You must open the Restaurant and begin business within twelve months after the Franchise Agreement is signed. If the Restaurant is not open within this timeframe, except for circumstances beyond your control, you must pay us a delayed opening fee equal to $100 per day for each day that your opening is delayed, up to a maximum of 90 additional days. If your Restaurant is not open after this additional 90-day period, then we may terminate your Franchise Agreement or we may require you to continue paying the delayed opening fee until your Restaurant has opened. Additionally, before opening the Franchised Business, and before any renovation to the Franchised Business, you must sign and deliver to us an ADA Certification (in the form that is attached as Attachment 8 to the Franchise Agreement) certifying to us that the Franchised Business and any proposed renovations comply with the Americans with Disabilities Act.

If you are a Multi-Unit Operator, you must sign your first Franchise Agreement at the same time you sign the Multi-Unit Operator Agreement. The typical length of time between the signing of the Franchise Agreement and the opening of your Restaurant is the same as for an individual franchisee.

Point of Sale System: You must purchase or lease and use certain point of sale systems (including a back-office computer and multi-function printer) that meet our specifications and that are capable of electronically interfacing with our computer system. Our specific requirements for the hardware and software components of the point-of-sale system will be included in our Manual. The point-of-sale system is used to collect and monitor point of sale information and to create business reports and may be used to collect and monitor inventory control and shrinkage, payroll and accounting information, processing gift cards and loyalty cards, and credit card sales.

You must make sure that we have independent access to your computer and point of sale systems at the times and in the manner, we specify, at your cost. The point-of-sale system will give us immediate and independent access to the information generated and stored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed telecommunication line (such as T-1, DSL or cable modem) in accordance with our specifications to permit us to access the point-of-sale system at the Restaurant premises as described above. This will permit us to electronically inspect and monitor information concerning your Restaurant's Gross Sales and any other information that may be contained in the point-of-sale system.

The designated point of sale system is the Adelo for Restaurants Pro Edition based system. The approved supplier for the point-of-sale system, if we designate one, will be included in the Manual. We expect that the point-of-sale system, including the back-office computer and multi-function printer, will cost approximately $15,750. You must purchase a maintenance contract for your point-of-sale system, which we anticipate will cost approximately $3,600 annually.

You must obtain any upgrades and/or updates to the software used with the point-of-sale system, at your expense. In addition, we may require you to update and/or upgrade all or a portion of your point-of-sale system during the term of your Franchise Agreement, at your expense. The Franchise Agreement does not limit our ability to require you to update and/or upgrade your point-of-sale system or the cost of any update and/or upgrade. Neither we nor any of our affiliates will provide you with any maintenance, updates and/or upgrades for your point-of-sale system.

You must obtain and maintain high speed Internet access or other means of electronic communication, as specified by us. It will be a material default under the Franchise Agreement if you do not maintain the equipment, lines and communication methods in operation and accessible to us at all times throughout the term of the Franchise Agreement. We must have access at all times and in the manner that we specify.

ITEM 12
TERRITORY

Franchise Agreement: Under the Franchise Agreement we grant you the right to operate a Restaurant at a specific location that we have approved. You will select the site for the Restaurant subject to our approval and using our site submittal forms and/or criteria. The Franchise Agreement does not grant you any territorial rights beyond whatever geographic radius is listed in an exhibit to the Franchise Agreement. The designated geographical territory ("Designated Territory") will depend on whether your Restaurant will be located in an urban or a suburban setting. If your Restaurant is located in an urban setting, you will be granted a minimum radius of one square block and for a suburban setting you will be granted a minimum radius of 3 miles, for a single franchise unit sale, as agreed upon before signing the Franchise Agreement. If you do not yet have an Accepted Location at the signing of the Franchise Agreement, you will receive a non-exclusive site search area listed in Attachment 1 instead.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant in the Designated Territory or to solicit or accept orders within your Designated Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

You may conduct delivery and catering from your Franchised Business with our prior written approval and within your Designated Territory only. You may not provide delivery and catering services to any customer outside of your Designated Territory, unless that customer is in an area that has not yet been sold to a franchisee in the System. You may not sell any products at wholesale.

Nothing in the Franchise Agreement will prohibit us from: (1) operating and/or franchising others to operate restaurants identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Designated Territory that are located in gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; hotels; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you (a "Non-Traditional Site"); (2) awarding national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party's trademark; (3) merchandising and distributing products identified by the Proprietary Marks in the Designated Territory through any method or channel of distribution other than through the operation of a restaurant or delivery services; (4) selling and distributing products identified by the Proprietary Marks in the Designated Territory to restaurants other than restaurants identified by the Proprietary Marks, regardless of whether the restaurants are licensed to use the Proprietary Marks in connection with their retail sales or not; (5) selling products and services through other channels of distribution, including the Internet, wholesale, mail order and catalog; (6) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other

than the Proprietary Marks; and (7) purchasing, being purchased by, merging or combining with businesses that we deem to offer direct competition to Holy Schnitzel Restaurants. We are not required to pay you any consideration if we exercise any right specified above in the Designated Territory.

If any Non-Traditional Site (as described above) is located within the physical boundaries of your Designated Territory, then the premises of this Non-Traditional Site will not be included in your Designated Territory and you will have no rights to this Non-Traditional Site.

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.

We and our affiliates are not prohibited from: (1) operating and franchising others to operate, during the term of the Franchise Agreement, Holy Schnitzel Restaurants at any location outside of the Designated Territory; (2) operating and franchising others to operate, after the Franchise Agreement terminates or expires, Holy Schnitzel Restaurants at any location, including locations inside the Designated Territory; and (3) operating and franchising others to operate at any location, during or after the term of the Franchise Agreement, any type of restaurant other than a Holy Schnitzel Restaurant.

The restrictions above do not apply to Holy Schnitzel Restaurants in operation, under lease or construction or other commitment to open in the Designated Territory as of the effective date of the Franchise Agreement.

Except as expressly limited above, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to your Restaurant or the economic effect on your Restaurant or your activities under the Franchise Agreement.

If, during the term of the Franchise Agreement, you wish to relocate your Restaurant, or if the Restaurant is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your relocation request, including information concerning the proposed new location for the Restaurant and payment of our relocation fee of $2,500 which will be used to off-set the costs relating to the evaluation of the new location. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Holy Schnitzel Restaurant and is located within your Designated Territory, and you must sign our then-current form of Franchise Agreement. We will use our then-current criteria in reviewing a proposed new location for your Restaurant. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement, but you must pay our then-current relocation fee for our expenses related to reviewing your relocation request.

You may sell our products to customers who live anywhere but who choose to dine at or from your Restaurant. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Designated Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Designated Territory, you may not make any sales or deliver any products to customers located outside of your Designated Territory, unless the customer is located in an area where there is not another Holy Schnitzel Restaurant in operation. You may not directly solicit customers outside of your Designated Territory.

If you are in compliance with your Franchise Agreement, including that you are current in all payments to us and/or our affiliates, and if we receive an offer from a prospective franchisee to establish a

Restaurant in an area that is adjacent to your Designated Territory, we will give you a right of first refusal to purchase the area and establish the Restaurant. You will have 30 days to notify us whether you intend to establish the new Restaurant. If you decline the opportunity or do not notify us within 30 days, we will be free to sell the area to the third party.

We and our affiliates may sell products under the Marks within and outside your Designated Territory through any method of distribution other than a Holy Schnitzel Restaurant, including sales through channels of distribution such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, "Alternative Distribution Channels"). You may not use the Alternative Distribution Channels to make sales outside or inside your Designated Territory and you will not receive any compensation for our sales through Alternative Distribution Channels.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time. We, our parent or affiliate have not established, or presently intend to establish, other franchised or company-owned businesses which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement we grant you the right to develop and operate the number of Holy Schnitzel Restaurants in the Exclusive Area that is specified in the Minimum Performance Schedule, which is an exhibit to the Multi-Unit Operator Agreement. The Exclusive Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area within a municipality. The actual size of the Exclusive Area will vary depending upon the availability of contiguous markets, our long-range development plans, your financial and operational resources, population and market conditions. You will not receive a minimum Exclusive Area. Our designation of a particular Exclusive Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Exclusive Area for you to meet your Minimum Performance Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria so you can meet the Minimum Performance Schedule.

Except as described below, during the term of the Multi-Unit Operator Agreement, we and our affiliates will not operate or grant a franchise for the operation of Restaurants to be located within the Exclusive Area. However, we have the right to terminate this exclusivity if you are not in full compliance with all of the terms and conditions of the Multi-Unit Operator Agreement and all of the Franchise Agreements signed under it.

Except as expressly limited by the Multi-Unit Operator Agreement, we and our affiliates retain all rights with respect to Holy Schnitzel Restaurants, the Marks, and any products and services anywhere in the world including the right: (a) to produce, offer and sell and to grant other the right to produce, offer and sell the products offered at Restaurants and any other goods through similar or dissimilar channels of distribution, both within and outside the Exclusive Area, under the Marks and other trade and service marks and under any terms and conditions we deem appropriate; (b) to operate and to grant others the right to operate Restaurants located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; and (c) the right to acquire and operate a business operating one or more restaurants or food service businesses located or operating in your Exclusive Area.

After you have completed the Minimum Performance Schedule (which is when the last Restaurant to be developed opens for business), if we believe that it is desirable to establish additional Restaurants within the Exclusive Area, and if you are in compliance with your Multi-Unit Operator Agreement, we will offer you the right to develop these additional Restaurants. You must exercise this option, in full, within 60 days after our notice to you. If you do not exercise or you decline this right of first refusal, we shall have the right to sell these development rights to another multi-unit operator or to develop the Restaurants ourselves.

To maintain your rights under the Multi-Unit Operator Agreement you must have open and in operation the cumulative number of Holy Schnitzel Restaurants stated on the Minimum Performance Schedule by the dates agreed upon in the Minimum Performance Schedule. Failure to do so will be grounds for either a loss of territorial exclusivity or a termination of the Multi-Unit Operator Agreement.

In addition, upon completion of the Minimum Performance Schedule, and subject to the right of first refusal described above, your exclusive rights under the Multi-Unit Operator Agreement with respect to the Exclusive Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Restaurants within the Exclusive Area. The Exclusive Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the exclusivity of your Exclusive Area, except that you must meet your Minimum Performance Schedule.

ITEM 13
TRADEMARKS

The Franchise Agreement grants you the right to use certain trademarks, trade names, service marks, symbols, emblems, logos and indicia of origin designated by us, including the Marks described in Item 1. These Marks may be used only in the manner we authorize and only for the operation of your Franchised Business. The Multi-Unit Operator Agreement does not give you the right to use the Marks or our System.

You may not use the Marks as a part of your corporate or other legal name, and you must comply with our instructions in filing and maintaining trade name or fictitious name registrations. You must sign any documents we require to protect the Marks or to maintain their continued validity and enforceability. In addition, you may not directly or indirectly contest the validity of our ownership of or our rights in and to the Marks.

Our Affiliate has registered the following principal Marks on the Principal Register with the U.S. Patent and Trademark Office ("USPTO"):

Mark	Application Date	Serial Number	Registration Date	Registration Number
Holy Schnitzel	November 3, 2010	85,168,361	June 28, 2011	3,985,239

Our Affiliate has filed all required affidavits and intends to renew its registrations for the Marks when they become due.

WE ALSO LICENSE YOU THE RIGHT TO USE THE FOLLOWING PRINCIPAL TRADEMARK, FOR WHICH WE HAVE NOT FILED ANY APPLICATION OR "INTENT TO USE" FOR REGISTRATION:

WITH REGARD TO THIS MARK ONLY, WE DO NOT HAVE A FEDERAL REGISTRATION FOR OUR PRINCIPAL TRADEMARK. THEREFORE, OUR TRADEMARK DOES NOT HAVE MANY LEGAL BENEFITS AND RIGHTS AS A FEDERALLY REGISTERED TRADEMARK. IF OUR RIGHT TO USE THE TRADEMARK IS CHALLENGED, YOU MAY HAVE TO CHANGE TO AN ALTERNATIVE TRADEMARK, WHICH MAY INCREASE YOUR EXPENSES.

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state or any court, no pending infringement, opposition or cancellation proceedings and no pending litigation involving any of the Marks that may significantly affect the ownership or use of any Mark listed above which may be relevant to their use in this state or in any other state.

There are no agreements currently in effect which limit our right to use or to license others to use the Marks, except for the perpetual trademark license agreement between us and our affiliate dated December 14 , 2015. Our Affiliate intends to file all affidavits and other documents required to maintain its interest in and to the Marks.

We do not know of either superior prior rights or infringing uses that could materially affect your use of the Proprietary Marks in the state where the Restaurant will be located. You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take action and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel's opinion, be necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will indemnify you against and reimburse you for all damages for which you are held liable for your use of any of the Marks, provided that the conduct of you and your Principals in the proceeding and use of the Marks is in full compliance with the terms of the Franchise Agreement.

Except as provided above, we are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

If it becomes advisable at any time in our sole discretion, we may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an

addition or substitution will benefit the System. You must comply with our directions within a reasonable period of time after receiving notice. We will not be obligated to reimburse you for any loss of revenue attributable to any modified or discontinued Marks or for any expenditures you make to promote a modified or substitute trademark or service mark.

The license to use the Marks granted in the Franchise Agreement is non-exclusive to you. We have and retain certain rights in the Marks including the following:

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to franchisees;

2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and

3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

Patents and Copyrights: We do not have an ownership interest in any patents or copyrights that are material to the franchise.

Confidential Operations Manual: You must operate the Restaurant in accordance with the standards and procedures specified in the Manual. One copy of the Manual will be loaned to you by us for the term of the Franchise Agreement.

You must treat the Manual and any other manuals we create or approve for use in your operation of the Restaurant, and the information contained in them, as confidential. You must also use all reasonable efforts to maintain this information as secret and confidential and you must not duplicate, copy, record or otherwise reproduce these materials, in whole or in part, or make them available to any unauthorized person. The Manual remains our sole property and must be kept in a secure place on the Restaurant premises.

We may revise the contents of the Manual and you must comply with each new or changed standard. You must also make sure that the Manual is kept current at all times. If there is a dispute regarding the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

Confidential Information: We claim proprietary rights in certain of our recipes which are included in the Manual, and which are our trade secrets. You and each of your Principals are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit, any confidential information, knowledge or know-how concerning the methods of operation of the Restaurant that may be communicated to you or any of your Principals or that you may learn about, including these trade secrets. You and each of your Principals may divulge this confidential information only to your employees who must have access to it to operate the Restaurant. Neither you nor your Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge,

know-how and techniques related to the System that we communicate to you, including the Manual, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

If you, your Principals, General Manager, Shift Managers or employees develop any new concept, process or improvement in the operation or promotion of the Restaurant, you must promptly notify us and give us all necessary information, free of charge. You, your Principals, General Managers and employees must acknowledge that any of these concepts, processes or improvements will become our property and we may give the information to other franchisees.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

When you sign your agreement, you must designate and retain at all times a minimum of three individuals, in addition to yourself to serve as the "General Manager" and "Shift Manager(s)". If you are an individual owning a single Restaurant we recommend, but do not require, that you be a General Manager. You must also retain other personnel as are needed to operate and manage the Restaurant. We require you to have one General Manager and two Shift Managers that must satisfy our educational and business criteria provided to you in the Manual or other written instructions and must be individually acceptable to us. In addition, the General Manager and Managers must be responsible for the supervision and management of the Restaurant and must devote full time and its commercially reasonable efforts to this activity. The General Managers and Managers also must satisfy our applicable training requirements. If a General Manager or Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 60 days after the General Manager or Manager stops serving or no longer meets the requirements. You must at all times make sure that your Restaurant is operated in compliance with the terms of your Franchise Agreement, our System and our specifications and requirements.

If you employ any individual as a General Manager or in a managerial position who is at the time employed in a managerial position by us or any of our affiliates, or by another of our franchisees, you must pay the former employer for the reasonable costs and expenses the employer incurred for the training of the employee.

Your General Manager, Shift Managers and all other personnel who will have access to our proprietary and confidential information and training must sign our Confidentiality Non-Disclosure and Non-Competition Agreement, which is attached to our Franchise Agreement as Attachment 4. We will be a third-party beneficiary of each agreement with the independent right to enforce the agreement's terms.

If your Franchised Business is owned by an entity, all owners of the entity must personally sign the Franchise Agreement as a Principal. If you are a married individual, your spouse must sign our Spousal Guaranty, which is attached to our Franchise Agreement as Attachment 7.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, and other products and services we require, in the manner and style we require. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must stop selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to

change the types of menu items, products and services offered by you at the Restaurant at any time, and there are no limits on our right to make those changes. We also have the right to modify menu offerings for a particular Restaurant based on regional tastes and/or ingredients. If we do this, we do not have to grant you a similar modification or variance.

You must maintain in sufficient supply and use and sell only the food and beverage items, ingredients, products, materials, supplies, and paper goods that conform to our standards and specifications. You must prepare all menu items with our recipes and procedures for preparation contained in the Manual or other written instructions, including the measurements of ingredients. You must not deviate from our standards and specifications by the use or offer of nonconforming items or differing amounts of any items, without first obtaining our written consent.

We reserve the right to determine the minimum and/or maximum prices for the goods, products and services offered from your Restaurant, as permitted by applicable law. You must comply with the prices required by us, but we make no guarantees or warranties that offering the products or merchandise at the required price will enhance your sales or profits.

We do not impose any other restrictions in the Franchise Agreement or otherwise as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except that you may not directly solicit customers outside of your Designated Territory.

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 Agreement	Summary
a. Length of the franchise term	3.1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier
b. Renewal or extension of the term	3.2	If you are in good standing, and subject to contractual requirements, you may sign a successor agreement for an additional term of ten years, unless we have determined, in our sole discretion, to withdraw from the geographical area where your Restaurant is located.
c. Requirements for franchisee to renew or extend	3.2	You must provide notice that you wish to sign a Successor Franchise Agreement; you must be current in all payments and not in default of your Franchise Agreement; if we require, you must renovate and/or upgrade your Restaurant; you must sign a release; sign a Successor

Provision	Section in Franchise Agreement	Summary
		Franchise Agreement; pay the Successor Agreement Fee You may be asked to sign a contract with materially different terms and conditions than your original contract, except the boundaries of your territory will remain the same and the fees in the Successor Agreement will not be greater than the fees that we then impose on similarly situated franchisees with successor agreements.
d. Termination by franchisee	Not applicable	You may seek termination upon on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	The Franchise Agreement will terminate upon your death or permanent disability and the Franchised Business must be transferred within six months to a replacement franchisee that we approve.
f. Termination by franchisor with "cause"	17.1.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination
g. "Cause" defined – curable defaults	17.1.3 and 17.2	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice (or longer period required), fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within five days after a request, fail to procure and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, failure to cure health code or safety violations within 24 hours after notice; fail to cure any other default that is susceptible of cure within 30 days after notice
h. "Cause" defined – non-curable defaults	17.1.2 and 17.1.3	We may terminate you for cause if you: become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to acquire an accepted

Provision	Section in Franchise Agreement	Summary
		location within time required, fail to remodel when required, fail to open Restaurant when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the Restaurant premises, are convicted of a felony or other crime that may have an adverse effect on the System or Marks, transfer any interest without our consent, maintain false books or records, or are in violation of any anti-terrorism law. In addition, a default under one agreement with us may result in the termination of all of your other agreements with us. This is known as a cross-default provision.
i. Franchisee's obligations on termination/non-renewal	18	Obligations include: You must stop operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Manual and all other proprietary materials, comply with confidentiality requirements, pay liquidated damages (if applicable), and at our option, sell or assign to us your rights in the Restaurant premises and the equipment and fixtures used in the business
j. Assignment of contract by franchisor	14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations
k. "Transfer" by franchisee – defined	14.2.2	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person)
l. Franchisor approval of transfer by franchisee	14.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent
m. Conditions for franchisor approval of transfer	14.2.2	Conditions include: You must pay all amounts due to us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, satisfactorily complete training, sign current

Provision	Section in Franchise Agreement	Summary
		Franchise Agreement and, at our option, remodel the Restaurant
n. Franchisor's right of first refusal to acquire franchisee's business	14.4	If you receive an offer to purchase your Restaurant or any portion of the Restaurant assets, we will have a right of first refusal to purchase the Restaurant or its assets on the same terms as the offer
p. Death or disability of franchisee	14.5	The Franchise Agreement will terminate upon your death or permanent disability, and the Franchised Business must be transferred within six months to a replacement franchisee that we approve.
q. Non-competition covenants during the term of the franchise	10.3.1	You are prohibited from operating or having an interest in a similar business
r. Non-competition covenants after the franchise is terminated or expires	10.3.2	You and your Principals are prohibited for two years from expiration, termination or transfer of the franchise from operating or having an interest in a similar business within 10 miles of any Restaurant in the System
s. Modification of the agreement	10.1.5 and 19.2	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with our Manual, as it may be amended
t. Integration/merger clause	19.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Franchise Agreement may not be enforceable
u. Dispute resolution by arbitration or mediation	19.7	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be arbitrated in the County of Nassau, New York (subject to state law)
v. Choice of forum	19.8	County of Nassau, New York (subject to state law)
w. Choice of law	19.8	The Franchise Agreement is to be interpreted, governed and construed under New York law (subject to state law)

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Multi-Unit Operator Agreement	Summary
a. Length of the Multi-Unit Operator Agreement term	6	Length of the Minimum Performance Schedule
b. Renewal or extension of the term	5	After all Restaurants have been developed, we will negotiate in good faith another Multi-Unit Operator Agreement
c. Requirements for multi-unit operator to renew or extend	Not applicable	Not applicable
d. Termination by multi-unit operator	Not applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	9	We can terminate if you commit any one of several listed violations
g. "Cause" defined – curable defaults	9	If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Restaurant before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Restaurant before a Franchise Agreement for that Restaurant has been signed
h. "Cause" defined – non-curable defaults	9	Failure to meet your minimum performance schedule; failure to comply with applicable laws; if all of your Restaurants stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision)
i. Multi-unit operator's obligations on termination/ non-renewal	10	You must stop selecting sites for Restaurants, and you may not open any more Restaurants

Provision	Section in Multi-Unit Operator Agreement	Summary
j. Assignment of contract by franchisor	11	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Multi-Unit Operator Agreement
k. "Transfer" by multi-unit operator – defined	11	Includes transfer of any interest in the Multi-Unit Operator Agreement
l. Franchisor approval of transfer by multi-unit operator	11	We have the right to approve all transfers, our consent not to be unreasonably withheld
m. Conditions for franchisor approval of transfer	11	Conditions for transfer include not being in default, at least 25% of all Restaurants required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Operators, sign a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations
n. Franchisor's right of first refusal to acquire multi-unit operator's business	11	We have the right to match the offer to purchase your business
p. Death or disability of multi-unit operator	11	The rights granted under the Multi-Unit Operator Agreement will terminate upon your death or permanent disability, unless transferred to a third-party approved by us within six months.
q. Non-competition covenants during the term of the franchise	12	Can't divert business or operate a competing business anywhere
r. Non-competition covenants after the franchise is terminated or expires	12	No competing business for two years and within 10 miles of any Restaurant in the System
s. Modification of the agreement	18	No modifications except by mutual agreement of the parties
t. Integration/merger clause	18	Only the terms of the Multi-Unit Operator Agreement are binding (subject to state law). Any representations or promises made outside the disclosure document and Multi-Unit Operator Agreement may not be enforceable

Provision	Section in Multi-Unit Operator Agreement	Summary
u. Dispute resolution by arbitration or mediation	19	Except for certain claims, all disputes must be arbitrated within the County of Nassau, New York (subject to state law)
v. Choice of forum	19	County of Nassau, New York (subject to state law)
w. Choice of law	18	New York law applies (subject to state law)

ITEM 18
PUBLIC FIGURES

We do not use any public figure to promote our franchise.

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

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 Ofeer Benaltaba, 688 Central Avenue, Cedarhurst, New York, 11516 and (516) 374-4659, the Federal Trade Commission, and the appropriate state regulatory agencies.

-The remainder of this page is intentionally left blank.-

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2022 to 2024

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2022	5	5	0
	2023	5	5	0
	2024	5	5	0
Company-Owned/Affiliates*	2022	3	3	0
	2023	3	3	0
	2024	3	3	0
Total Outlets	2022	8	8	0
	2023	8	8	0
	2024	8	8	0

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2022 to 2024

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2022	0
	2023	0
	2024	0
Total	2022	0
	2023	0
	2024	0

Table No. 3
Status of Franchised Outlets
For years 2022 to 2024

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Termina-tions	Col 6 Non-Renewals	Col 7 Reacquired by Franchisor	Col 8 Ceased Operations – Other Reasons	Col 9 Outlets at End of the Year
Florida	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	1	0
	2024	0	0	0	0	0	0	0
New Jersey	2022	1	0	0	0	0	0	1
	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
New York	2022	3	0	0	0	0	0	3
	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	0	4
Total	2022	5	0	0	0	0	0	5
	2023	5	1	0	0	0	1	5
	2024	5	0	0	0	0	0	5

Table No. 4
Status of Company- Owned/Affiliates Outlets*
For years 2022 to 2024

Col 1 State	Col 2 Year	Col 3 Outlets at Start of Year	Col 4 Outlets Opened	Col 5 Outlets Reacquired from Franchisee	Col 6 Outlets Closed	Col 7 Outlets Sold to Franchisee	Col 8 Outlets at End of the Year
New York	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3
Total	2022	3	0	0	0	0	3
	2023	3	0	0	0	0	3
	2024	3	0	0	0	0	3

Table No. 5
Projected Openings as of December 31, 2024

Column 1 State	Column 2 Franchise Agreements Signed But Outlet Not Open	Column 3 Projected New Franchised Outlets In The Next Fiscal Year	Column 4 Projected New Company-Owned Outlets In The Next Fiscal Year
New Jersey	0	0	0
New York	0	0	0
Total	**0**	**0**	**0**

A list of the names of all franchisees and multi-unit operators the addresses and telephones numbers of the franchises will be provided in Exhibit D to this disclosure document when applicable.

The name, city, state and current business telephone number (or if unknown, the last known home telephone number) of every franchisee and multi-unit operator who had a franchise terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the applicable Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document will be listed on Exhibit D to this disclosure document when applicable. **If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

During the last three fiscal years, we have not any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with Holy Schnitzel System.

There are no trademark-specific organizations formed by our franchisees that are associated with Holy Schnitzel System.

ITEM 21
FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are the audited financial statements for the periods December 31, 2022, December 31, 2023, and December 31, 2024.

Our fiscal year end is December 31st.

ITEM 22
CONTRACTS

Attached as Exhibits to this Disclosure Document are the following contracts and their attachments:

1. Exhibit B – Franchise Agreement
2. Exhibit C – Multi-Unit Operator Agreement
3. Exhibit H – Form of General Release
4. Exhibit I – Franchisee Acknowledgement Statement, as permitted by state law. 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.

ITEM 23
RECEIPTS

Two copies of an acknowledgment of your receipt of this Disclosure Document appear at the end of the Disclosure Document. Please return one signed copy to us and retain the other for your records.

EXHIBIT A TO THE DISCLOSURE DOCUMENT

FINANCIAL STATEMENTS

HOLY SCHNITZEL ENTERPRISE INC.

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2024

TABLE OF CONTENTS

	Page #
Independent Auditor's Report	1 - 2
Balance Sheet	3
Statements of Operations and Changes in Stockholders' Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 11

BEN EPSTEIN
AND ASSOCIATES, LLC

To Management and the Stockholders of
Holy Schnitzel Enterprise Inc.
388 Central Avenue
Cedarhurst, NY 11516

Opinion

We have audited the accompanying financial statements of Holy Schnitzel Enterprise Inc. (a New York State corporation), which comprise the balance sheet as of December 31, 2024, and the related statements of operations and changes in stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Holy Schnitzel Enterprise Inc. 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Holy Schnitzel Enterprise Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Holy Schnitzel Enterprise Inc.'s ability to continue as a going concern within one year after the date that the 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Holy Schnitzel Enterprise Inc.'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 Holy Schnitzel Enterprise Inc.'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.

Toms River, New Jersey

March 24, 2025

HOLY SCHNITZEL ENTERPRISE INC.
BALANCE SHEET
AS AT DECEMBER 31, 2024

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	169,802
Accounts Receivable		25,197
Loans Receivable (Related Parties)		68,559
Total Current Assets		**263,558**
Total Assets	**$**	**263,558**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accrued Interest and Expenses	$	892
Loan Payable (EIDL) - Current Portion		3,225
Contract Liabilities - Current Portion		32,000
Total Current Liabilities		**36,117**
Long Term Liabilities		
Loan Payable (EIDL) - Net of Current Portion		126,506
Contract Liabilities - Net of Current Portion		144,209
Total Long Term Liabilities		**270,715**
Total Liabilities		**306,832**
Stockholders' Equity		
Common Stock *(no par value, 200 shares authorized, issued and outstanding)*		5,000
Stockholders' Equity (Deficit)		(48,274)
Total Stockholders' Equity		**(43,274)**
Total Liabilities and Stockholders' Equity	**$**	**263,558**

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
STATEMENT OF OPERATIONS AND CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2024

Gross Receipts		
Franchise Revenue	$	560,893
Revenue From Contracts with Customers		32,000
Food Sauce Revenue		1,806
Total Gross Receipts		**594,699**
Cost of Goods Sold		
Food Purchases		151,174
Total Cost of Goods Sold		**151,174**
Gross Profit		**443,525**
Selling, General and Administrative Expenses		
Payroll Expenses		49,309
Gifts/Charity		58,736
Advertising and Promotion		25,127
Outside Labor		14,900
Repairs and Maintenance		12,795
Professional Fees		11,348
Office		7,010
Payroll Fees		6,587
Interest Expense		5,426
Insurance Expense (workers comp)		5,524
Payroll Taxes		4,452
Bank and Other Fees		1,670
Total Selling, General and Administrative Expenses		**202,884**
Income before Provision for Income Taxes		**240,641**
Provision for Income Taxes		275
Net Income		**240,366**
Stockholders' Equity - Beginning of Year		**109,505**
Distributions		(425,145)
Prior Period Adjustment		27,000
Stockholders' Equity (Deficit) - End of Year	**$**	**(48,274)**

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

Cash Flows From Operating Activities		
Net Income	$	240,366
Adjustments to reconcile Change in Net Income to Net Cash Provided By Operating Activities:		
(Increase) in Accounts Receivable		(25,197)
(Decrease) in Accrued Expenses		(12)
(Decrease in) Contract Liabilities		(32,000)
Net Cash Provided by Operating Activities		**183,157**
Cash Flow From Financing Activities		
(Increase in) Loans Receivable		(68,559)
(Decrease in) Loans Payable		(2,586)
Distributions		(425,145)
Net Cash (Used In) Financing Activities		**(496,290)**
Net Decrease in Cash and Cash Equivalents		**(313,133)**
Cash and Cash Equivalents- Beginning of Year		**482,935**
Cash and Cash Equivalents- End of Year	**$**	**169,802**

Supplemental Disclosures:

Cash Basis		
Interest Paid	$	5,454
Taxes Paid		275

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1 – OVERVIEW OF THE COMPANY

Holy Schnitzel (the 'Company') was formed on October 30, 2015 under the laws of New York State. The Company is engaged in the franchising business, and offers franchises for the Holy Schnitzel brand. Franchises are sold in markets where expansion is deemed advantageous to the development of the Holy Schnitzel concept and system of restaurants. The Company's vision is that customers, employees and shareholders stay loyal to the restaurant brands and value them as a significant part of their lives. The Company's primary sources of revenue include franchise agreements, food sales, franchise royalty fees, and restaurant start-up training program fees. At December 31, 2024, there were seven franchised restaurants.

Franchise agreements grant franchisees an exclusive territorial license to operate a single restaurant within a specified area. Franchise fees are paid to the Company when franchise units are opened for business or transferred to new owners and when franchise agreements are renewed. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. All franchisees are required to operate their restaurants in accordance with Holy Schnitzel's standards and specifications, including controls over menu items, food quality, and preparation. In addition, franchised restaurants are evaluated regularly by the Company for compliance with franchise agreements, including standards and specifications through the use of periodic, unannounced, on-site inspections, and standard evaluation reports. Initial franchise agreements have a term of 10 years.

Food sales include sales of the Company's specially prepared sauces, and are sold to franchisees. The franchisee is invoiced as they are delivered, and are paid to Company when the franchisee receives the invoice.

Franchise royalty fees are paid to the Company as the franchisor of the Holy Schnitzel brand. The fees are calculated as a percentage of the franchisee's gross monthly restaurant sales, and are paid to the Company on a monthly basis.

Start-up training programs include 5 days of pre-opening assistance and training prior to the opening of a new franchisee. The Company requires the successful completion of its training program by a minimum of three managers for each franchised restaurant. The one-time fee is paid to the Company upon completion of the training program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded when earned, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenses are recorded when the goods are received or services rendered.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Due to the significant, subjective and complex judgments and estimates used when preparing our financial statements, management regularly reviews these assumptions and estimates. Management believes the following are critical accounting policies used in the preparation of these financial statements. Actual results may differ from these estimates, including our estimates of future cash flows, which are subject to the current economic environment and changes in estimates.

Revenue Recognition

The Company offers franchises for the Holy Schnitzel brand. The adoption of ASC 606 requires us to recognize initial and renewal franchise fees on a straight-line basis over the term of the franchise agreement, which is usually 10 years. Initial franchise fees are recorded as contract liability when received and are recognized as revenue at the point in time when a franchised restaurant is opened, as all material services and conditions related to the franchise fee have been substantially performed upon the restaurant opening. Revenue from initial and renewal franchise fees are recognized for the portion of the contracts that are for months in the current year. Revenue for portions of contracts that cover months in future years are stated as a contract liability until the year of coverage; at that time, the liability is reversed and revenue is recognized. Royalty fees, start-up training fees and food sales are recognized at the point in time when product is delivered or the service is rendered. (See Note 9 for contract liability details.)

Costs of Goods Sold

The Company sells their sauces to franchised restaurants. As the sauces are under the franchise specialty name, management recognizes the purchases under cost of goods sold.

Income Taxes

The Company elected to be taxed as an S corporation under provisions of the Internal Revenue Code. Under these provisions, the shareholders are liable for federal and New York State taxes on the Company's taxable income.

The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2024, the Company does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. As of December 31, 2024, the Company's federal and state tax returns generally remain open for the last three years. Penalties and interest (if any) assessed by taxing authorities are included in income tax expense.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the Company's cash flows, the Company's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Concentration of Credit Risk

The Company maintains cash in bank deposit accounts which, at times, exceed federally insured limits of $250,000. At December 31, 2024, the bank balance did not exceed the FDIC limit of $250,000. The Company has not experienced any losses in these accounts.

NOTE 3- COMPENSATED ABSENCES

Employees of the Company may be entitled to paid vacation, paid sick, and personal days off, depending on the job classification, length of services, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 4 – NEW ACCOUNTING GUIDELINES IMPLEMENTATION

ASC 842 - Leasing

Effective January 1, 2022, the Company retrospectively changed its accounting method for leases as a result of implementing the requirements in the *Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases.* The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases of the lessee. As the Company has no long-term leases with lessors, there were no transition methods for the year of implementation.

Topic 326 – Credit Losses

Effective January 1, 2023, the Company adopted *ASU 2016-13, Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

NOTE 5 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

In the year 2024, five major franchisees accounted for approximately 90% of the total revenue. The concentration of major customers does not make the Company vulnerable to a severe, near-term impact because the franchisees are locked into a contract for a duration of 10 years, thereby providing a stable revenue stream over the long term. There were no major expenditures during 2024.

NOTE 6 – FAIR VALUE MARKET AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are those that the market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about inputs used by the market participants at the measurement date. The fair value hierarchy is categorized into three levels based on inputs as follows:

- Level 1- Valuation based on quoted prices in active markets for identical assets or liabilities that the Company can access.
- Level 2- Valuation based on quoted prices for similar assets or liabilities in active markets: for identical or similar assets or liabilities in inactive markets; inputs other than quotes prices that are observable for the asset or liability; or inputs that derived principally or corroborated by observable market data by correlation or other means.
- Level 3- Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

There were no investments for the year ended December 31, 2024.

NOTE 7 – LOANS PAYABLE (EIDL)

Loan payable (EIDL) consists of an Economic Injury Disaster Loan in the amount of $137,400, that was approved by the U.S. Small Business Administration on June 30, 2020. The terms are monthly payments of $670, which include principal and interest, and incurs an interest rate of 3.75% per annum. The first payment was deferred for the first twelve months from the date of the loan. The final balance is due 30 years from the date of the loan. For the year ended December 31, 2024, the balance of the loan payable was $129,731 and interest expense was $5,426, which includes accrued interest of $375.

The principal payments due for the next five years are as follows. For the year ended December 31,

2025	$ 3,225
2026	3,349
2027	3,477
2028	3,609
2029	3,747
Thereafter	$ 112,324

NOTE 8 – LOANS RECEIVABLE/ RELATED PARTY

On various dates, companies that are related by common ownership borrowed funds from the Company. The funds are due upon demand and do not bear interest. For the year ended December 31, 2024, the balances of the loans are $68,559.

NOTE 9 – ASC 606 REVENUE RECOGNITION AND CONTRACT LIABILITIES:

The revenue recognition guidance of ASC 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company applied the following five step process to recognize revenue:

Step 1: Identified the contract with a customer.
Step 2: Identified the performance obligations in the contract.
Step 3: Determined the transaction price.
Step 4: Allocated the transaction price to the performance obligations in the contract.
Step 5: Recognized revenue when (or as) the entity satisfies a performance obligation.

Revenue for portions of contracts that cover months in future years are stated as a contract liability until the year of coverage. The following table reflects the change in contract liabilities between January 1, 2024 and December 31, 2024:

Contract Liabilities – Beginning of Year	$ 235,209
Contract Liabilities – End of Year	176,209
Revenue from contract with customers	$ 32,000

The following table illustrated the estimated revenues expected to be recognized in the future related to the contract liability franchise fees that the portions of the contracts are unsatisfied at December 31, 2024:

Year ended December 31,	
2025	$ 32,000
2026	32,000
2027	32,000
2028	31,125
2029	18,250
Thereafter	$ 30,833

NOTE 10 - ADVERTISING

Advertising and promotion are expensed as incurred. For the year ended December 31, 2024, the advertising and promotion expenses were $25,127.

NOTE 11 – PRIOR PERIOD ADJUSTMENT

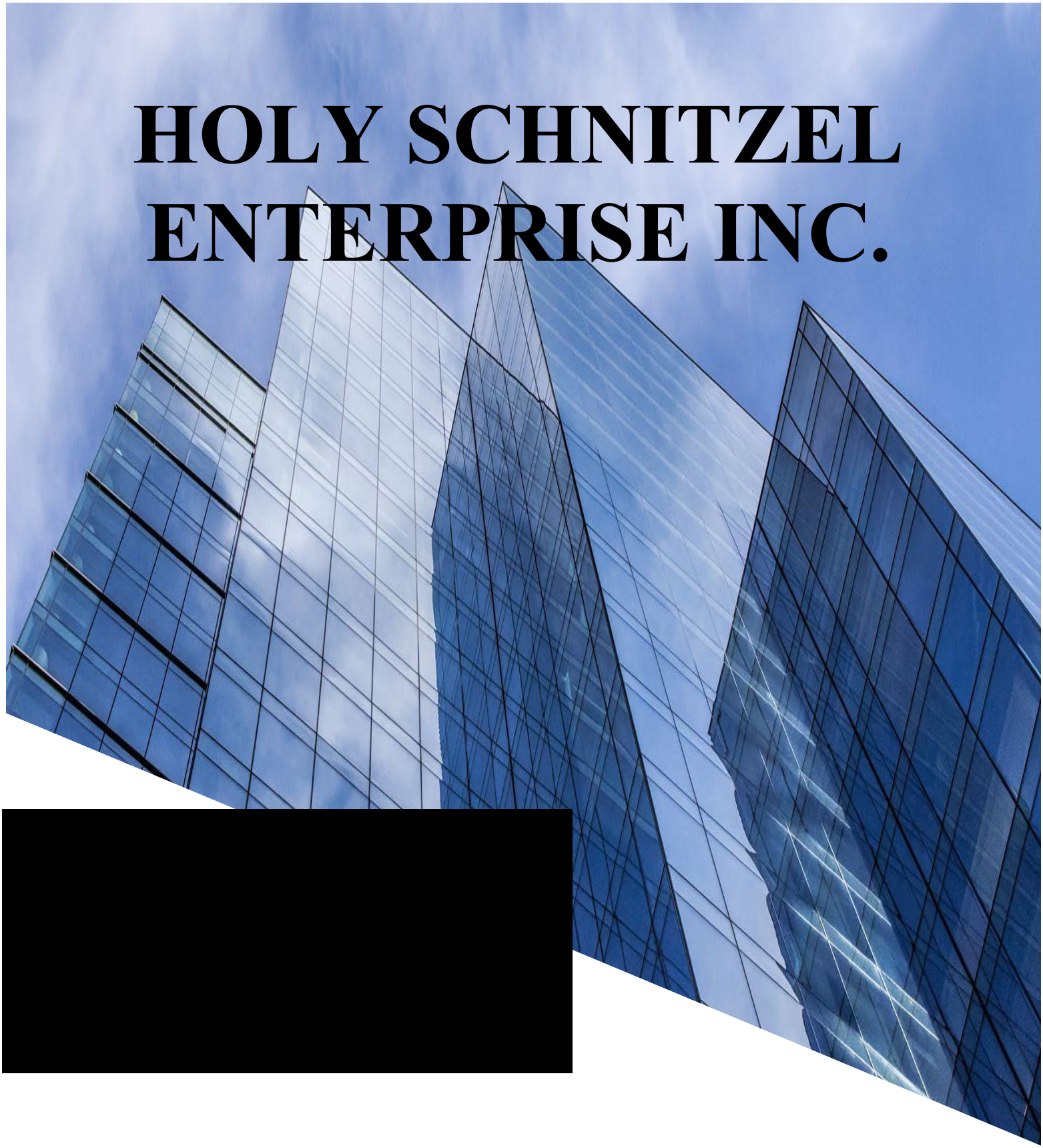
At December 31, 2024, the Company recognized a prior period adjustment of $27,000 to reflect additional revenue from franchiser contracts that should have been recognized in prior periods, in accordance with *ASC 606,* Revenue from Contracts with Customers. This adjustment aligns with the proper recognition of revenue over the 10-year term of each franchise agreement.

NOTE 12 - ACCOUNTS RECEIVABLE

Accounts receivables are stated at the amount management expects to collect from outstanding balances. Management provides for probable and estimated uncollectable amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts, which include a review of outstanding balances, economic trends, and individual credit status payment history. As of December 31, 2024, there was no allowance for doubtful accounts, as all bills were paid in full by the date the financial statements were available to be issued.

NOTE 13 - SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through March 24, 2025, the date the financial statements were available to be issued.



HOLY SCHNITZEL ENTERPRISE INC.

[redacted]

FOR THE YEAR ENDED

DECEMBER 31, 2023

TABLE OF CONTENTS

	Page #
Independent Auditor's Report	1 - 2
Balance Sheet	3
Statement of Operations and Changes in Stockholders' Equity	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 10

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Holy Schnitzel Enterprise Inc.
Cedarhurst, New York

Opinion

We have audited the accompanying financial statements of Holy Schnitzel Enterprise Inc. (a nonprofit organization), which comprise the balance sheet as of December 31, 2023, and the related statements of operations and changes in stockholders' equity and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Holy Schnitzel Enterprise Inc. as of December 31, 2023, and the changes in its net assets 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 audit in accordance with auditing standards generally accepted in the United States of America. 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 Holy Schnitzel Enterprise Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. 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 Holy Schnitzel Enterprise Inc.'s ability to continue as a going concern within one year after the date that the 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Holy Schnitzel Enterprise Inc.'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 Holy Schnitzel Enterprise Inc.'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.

Ben Epstein and Associates LLC

Ben Epstein and Associates, LLC
Toms River, New Jersey

April 11, 2024

HOLY SCHNITZEL ENTERPRISE INC.
BALANCE SHEET
AS AT DECEMBER 31, 2023

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	482,935
Total Current Assets		**482,935**
Total Assets	**$**	**482,935**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accrued Expenses	$	904
Loan Payable (EIDL) - Current Portion		3,226
Contract Liabilities - Current Portion		32,000
Total Current Liabilities		**36,130**
Long Term Liabilities		
Loan Payable (EIDL) - Net of Current Portion		129,091
Contract Liabilities - Net of Current Portion		203,209
Total Long Term Liabilities		**332,300**
Total Liabilities		**368,430**
Stockholders' Equity		
Common Stock *(no par value, 200 shares authorized, issued and outstanding)*		5,000
Stockholders' Equity		109,505
Total Stockholders' Equity		**114,505**
Total Liabilities and Stockholders' Equity	**$**	**482,935**

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
STATEMENT OF OPERATIONS AND CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2023

Gross Receipts		
Franchise Revenue	$	539,857
Revenue From Contracts with Customers		28,458
Total Gross Receipts		**568,315**
Cost of Goods Sold		
Food Purchases		255,397
Total Cost of Goods Sold		**255,397**
Gross Profit		**312,918**
Selling, General and Administrative Expenses		
Advertising and Promotion		3,200
Payroll Expenses		39,131
Payroll Taxes		9,101
Payroll Fees		6,251
Professional Fees		6,250
Interest Expense		5,075
Insurance Expense (workers comp)		2,657
Outside Labor		3,381
Bank and Other Fees		317
Total Selling, General and Administrative Expenses		**75,363**
Income before Provision for Income Taxes		**237,555**
Provision for Income Taxes		350
Net Income		**237,205**
Stockholders' Equity - Beginning of Year		**63,857**
Distributions		(191,557)
Stockholders' Equity - End of Year	**$**	**109,505**

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2023

Cash Flows From Operating Activities		
Net Income	$	237,205
Adjustments to Reconcile Change in Net Income to Net Cash Provided By Operating Activities:		
Increase in Accrued Expenses		29
Increase in Contract Liabilities		21,542
Net Cash Provided by Operating Activities		**258,776**
Cash Flows From Financing Activities		
(Decrease in) Loans Payable		(3,368)
Distributions		(191,557)
Net Cash (Used in) Financing Activities		**(194,925)**
Net Increase in Cash and Cash Equivalents		**63,851**
Cash and Cash Equivalents - Beginning of Year		**419,084**
Cash and Cash Equivalents - End of Year	**$**	**482,935**

SUPPLEMENTAL DISCLOSURES:

Cash Basis		
Interest Paid	$	5,075
Taxes Paid		350

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 1 – OVERVIEW OF THE COMPANY

Holy Schnitzel (the 'Company') was formed on October 30, 2015 under the laws of New York State. The Company is engaged in the franchising business, and offers franchises for the Holy Schnitzel brand. Franchises are sold in markets where expansion is deemed advantageous to the development of the Holy Schnitzel concept and system of restaurants. The Company's vision is that customers, employees and shareholders stay loyal to the restaurant brands and value them as a significant part of their lives. The Company's primary sources of revenue include franchise agreements, food sales, franchise royalty fees, and restaurant start-up training program fees. At December 31, 2023, there were seven franchised restaurants.

Franchise agreements grant franchisees an exclusive territorial license to operate a single restaurant within a specified area. Franchise fees are paid to the Company when franchise units are opened for business or transferred to new owners and when franchise agreements are renewed. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. All franchisees are required to operate their restaurants in accordance with Holy Schnitzel's standards and specifications, including controls over menu items, food quality, and preparation. In addition, franchised restaurants are evaluated regularly by the Company for compliance with franchise agreements, including standards and specifications through the use of periodic, unannounced, on-site inspections, and standard evaluation reports. Initial franchise agreements have a term of 10 years.

Food sales include sales of the Company's specially prepared sauces, and are sold to franchisees. The franchisee is invoiced as they are delivered, and are paid to Company when the franchisee receives the invoice.

Franchise royalty fees are paid to the Company as the franchisor the Holy Schnitzel brand. The fees are calculated as a percentage of the franchisee's gross monthly restaurant sales, and are paid to the Company on a monthly basis.

Start-up training programs include 5 days of pre-opening assistance and training prior to the opening of a new franchisee. The Company requires the successful completion of its training program by a minimum of three managers for each franchised restaurant. The one-time fee is paid to the Company upon completion of the training program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded when earned, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenses are recorded when the goods are received or services rendered.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Due to the significant, subjective and complex judgments and estimates used when preparing our financial statements, management regularly reviews these assumptions and estimates. Management believes the following are critical accounting policies used in the preparation of these financial statements. Actual results may differ from these estimates, including our estimates of future cash flows, which are subject to the current economic environment and changes in estimates.

Revenue Recognition

The Company offers franchises for the Holy Schnitzel brand. The adoption of ASC 606 requires us to recognize initial and renewal franchise fees on a straight-line basis over the term of the franchise agreement, which is usually 10 years. Initial franchise fees are recorded as contract liability when received and are recognized as revenue at the point in time when a franchised restaurant is opened, as all material services and conditions related to the franchise fee have been substantially performed upon the restaurant opening. Revenue from initial and renewal franchise fees are recognized for the portion of the contracts that are for months in the current year. Revenue for portions of contracts that cover months in future years are stated as a contract liability until the year of coverage; at that time, the liability is reversed and revenue is recognized. Royalty fees, start-up training fees and food sales are recognized at the point in time when product is delivered or the service is rendered. (See Note 7 for contract liability details.)

Costs of Goods Sold

The Company sells their sauces to franchised restaurants. As the sauces are under the franchise specialty name, management recognizes the purchases under cost of goods sold.

Income Taxes

The Company had elected to be taxed as an S corporation under provisions of the Internal Revenue Code. Under these provisions, the shareholders are liable for federal and New York State taxes on the Company's taxable income.

The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2023, the Company does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. As of December 31, 2023, the Company's federal and state tax returns generally remain open for the last three years. Penalties and interest (if any) assessed by taxing authorities are included in income tax expense.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

For the purpose of the Company's cash flows, the Company's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Concentration of Credit Risk

The Company maintains cash in bank deposit accounts which, at times, exceed federally insured limits of $250,000. At December 31, 2023, the bank balance exceeded the FDIC limit of $250,000 in one financial institution. The Company has not experienced any losses in these accounts.

NOTE 3- COMPENSATED ABSENCES

Employees of the Company may be entitled to paid vacation, paid sick, and personal days off, depending on the job classification, length of services, and other factors. It is impractical to estimate the amount of compensation for future absences, and accordingly, no liability has been recorded in the accompanying financial statements. The Company's policy is to recognize the costs of compensated absences when actually paid to employees.

NOTE 4 – NEW ACCOUNTING GUIDELINES IMPLEMENTATION

ASC 842 - Leasing

Effective January 1, 2022, the Company retrospectively changed its accounting method for leases as a result of implementing the requirements in the Financial Accounting Standard Board's Accounting Standards Codification (ASC) 842, Leases. The new lease guidance requires the recognition of a right-of-use asset and a lease liability for operating leases of the lessee. As the Company has no long-term leases with lessors, there were no transition methods for the year of implementation.

Topic 326 – Credit Losses

Effective January 1, 2023, the Company adopted ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments*, as amended, which modifies the measurement of expected credit losses on certain financial instruments. The Company adopted this new guidance utilizing the modified retrospective transition method. The adoption of this Standard did not have a material impact on the Company's financial statements but did change how the allowance for credit losses is determined.

NOTE 5 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

In the year 2023, five major franchisees accounted for 91% of total revenue. The concentration of major customers does not make the Company vulnerable to a severe, near-term impact because the franchisees are locked into a contract for a duration of 10 years, thereby providing a stable revenue stream over the long term. There were no major expenditures during 2023.

NOTE 6 – FAIR VALUE MARKET AND HIERARCHY

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Accounting standards establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring the most observable inputs be used when available. Observable inputs are those that the market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Company. Unobservable inputs reflect the Company's assumptions about inputs used by the market participants at the measurement date. The fair value hierarchy is categorized into three levels based on inputs as follows:

- Level 1- Valuation based on quoted prices in active markets for identical assets or liabilities that the Company can access.
- Level 2- Valuation based on quoted prices for similar assets or liabilities in active markets: for identical or similar assets or liabilities in inactive markets; inputs other than quotes prices that are observable for the asset or liability; or inputs that derived principally or corroborated by observable market data by correlation or other means.
- Level 3- Valuation based on inputs that are unobservable and significant to the overall fair value measurement.

For the year ended December 31, 2023, all financial instruments that require valuation, were measured at fair value at Level One.

NOTE 7 – LOANS PAYABLE (EIDL)

Loan payable (EIDL) consists of an Economic Injury Disaster Loan, in the amount of $137,400, was approved by the U.S. Small Business Administration on June 30, 2020. The terms are monthly payments of $670, which include principal and interest, and incurs an interest rate of 3.75% per annum. The first payment is deferred for the first twelve months from the date of the loan. The final balance is due 30 years from the date of the loan. For the year ended December 31, 2023, the balance of the loan payable was $132,317 and interest expense was $5,075, which includes accrued interest of $403.

The principal payments due for the next five years are as follows. For the year ended December 31,

2024	$ 3,226
2025	3,349
2026	3,477
2027	3,609
2028	3,747
Thereafter	$ 114,909

HOLY SCHNITZEL ENTERPRISE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

NOTE 8 – ASC 606 REVENUE RECOGNITION AND CONTRACT LIABILITIES:

The revenue recognition guidance of ASC 606 requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company applied the following five step process to recognize revenue:

Step 1: Identified the contract with a customer.
Step 2: Identified the performance obligations in the contract.
Step 3: Determined the transaction price.
Step 4: Allocated the transaction price to the performance obligations in the contract.
Step 5: Recognized revenue when (or as) the entity satisfies a performance obligation.

Revenue for portions of contracts that cover months in future years are stated as a contract liability until the year of coverage. The following table reflects the change in contract liabilities between January 1, 2023 and December 31, 2023:

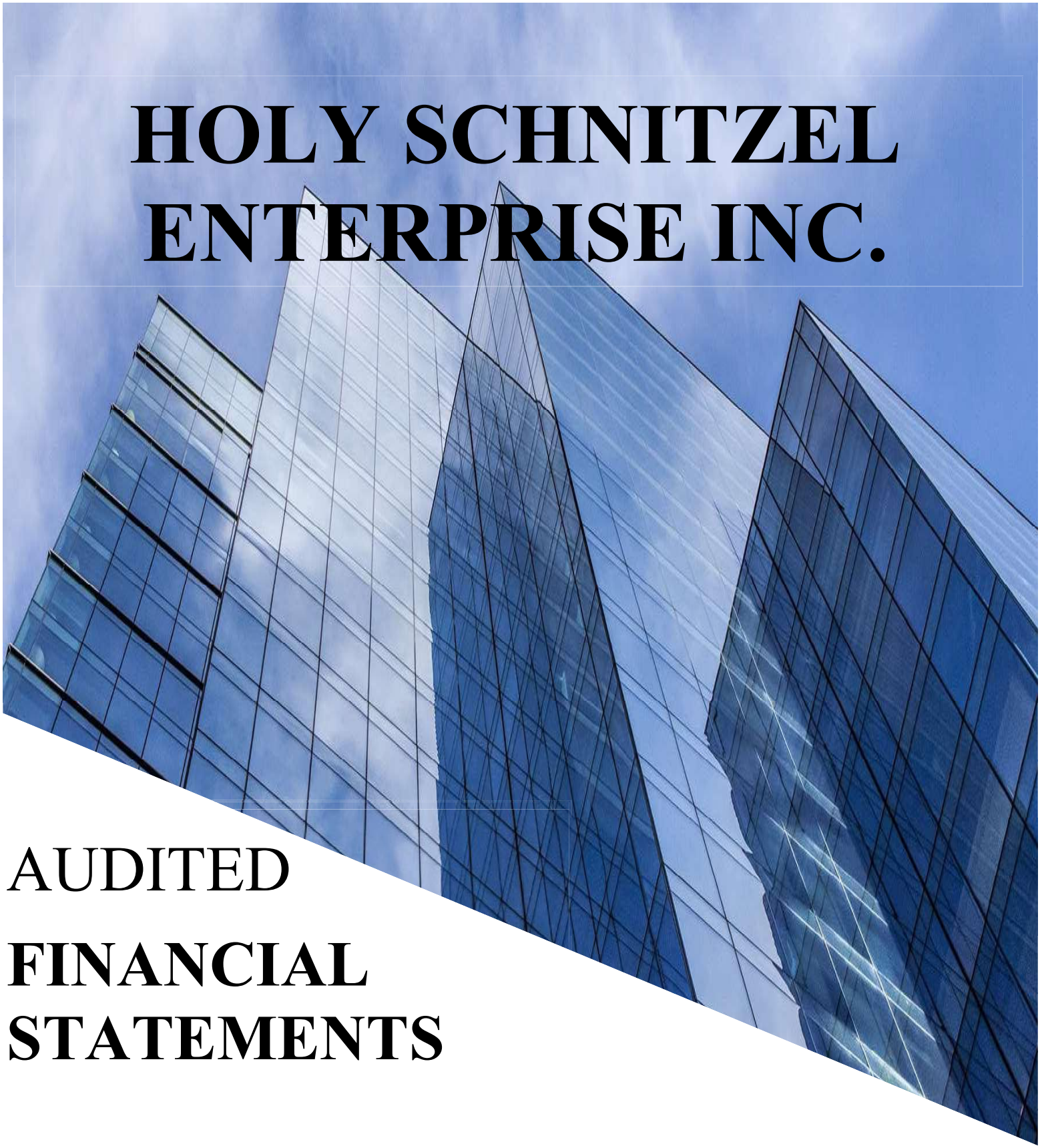
Contract Liabilities – Beginning of Year	$ 213,667
Contract Liabilities – End of Year	235,209
Revenue from contract with customers	$ 28,458

The following table illustrated the estimated revenues expected to be recognized in the future related to our contract liability franchise fees that the portions of the contracts are unsatisfied at December 31, 2023:

Year ended December 31,	
2024	$ 32,000
2025	32,000
2026	27,000
2027	27,000
2028	31,125
Thereafter	$ 86,084

NOTE 9 - SUBSEQUENT EVENTS

Management has reviewed subsequent events and transactions for potential recognition and disclosure in the financial statements through April 11, 2024, the date the financial statements were available to be issued.



HOLY SCHNITZEL ENTERPRISE INC.

AUDITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

DECEMBER 31, 2022

HOLY SCHNITZEL ENTERPRISE INC.
YEAR ENDED DECEMBER 31, 2022

TABLE OF CONTENTS

	Page #
Independent Auditor's Report	1 - 2
Balance Sheet	3
Statement of Operations and Changes in Stockholders' Equity	4
Statement of Changes in Cash Flows	5
Notes to the Financial Statements	6 - 9

BENJAMIN EPSTEIN CPA

1455 EAST 15TH STREET
BROOKLYN, NEW YORK 11230
(718) 376-0593

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of Holy Schnitzel Enterprise Inc.
Cedarhurst, New York

Opinion

We have audited the accompanying financial statements of Holy Schnitzel Enterprise Inc. (a New York State corporation), which comprise the balance sheets as of December 31, 2022, and the related statements of operations and changes in stockholders' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Holy Schnitzel Enterprise Inc. as of December 31, 2022, and the results of its operations and its cash flows for the yearsthen 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. 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 Holy Schnitzel Enterprise Inc. and to meetour 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 Holy Schnitzel Enterprise Inc.'s ability to continue as a goingconcern within one year after the date that the 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 generally accepted auditing standards 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, including omissions, 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 basedon the financial statements.

In performing an audit in accordance with generally accepted auditing standards, 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 Holy Schnitzel Enterprise Inc.'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 Holy Schnitzel Enterprise Inc.'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.

Benjamin Epstein CPA
Brooklyn, New York

April 26, 2023

HOLY SCHNITZEL ENTERPRISE INC.
BALANCE SHEET
AS AT DECEMBER 31, 2022

ASSETS		
Current Assets		
Cash and Cash Equivalents	$	419,084
Total Current Assets		**419,084**
Total Assets	**$**	**419,084**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accrued Expenses	$	875
Loan Payable (EIDL) - Current Portion		1,455
Contract Liabilities - Current Portion		27,000
Total Current Liabilities		**29,330**
Long Term Liabilities		
Loan Payable (EIDL) - Net of Current Portion		134,230
Contract Liabilities - Net of Current Portion		186,667
Total Long Term Liabilities		**320,897**
Total Liabilities		**350,227**
Stockholders' Equity		
Common Stock *(no par value, 200 shares authorized, issued and outstanding)*		5,000
Stockholders' Equity		63,857
Total Stockholders' Equity		**68,857**
Total Liabilities and Stockholders' Equity	**$**	**419,084**

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
STATEMENT OF OPERATIONS AND CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Gross Receipts		
Franchise Revenue	$	622,406
Revenue From Contracts with Customers		27,000
Total Gross Receipts		**649,406**
Cost of Goods Sold		
Food Purchases		236,662
Total Cost of Goods Sold		**236,662**
Gross Profit		**412,744**
Selling, General and Administrative Expenses		
Employee Benefits		35
Fees		252
Outside Labor		33,146
Payment Service		101
Payroll Expenses		44,346
Payroll Taxes		3,756
Payroll Fees		5,942
Professional Fees		13,000
Interest Expense		6,325
Insurance Expense		3,972
Utilities		4,724
Bank Service Charges		1,078
Repairs and Maintenance		175
Taxes		50
Total Selling, General and Administrative Expenses		**116,902**
Net Income		**295,842**
Stockholders' Equity (Deficiency) - Beginning of Year		**64,582**
Distributions		(296,567)
Stockholders' Equity - End of Year	**$**	**63,857**

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
STATEMENT OF CHANGES IN CASH FLOW
FOR THE YEAR ENDED DECEMBER 31, 2021

Cash Flows From Operating Activities		
Net Income	$	295,842
Adjustments to Reconcile Change in Net Income to Net Cash Provided By Operating Activities:		
Increase in Accrued Expenses		146
Decrease in Contract Liabilities		(27,000)
Net Cash Provided by Operating Activities		**268,988**
Cash Flows From Financing Activities		
(Decrease in) Loans Payable		(1,715)
Distributions		(296,567)
Net Cash (Used in) Financing Activities		**(298,282)**
Net Increase in Cash and Cash Equivalents		**(29,294)**
Cash and Cash Equivalents - Beginning of Year		**448,378**
Cash and Cash Equivalents - End of Year	**$**	**419,084**

SUPPLEMENTAL DISCLOSURES:

Cash Basis		
Interest Paid	$	6,325
Taxes Paid		50

See accompanying notes to the financial statements.

HOLY SCHNITZEL ENTERPRISE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

NOTE 1 – OVERVIEW OF THE COMPANY

The Company was formed on October 30, 2015 under the Laws of New York State. The Company is engaged in the franchising business, and offers franchises for the Holy Schnitzel brand. Franchises are sold in markets where expansion is deemed advantageous to the development of the Holy Schnitzel concept and system of restaurants. The Company's vision is that customers, employees and shareholders stay loyal to the restaurant brands and value them as a significant part of their lives. The Company's primary sources of revenue include franchise agreements, food sales, franchise royalty fees, and restaurant start-up training program fees. At December 31, 2022, there were six franchised restaurants.

Franchise agreements grant franchisees an exclusive territorial license to operate a single restaurant within a specified area. Franchise fees paid to the Company when franchise units are opened for business or transferred to new owners and when franchise agreements are renewed. Franchisees bear all direct costs involved in the development, construction, and operation of their restaurants. All franchisees are required to operate their restaurants in accordance with Holy Schnitzel's standards and specifications, including controls over menu items, food quality, and preparation. In addition, franchised restaurants are evaluated regularly by the Company for compliance with franchise agreements, including standards and specifications through the use of periodic, unannounced, on-site inspections, and standard evaluation reports. Initial franchise agreements have a term of 10 years.

Food sales include sales of the Company's specially prepared sauces, and are sold to franchisees. The franchisee is invoiced as they are delivered, and are paid to Company when the franchisee receives the invoice.

Franchise royalty fees are paid to the Company as the franchisor the Holy Schnitzel brand. The fees are calculated as a percentage of the franchisee's gross monthly restaurant sales, and are paid to the Company on a monthly basis.

Start-up training programs include 5 days of pre-opening assistance and training prior to the opening of a new franchisee. The Company requires the successful completion of its training program by a minimum of three managers for each franchised restaurant. The one-time fee is paid to the Company upon completion of the training program.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles 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. Due to the significant, subjective and complex judgments and estimates used when preparing our financial statements, management regularly reviews these assumptions and estimates. Management believes the following are critical accounting policies used in the preparation of these financial statements. Actual results may differ from these estimates, including our estimates of future cash flows, which are subject to the current economic environment and changes in estimates.

Revenue Recognition

The Company offers franchises for the Holy Schnitzel brand. The adoption of ASC 606 requires us to recognize initial and renewal franchise fees on a straight-line basis over the term of the franchise agreement, which is usually 10 years. Historically, we have recognized revenue from initial franchise. Initial franchise fees are recorded as contract liability when received and are recognized as revenue when a franchised restaurant is opened as all material services and conditions related to the franchise fee have been substantially performed upon the restaurant opening. Revenue from initial and renewal franchise fees are recognized for the portion of the contracts that are for months in the current year. Revenue for

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

portions of contracts that cover months in future years are stated as a contract liability until the year of coverage; at that time, the liability is reversed and revenue is recognized. Royalty fees, start-up training fees and food sales are recognized at the point in time when product is delivered or the service is rendered. (See Note 5 for contract liability details.)

Basis of Accounting
The accompanying financial statements have been prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America. Under the accrual basis of accounting, revenues are recorded when earned, both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenses are recorded when the goods are received or services rendered.

Income Taxes
The Company had elected to be taxed as an S corporation under provisions of the Internal Revenue Code. Under these provisions, the shareholders are liable for Federal and New York State taxes on the Company's taxable income.

The Company evaluates all significant tax positions as required by generally accepted accounting principles in the United States. As of December 31, 2022, the Company does not believe that it has taken any tax positions that would require the recording of any additional tax liability nor does it believe that there are any unrealized tax benefits that would either increase or decrease within the next year. The Company's income tax returns are subject to examination by the appropriate tax jurisdictions. As of December 31, 2022, the Company's Federal and state tax returns generally remain open for the last three years. Penalties and interest (if any) assessed by taxing authorities are included in income tax expense.

Cash and Cash Equivalents
For the purpose of the Company's cash flows, the Company's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Concentration of Credit Risk
The Company maintains cash in bank deposit accounts which, at times, exceed federally insured limits of $250,000. The Company has not experienced any losses in these accounts.

Cost of Sales
The Company sells their sauces to franchised restaurants. As the sauces are under the franchise specialty name, management recognizes the purchases under Cost of Goods sold.

NOTE 3 – ASC 606 REVENUE RECOGNITION:

The recognition guidance requires the recognition of revenue when promised goods or services are transferred to customers in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. A practical expedient was not applied for revenue contracts that began and ended in the same year.

The Company applied the following five step process to recognize revenue:

Step 1: Identified the contract with a customer.
Step 2: Identified the performance obligations in the contract.
Step 3: Determined the transaction price.

Step 4: Allocated the transaction price to the performance obligations in the contract.
Step 5: Recognized revenue when (or as) the entity satisfies a performance obligation.

NOTE 4 - CONTRACT LIABILITIES

The following table reflects the change in contract liabilities between January 1, 2022 and December 31, 2022:

Contract Liabilities – Beginning of Year	$ 240,667
Contract Liabilities – End of Year	213,667
Revenue from contract with customers	$ 27,000

The following table illustrated the estimated revenues expected to be recognized in the future related to our contract liability franchise fees that the portions of the contracts are unsatisfied at December 31, 2022:

Year ended December 31,	
2023	27,000
2024	27,000
2025	27,000
2026	27,000
2027	27,000
Thereafter	78,667
Total	**$ 213,667**

NOTE 5 – LOANS PAYABLE (EIDL)

Loans payable (EIDL) consists of an Economic Injury Disaster Loan that was approved by the U.S. Small Business Administration on June 30, 2020. The terms are monthly payments of $670, which include principal and interest, and incurs an interest rate of 3.75% per annum. The first payment is deferred for the first twelve months from the date of the loan. The remaining principal and accrued interest balance is due in monthly installments, and the final balance is due 30 years from the date of the loan. For the year ended December 31, 2022, the balance of the loan payable was $135,685 and interest expense was $6,325.

The principal payments due for the next five years are as follows:

For the year ended December 31,	
2023	$ 2,993
2024	3,107
2025	3,226
2026	3,349
2027	3,529
Thereafter	$ 119,741

NOTE 6 - SUBSEQUENT EVENTS

HOLY SCHNITZEL ENTERPRISE INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2022

Management has reviewed subsequent events through April 13, 2022, the date the financial statements were available to be issued.

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) originated in Wuhan, China and has since spread to other countries, including the United States. On March 11, 2020, the World Health Company characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S. have declared a state of emergency. The impact of the law that restricted eating in restaurants for several months during the pandemic resulted in a decrease of franchise royalty revenue, which is a percentage of the gross sales of the franchisees. However, the PPP Loans Payable (which is expected to be forgiven), as well as the acquisition of a new franchisee have offset the loss. At the date the financial statements were available to be issued, the restriction has been lifted and sales are increasing. Therefore, the impact of the COVID-19 outbreak did not seriously affect the company's business operations, including its ability to continue as a going concern. The future effects of the pandemic impacts are unknown at the time the financial statements were available to be issued.

EXHIBIT B TO THE DISCLOSURE DOCUMENT

FRANCHISE AGREEMENT

HOLY SCHNITZEL ENTERPRISE INC.

FRANCHISE AGREEMENT

_____

FRANCHISEE

_____

DATE

TABLE OF CONTENTS

ARTICLE 1 2

GRANT 2

1.1 Grant of Franchise 2
1.2 Accepted Location 2
1.3 Relocation 2
1.4 Designated Territory 2
1.5 Our Reserved Rights 3
1.6 Forms of Agreement 4
1.7 Your Right of First Refusal 4

ARTICLE 2 4

SITE SELECTION, PLANS AND CONSTRUCTION 4

2.1 Your Responsibility to Locate a Site 4
2.2 Site Selection 4
2.3 Zoning Clearances, Permits and Licenses 5
2.4 Design of Restaurant 5
2.5 Build-Out of Restaurant 6
2.6 Opening Date; Time is of the Essence 6

ARTICLE 3 7

TERM AND SUCCESSOR OPTION 7

3.1 Term 7
3.2 Successor Options 7
3.3 Refusal to Enter Into A Successor Franchise Agreement 7
3.4 Successor Agreement Under Law 8
3.5 Your Election Not to Enter Into a Successor Agreement 8

ARTICLE 4 8

FEES 8

4.1 Initial Franchise Fee 8
4.2 Royalty Fees 8
4.3 Creative Marketing Fee 9
4.4 Payments to Us 9
4.5 Interest on Overdue Amounts 9
4.6 Definition of Gross Sales 9
4.7 Training Expenses Fee 10
4.8 Payment of Additional Fees 10

ARTICLE 5 10

OUR OBLIGATIONS 10

5.1 Site Selection Assistance 10
5.2 Location Assistance; On-Site Evaluation 10
5.3 Prototype Design Plans 10
5.4 Confidential Operations Manual 10
5.5 Visits and Evaluations 10
5.6 Advertising Materials 11
5.7 Management and Operations Advice 11
5.8 Products for Resale 11

5.9 Approved Suppliers *11*
5.10 Initial Training Program *11*
5.11 Advertising Cooperatives *11*

ARTICLE 6 ..... **11**

YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS 11
6.1 Use Commercially Reasonable Efforts *11*
6.2 Representations of Corporate Entity *11*
6.3 General Manager and Managers *13*
6.4 Training *13*
6.5 Franchisee Meetings *14*
6.6 Hiring Practices *14*
6.7 Compliance with Laws *14*
6.8 Compliance with All Other Obligations *15*

ARTICLE 7 ..... **15**

FRANCHISE OPERATIONS 15
7.1 Compliance with Standards *15*
7.2 Maintenance of Restaurant *15*
7.3 Remodeling and Redecorating *16*
7.4 Approved Suppliers *16*
7.5 Operation of Restaurant in Compliance with Our Standards *16*
7.6 Proprietary Products *18*
7.7 Advertising Materials *18*
7.8 Complaints *18*
7.9 Power of Attorney for Telephone Listings, etc. *19*
7.10 Unapproved Products and Services *19*
7.11 Customer Surveys; Mystery Shopper *19*
7.12 Pricing *19*

ARTICLE 8 ..... **19**

ADVERTISING AND RELATED FEES 19
8.1 Participation in Advertising *20*
8.2 Local Advertising *20*
8.3 Creative Marketing Fund *20*
8.4 Cooperative Funds *21*
8.5 Conduct of Advertising; Our Approval *22*
8.6 Websites and Social Media *22*
8.7 Advisory Council *23*
8.8 Grand Opening Advertising *23*

ARTICLE 9 ..... **24**

MARKS 24
9.1 Use of Marks *24*
9.2 Ownership of Marks; Limited License *24*
9.3 Limitation on Use of Marks *25*
9.4 Notification of Infringement or Claim *25*
9.5 Retention of Rights by Us *25*

ARTICLE 10 ..... **26**

CONFIDENTIALITY AND NON-COMPETITION COVENANTS 26

10.1 Confidential Operations Manuals *26*
10.2 Confidential Information *26*
10.3 Non-Competition *27*
10.4 Failure to Comply *29*

ARTICLE 11 ..... **29**

BOOKS AND RECORDS 29
11.1 Books and Records *29*
11.2 Reports *29*
11.3 Inspections; Audits *30*
11.4 Correction of Errors *30*
11.5 Authorization of Us *30*
11.6 We are Attorney-in-Fact *30*

ARTICLE 12 ..... **30**

INSURANCE 30

ARTICLE 13 ..... **32**

DEBTS AND TAXES 32
13.1 Taxes *32*
13.2 Payments to Us *32*
13.3 Tax Disputes *32*
13.4 Compliance with Laws *32*
13.5 Notification of Action or Proceeding *33*

ARTICLE 14 ..... **33**

TRANSFER OF INTEREST 33
14.1 Transfer by Us *33*
14.2 Transfer by You *33*
14.3 Transfer to a Corporation or Limited Liability Company *35*
14.4 Our Right of First Refusal *36*
14.5 Death or Disability *37*
14.6 No Waiver of Claims *38*

ARTICLE 15 ..... **38**

INDEMNIFICATION 38
15.1 Indemnification by You *38*
15.2 Notification of Action or Claim *39*
15.3 We May Settle *39*
15.4 Losses and Expenses *39*
15.5 Indemnitees Do Not Assume Liability *39*
15.6 Recovery from Third Parties *40*
15.7 Survival of Terms *40*

ARTICLE 16 ..... **40**

RELATIONSHIP OF THE PARTIES 40
16.1 Independent Contractor *40*
16.2 Sole and Exclusive Employer of Your Employees *41*
16.3 You are Not Authorized *41*

ARTICLE 17 ..... **41**

TERMINATION 41
17.1 Automatic Termination – No Right to Cure *41*
17.2 Notice of Termination – 30 Days to Cure *44*
17.3 Cross-Defaults, Non-Exclusive Remedies, etc. *44*
17.4 Our Right to Discontinue Services to You *44*
17.5 Amendment Pursuant to Applicable Law *45*
ARTICLE 18 45
POST-TERMINATION 45
18.1 Cease Operations *45*
18.2 Stop Using the System *45*
18.3 Cancellation of Assumed Names *45*
18.4 No Use of Similar Marks *45*
18.5 Payment of Sums Owed *46*
18.6 Payment of Damages, Costs and Expenses *46*
18.7 Delivery of Manuals and Materials *46*
18.8 Confidential Information *46*
18.9 Advertising Materials *46*
18.10 Signage *46*
18.11 Assignment of Lease *46*
18.12 Our Right to Purchase *47*
18.13 Restaurant Assets *48*
18.14 Assignment of Options by Us *48*
18.15 Telephone Numbers, Yellow Pages Listings, etc. *48*
18.16 Liquidated Damages *49*
ARTICLE 19 49
MISCELLANEOUS 49
19.1 Notices *49*
19.2 Entire Agreement *49*
19.3 No Waiver *49*
19.4 Our Prior Approval *50*
19.5 No Warranty or Guaranty *50*
19.6 Continued Obligation to Pay Sums *50*
19.7 Arbitration *50*
19.8 Governing Law; Injunctive Relief *50*
19.9 Agreement Regarding Governing Law and Choice of Forum *51*
19.10 Waiver of Punitive Damages; Waiver of Jury Trial *51*
19.11 Execution in Multiple Counterparts *52*
19.12 Captions *52*
19.13 Survival of Terms *52*
19.14 Severability of Provisions *52*
19.15 Joint and Several Obligations *52*
19.16 Rights and Remedies Cumulative *52*
19.17 References *53*
19.18 No Rights or Remedies Except to the Parties *53*
19.19 Effectiveness of Agreement *53*
19.20 Modification of the System *53*
19.21 Operation in the Event of Absence or Disability *54*
19.22 Step-In Rights *54*
19.23 Costs and Legal Fees *54*

ARTICLE 20 55

TECHNOLOGY 55
20.1 Computer Systems and Software 55
20.2 Data 55
20.3 Privacy 56
20.4 Telecommunications 56
20.5 Intranet 56
20.6 On-line Use of Proprietary Marks 56
20.7 No Outsourcing Without Prior Written Consent 56
20.8 Changes to Technology 56

ARTICLE 21 57

SECURITY INTERESTS 57
21.1 Collateral 57
21.2 Indebtedness Secured 57
21.3 Additional Documents 57
21.4 Possession of Collateral 57
21.5 Our Remedies in Event of Default 57
21.6 Special Filing as Financing Statement 58

ARTICLE 22 58

YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS 58
22.1 Your Representations 58

ATTACHMENTS
1 - Accepted Location and Designated Territory
2 - Collateral Assignment of Lease
3 - Statement of Ownership Interests
4 - Confidentiality and Non-Competition Agreement
5 - Electronic Transfer Authorization
6 - Internet Advertising, Social Media, Software, and Telephone Account Agreement
7 - Spousal Guaranty
8 - Americans with Disabilities Act (“ADA”) Certification
9 - Provisions Applicable To SBA Financing

HOLY SCHNITZEL ENTERPRISE INC.

FRANCHISE AGREEMENT

THIS AGREEMENT is entered into on _____ (the "Effective Date") by and between the franchisor HOLY SCHNITZEL ENTERPRISE INC., a New York corporation having its principal place of business at 688 Central Avenue, Cedarhurst, New York 11516 (herein referred to as "we", "us" or "our") and _____, a _____ whose principal address is _____ and _____'s principals _____, an individual residing at _____ and _____, an individual residing at _____ ("Principal(s)"), who will act as the franchisee under this Agreement. _____ and Principal(s) shall be collectively referred to in this Agreement as "you" or "your" or "Franchisee".

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment of a quick-service restaurant serving a variety of kosher food, under strict rabbinical supervision selling sandwiches, soups, wraps, panini's, salads, proprietary dressings and toppings, desserts and beverages and other popular food items prepared to Holy Schnitzel standards for dine-in, take-out, delivery and catering ("Restaurant" or "Franchised Business"). With our prior written consent only, you may offer delivery and/or catering services from your Restaurant;

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Holy Schnitzel®" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks" or "Proprietary Marks");

WHEREAS, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service;

WHEREAS, you understand and acknowledge the importance of our high standards of quality, cleanliness, appearance and service and the necessity of operating the business franchised hereunder in conformity with our standards and specifications; and

WHEREAS, you desire to use the System in connection with the operation of a Restaurant at the location accepted by us as herein provided, as well as to receive the training and other assistance provided by us in connection therewith.

NOW, THEREFORE, the parties, in consideration of the mutual undertakings and commitments set forth herein, the receipt and sufficiency of which are hereby acknowledged, agree as follows:

ARTICLE 1

GRANT

1.1 Grant of Franchise

In reliance on your representations and warranties hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Restaurant under the Marks and the System in accordance with this Agreement. You and the Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. You understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public in accordance with Section 2.6, and then only in accordance with Article 16 hereof.

1.2 Accepted Location

The specific street address of the Restaurant location accepted by us shall be set forth in Attachment 1 ("Location" or "Accepted Location"). You shall not relocate the Restaurant without our express prior written consent, which consent shall not be unreasonably withheld. This Agreement does not grant to you the right or license to operate the Restaurant or to offer or sell any products or services described under this Agreement at or from any other location.

1.3 Relocation

If you are unable to continue the operation of the Restaurant at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(e)), then you may request our approval to relocate the Restaurant to another location in the Designated Territory, as that term is defined below, which approval shall not be unreasonably withheld. Any other relocation outside the Designated Territory or a relocation of the Restaurant not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Restaurant, then you shall comply with the site selection and construction procedures set forth in Article 2. Your request to us for permission to relocate your Restaurant shall include payment of our relocation fee of Two Thousand Five Hundred ($2,500) which shall be used to off-set the costs relating to the evaluation of the new location, and we shall issue a revised Attachment 1, in accordance with Section 1.2, to reflect the new address of the Accepted Location.

1.4 Designated Territory

Upon the execution of this Agreement, you will be assigned a protected geographical territory (the "Designated Territory") that will be described in Attachment 1 hereto. Except as provided in this Agreement, and subject to your and the Principals' material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Restaurant in the Designated Territory during the term of this Agreement and any extensions hereof, so long as you are not in default under this Agreement or this Agreement has not been terminated. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Restaurant. You acknowledge and agree that our affiliates currently operate, or may in the future operate, food service businesses under different marks and

with operating systems that are the same as or similar to the System, and that any such businesses might compete with your Restaurant. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Restaurant and only at a location approved by us and from within the Designated Territory. Except as set forth in this Agreement, you are prohibited from serving and soliciting customers outside of the Designated Territory and from using alternative methods of distribution as more fully specified herein.

1.5 Our Reserved Rights

1.5.1 Nothing in this Agreement will prohibit us from: (a) operating and/or franchising others to operate restaurants identified in whole or in part by the Proprietary Marks and/or utilizing the System in the Designated Territory that are located in gas stations or convenience stores; transportation facilities, including airports, train stations, subways and rail and bus stations; military bases and government offices; sports facilities, including stadiums and arenas; amusement parks, zoos and convention centers; car and truck rest stops and travel centers; educational facilities; recreational theme parks; hospitals; business or industrial foodservice venues; venues in which foodservice is or may be provided by a master concessionaire or contract foodservice provider; Indian reservations; casinos; or any similar captive market location not reasonably available to you ("Non-Traditional Site"); (b) awarding national, regional or local licenses to third parties to sell products under the Proprietary Marks in foodservice facilities primarily identified by the third party's trademark; (c) merchandising and distributing products identified by the Proprietary Marks in the Designated Territory through any method or channel of distribution other than through the operation of a restaurant or delivery services; (d) selling and distributing products identified by the Proprietary Marks in the Designated Territory to restaurants other than restaurants identified by the Proprietary Marks, provided those restaurants are not licensed to use the Proprietary Marks in connection with their retail sales; (e) selling products and services through other channels of distribution, including the Internet, wholesale, mail order and catalog; (f) developing and/or owning other franchise systems for the same or similar products and services using trade names and trademarks other than the Proprietary Marks; and (g) purchasing, being purchased by, merging or combining with, businesses that we deem to offer direct competition to Holy Schnitzel Restaurants.

1.5.2 You understand and acknowledge that if any Non-Traditional Site (as described above) is located within the physical boundaries of your Designated Territory, then the premises of this Non-Traditional Site will not be included in your Designated Territory, and you will have no rights to this Non-Traditional Site.

1.5.3 This Section 1.5 does not prohibit us or our affiliates from: (a) operating and franchising others to operate, during the Initial Term, Holy Schnitzel Restaurants at any location outside of the Designated Territory; (b) operating and franchising others to operate, after this Agreement terminates or expires, Holy Schnitzel Restaurants at any location, including locations inside the Designated Territory; and (c) operating and franchising others to operate at any location, during or after the Initial Term, any type of restaurant other than a Holy Schnitzel Restaurant.

1.5.4 The restrictions contained in this Section do not apply to Holy Schnitzel Restaurants in operation, under lease or construction or other commitment to open in the Designated Territory as of the Effective Date.

1.5.5 Except as expressly limited by this Section 1.5, we and our affiliates have the right to conduct any business activities, under any name, in any geographic area and at any location, regardless of the proximity to the Franchised Restaurant or the economic effect on the Franchised Restaurant or activities under this Agreement.

1.6 Forms of Agreement

You acknowledge that, over time, we have entered, and will continue to enter, into agreements with other franchisees that may contain provisions, conditions and obligations that differ from those contained in this Agreement. The existence of different forms of agreement and the fact that we and other franchisees may have different rights and obligations does not affect our or your duties to comply with the terms of this Agreement.

1.7 Your Right of First Refusal

If you are in compliance with this Agreement, including that you are current in all payments to us and/or our affiliates, and if we receive an offer from a prospective franchisee to establish a Restaurant in an area that is adjacent to your Designated Territory, we will give you a right of first refusal to purchase the area and establish the Restaurant. You will have thirty (30) days to notify us whether you intend to establish the new Restaurant. If you decline the opportunity or do not notify us within this thirty (30) day period, we will be free to sell the area to the third party.

ARTICLE 2

SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Your Responsibility to Locate a Site

You assume all cost, liability, expense and responsibility for locating, obtaining and developing a site for the Restaurant within the Designated Territory, and for constructing and equipping the Restaurant at such site. You shall not make any binding commitment to a prospective vendor or lessor of real estate with respect to a site for the Restaurant unless the site is accepted by us as set forth below. You acknowledge that the location, selection, procurement and development of a site for the Restaurant is your responsibility; that in discharging such responsibility you shall consult with real estate and other professionals of your choosing; and that our approval of a prospective site and the rendering of assistance in the selection of a site does not constitute a representation, promise, warranty or guarantee, express or implied, by us that the Restaurant operated at that site will be profitable or otherwise successful.

2.2 Site Selection

2.2.1 Prior to acquiring by lease or purchase a site for the Restaurant, but within one hundred eighty (180) days of the date this Agreement is executed, you shall locate a site for the Restaurant that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have ten (10) days after receipt of this information and materials to approve or disapprove, in our sole discretion, the proposed site as the location for the Restaurant. We shall, in accordance with Section 5.2, provide location assistance, at your expense. No site may be used for the location of the Restaurant unless it is first accepted in writing by us. You acknowledge and agree that our approval of a location for the Restaurant is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Restaurant will be profitable. Our approval of a location for the Restaurant only signifies that the location meets our then-current minimum criteria for a Restaurant. If you are unable to locate a site for your Restaurant within one hundred eighty (180) days after you sign this Agreement, we have the right to terminate this Agreement or we may provide you with an extension of this timeframe.

2.2.2 If you elect to purchase the premises for the Restaurant, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of the Restaurant under a lease or sublease, you shall submit a copy of the lease or sublease to us for written approval prior to its execution and shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Restaurant premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 2, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either approve or disapprove such documentation prior to its execution.

2.2.3 After we have accepted the location for your Restaurant, we shall set forth the Accepted Location and Designated Territory on Attachment 1 of this Agreement and shall provide a copy thereof to you. Attachment 1, as completed by us, shall be incorporated herein and made a part thereof. You shall notify us within fifteen (15) days of any error or rejection of Attachment 1; otherwise, Attachment 1 provided to you shall be deemed final.

2.3 Zoning Clearances, Permits and Licenses

You shall be responsible for obtaining all zoning classifications and clearances which may be required by state or local laws, ordinances or regulations or which may be necessary as a result of any restrictive covenants relating to the Restaurant premises. Prior to beginning the construction of the Restaurant, you shall (i) obtain all permits, licenses and certifications required for the lawful construction or remodeling and operation of the Restaurant, and (ii) certify in writing to us that the insurance coverage specified in Article 12 is in full force and effect and that all required approvals, clearances, permits and certifications have been obtained. Upon written request, you shall provide to us additional copies of your insurance policies or certificates of insurance and copies of all such approvals, clearances, permits and certifications.

You shall comply with all federal, state and local laws, codes and regulations, including the applicable provisions of the Americans with Disabilities Act ("ADA") regarding the construction, design and operation of the Restaurant. In the event you receive any complaint, claim, other notice alleging a failure to comply with the ADA, you shall provide us with a copy of such notice within five (5) days after receipt thereof.

2.4 Design of Restaurant

You must obtain any architectural, engineering and design services you deem necessary for the construction of the Restaurant at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld. You shall adapt the prototypical architectural and design plans and specifications for construction of the Restaurant provided to you by us in accordance with Section 5.3 as necessary for the construction of the Restaurant and shall submit such adapted plans to us for our review. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and in this event will notify you of any objection(s) within fourteen (14) business days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within fourteen (14) business days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and presentation of the Marks, and that

acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application.

2.5 Build-Out of Restaurant

You shall commence and diligently pursue construction or remodeling (as applicable) of the Restaurant. Commencement of construction shall be defined as the time at which any site work is initiated by you or on your behalf at the location accepted for the Restaurant. Site work includes, without limitation, paving of parking areas, installing outdoor lighting and sidewalks, extending utilities, demising of interior walls and demolishing of any existing premises. During the time of construction or remodeling, you shall provide us with such periodic reports regarding the progress of the construction or remodeling as may be reasonably requested by us. In addition, we may make such on-site inspections as we may deem reasonably necessary to evaluate such progress. You shall notify us of the scheduled date for completion of construction or remodeling no later than thirty (30) days prior to such date. Within a reasonable time after the date of completion of construction or remodeling, we may, at our option, conduct an inspection of the completed Restaurant. You acknowledge and agree that you will not open the Restaurant for business without our written authorization and that authorization to open shall be conditioned upon your strict compliance with this Agreement.

2.6 Opening Date; Time is of the Essence

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Restaurant and commence business within twelve (12) months after the location for the Restaurant has been approved by us, unless you obtain an extension of such time period from us in writing. The date the Restaurant actually opens for business to the public is herein called the "Opening Date". Prior to opening, you shall complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.7, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, except for delay caused by a force majeure act as described in Section 17.1.3(e), we shall have the right to prohibit you from commencing business.

2.6.1 Notwithstanding the foregoing, if you fail to open your Restaurant within the timeframe required herein, subject to force majeure, you agree to pay to us a delayed opening fee in the amount of One Hundred Dollars ($100) per day for each day that the Opening Date is delayed, up to a maximum of ninety (90) days. You understand and acknowledge that such a fee shall be in addition to our other rights and remedies hereunder or at law. If your Restaurant is not open and operating within this additional timeframe, we have the right, exercisable in our sole discretion, to terminate this Agreement without providing you with a refund or to permit you to continue paying the delayed opening fee described herein until your Restaurant opens.

2.6.2 Prior to opening the Restaurant and prior to renovating the Restaurant after its initial opening, you shall execute an ADA Certification in the form attached to this Agreement as Attachment 9 that certifies in writing to us that the Restaurant and any proposed renovations comply with the ADA.

ARTICLE 3

TERM AND SUCCESSOR OPTION

3.1 Term

Unless sooner terminated as provided in Article 17 hereof, the term of this Agreement shall continue from the Opening Date for a period of ten (10) years.

3.2 Successor Option

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than nine (9) months, but more than six (6) months, prior to the end of the Initial Term of this Agreement) to enter into a new franchise agreement and other agreements and legal instruments and documents customarily employed by us and in the form then generally being offered to prospective franchisees in the state in which the Franchised Business is located (the "Successor Franchise Agreement") for one (1) additional period of ten (10) years, if the following conditions are met:

3.2.1 you have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, the lease and all other agreements between you and us or companies associated or affiliated with us;

3.2.2 you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (which then-current Franchise Agreement may materially differ from this Agreement, including a higher rate of fees, different methods of calculating fees due, and different payment methods, which shall be the same as those set out in the franchise agreements being executed at the time of renewal);

3.2.3 you are able to maintain possession of the premises for the Franchised Business (or at relocated premises pursuant to Section 1.3 hereof) pursuant to a lease reasonably acceptable to us;

3.2.4 you refurbish, upgrade and/or renovate your Restaurant as we require in order that your Restaurant will meet our then-current standards and image for Holy Schnitzel Restaurants;

3.2.5 the landlord of the Premises consents to a renewal or extension of the lease;

3.2.6 at the time the Successor Franchise Agreement is executed and at the time such successor agreement commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding twelve (12) months;

3.2.7 you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders; and

3.2.8 you pay to us a successor agreement fee equal to Five Thousand Dollars ($5,000.00) (the "Successor Agreement Fee").

3.3 Refusal to Grant Successor Term

We can refuse to grant a successor term for your franchise if your lease, sublease or other document by which you have the right to occupy the Restaurant Premises is not extended before your successor term is to take effect to cover the period of the successor term or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the successor term. We may also

refuse to grant a successor term for your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the Initial Term, if applicable.

3.4 Successor Term Under Law

Even though we decline to grant you a successor term for your franchise, it is possible that we can be required to grant you a successor term for it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your successor term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your successor term will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the successor term will be governed by the terms of this Agreement.

3.5 Your Election Not to Sign a Successor Franchise Agreement

For the purposes hereof, you shall be deemed to have irrevocably elected not to enter into a Successor Franchise Agreement hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-standard Franchise Agreement and other ancillary documents required by us for a successor franchise, together with payment of our Successor Agreement Fee, within thirty (30) days after we have delivered them to you.

ARTICLE 4

FEES

4.1 Initial Franchise Fee

You shall pay to us an initial franchise fee of Fifty Thousand Dollars ($50,000) which shall be paid upon the execution of this Agreement, less any amount applied by us from a development fee heretofore paid to us by you pursuant to a multi-unit operator agreement, if applicable. The amount of the initial franchise fee when paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such a franchise to any other party and shall not be refundable.

4.2 Royalty Fees

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing weekly royalty fee ("Royalty Fee") equal to five percent (5%) of Gross Sales. Such a Royalty Fee shall be due and payable each week based on the Gross Sales for the preceding week ending Sunday so that it is received by us by electronic funds transfer on or before Tuesday of each week, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

4.2.2 Each such Royalty Fee shall be preceded by a royalty report itemizing the Gross Sales for the preceding week ending Sunday ("Royalty Report") and any other reports required hereunder. Notwithstanding the foregoing, you shall provide us with such Gross Sales information by Monday of each week (or next business day if such a day is not a business day) by modem or, if not reasonably available, by facsimile transmission or such other methods of delivery as we may reasonably direct.

4.2.3 If any state imposes a sales or other tax on the Royalty Fees, then we have the right to collect this tax from you.

4.3 Creative Marketing Fee

In addition to the Royalty Fee described in Section 4.2 above, we reserve the right to establish, administer and control a Creative Marketing Fund. If we require, you must contribute an amount equal to one percent (1%) of the Restaurant's Gross Sales ("Creative Marketing Fee"). Such Creative Marketing Fee shall be contributed to a Creative Marketing Fund maintained by us, as described in Section 8.3 below. The Creative Marketing Fee is payable to us at the same time and in the same manner as the Royalty Fee. For Fiscal year ended December 31, 2014, the Creative Marketing Fund had not been created.

4.4 Payments to Us

By executing this Agreement, you agree that we shall have the right to withdraw funds from your designated bank account by electronic funds transfer ("EFT") in the amount of the Royalty Fee, Creative Marketing Fee and any other payments due to us and/or our affiliates. If you do not report the Restaurant's Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty Fee and Creative Marketing Fee that we debited. If the Royalty Fee and Creative Marketing Fee we debit are less than the Royalty Fee and Creative Marketing Fee you actually owe to us, once we have been able to determine the Restaurant's true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Creative Marketing Fee we debit are greater than the Royalty Fee and Creative Marketing Fee you actually owe, we will credit the excess against the amount we otherwise would debit from your account during the following week. You shall, upon execution of this Agreement or at any time thereafter at our request, execute such documents or forms as we or your bank determine are necessary for us to process EFTs from your designated bank account for the payments due hereunder. If payments are not received when due, interest may be charged by us in accordance with Section 4.5 below. Upon written notice to you, you may be required to pay such fees directly to us in lieu of EFT, at our sole discretion.

You understand and acknowledge that we have the right, at our sole option upon notice to you, to change periodically the timing and terms for payment of Royalty Fees, Creative Marketing Fees and other amounts payable to us under this Agreement.

4.5 Interest on Overdue Amounts

You shall not be entitled to withhold payments due us under this Agreement on grounds of alleged non-performance by us hereunder. Any payment or report not actually received by us on or before its due date shall be deemed overdue. Time is of the essence with respect to all payments to be made by you to us. All unpaid obligations under this Agreement shall bear interest from the date due until paid at the lesser of (i) eighteen percent (18%) per annum; or (ii) the maximum rate allowed by applicable law but not less than One Hundred Dollars ($100) per occurrence. Notwithstanding anything to the contrary contained herein, no provision of this Agreement shall require the payment or permit the collection of interest in excess of the maximum rate allowed by applicable law. If any excess of interest is provided for herein or shall be adjudicated to be so provided in this Agreement, the provisions of this paragraph shall govern and prevail, and neither you nor your Principals shall be obligated to pay the excess amount of such interest. If for any reason interest in excess of the maximum rate allowed by applicable law shall be deemed charged, required or permitted, any such excess shall be applied as a payment and reduction of any other amounts which may be due and owing hereunder, and if no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

4.6 Definition of Gross Sales

"Gross Sales" shall mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including, without limitation, income related to catering

and delivery activities, if we have authorized you to provide such services, and any sales or orders of food products or food preparation services provided from or related to the Restaurant), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority.

4.7 Training Expenses Fee

You agree to pay to us a fee of Five Thousand Dollars ($5,000) to off-set the expenses incurred by our representative in providing you with five (5) days of pre-opening assistance and training prior to the opening of your Restaurant. This fee is payable in a lump sum and is not refundable.

4.8 Payment of Additional Fees

You shall pay such other fees or amounts described in this Agreement.

ARTICLE 5

OUR OBLIGATIONS

We agree to provide the services described below with regard to the Restaurant:

5.1 Site Selection Assistance

Our written site selection guidelines and such site selection assistance as we may deem advisable.

5.2 Location Assistance; On-Site Evaluation

If you request that we provide you with assistance in locating a suitable site for your Restaurant, or if you request that we conduct an on-site evaluation of your proposed site, you shall pay our then-current per diem fee for providing such assistance or performing such evaluation, as well as the reasonable expenses incurred by us (or our designee) in connection with such assistance, including, without limitation, the costs of travel, lodging and meals. For any on-site evaluation requested by you, we shall not be required to conduct such an evaluation until we receive all required information and materials concerning such site prepared pursuant to Article 2.

5.3 Prototype Design Plans

On loan, one (1) set of prototypical architectural and design plans and specifications for a Restaurant. You shall independently, and at your expense, have such architectural and design plans and specifications adapted for construction of the Restaurant in accordance with Article 2.

5.4 Confidential Operations Manual

On loan, one (1) set of Confidential Operations Manuals and such other manuals and written materials as we shall have developed for use in the Franchised Business (as the same may be revised by us from time to time, the "Manuals"), as more fully described in Section 10.1. The Manuals may, in our discretion, be provided electronically or via an intranet website for all Restaurants in the System.

5.5 Visits and Evaluations

Visits to the Restaurant and evaluations of the products sold and services rendered therein from time to time as reasonably determined by us, as more fully described in Section 7.5.6.

5.6 Advertising Materials

We shall have the right to review and approve or disapprove all advertisingl materials that you propose to use, pursuant to Article 8.

5.7 Management and Operations Advice

Advice and written materials concerning techniques of managing and operating the Restaurant from time to time developed by us, including new developments and improvements in Restaurant equipment, food products and the packaging and preparation thereof and menu items.

5.8 Products for Resale

From time to time and at our reasonable discretion, at a reasonable cost, make available for resale to your customers certain merchandise identifying the System, such as logoed merchandise and memorabilia, in sufficient amounts to meet customer demand. We may specify that you must purchase such merchandise from us, our affiliate, or another designated supplier.

5.9 Approved Suppliers

A list of approved suppliers as described in Section 7.4 from time to time as we deem appropriate.

5.10 Initial Training Program

An initial training program for you, your General Manager and two Shift Managers, as well as other training programs in accordance with the provisions of Sections 6.4.1, 6.4.2 and 6.4.4.

5.11 Advertising Cooperatives

Establishment and administration of advertising cooperatives in accordance with Article 8.

ARTICLE 6

YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Use Commercially Reasonable Efforts

Each of you and the Principals covenants and agrees that they shall make all commercially reasonable efforts to operate the Restaurant so as to achieve optimum sales.

6.2 Representations of Corporate Entity

If you are a corporation, limited liability company, or partnership, you represent, warrant and covenant that:

6.2.1 You are duly organized and validly existing under the state law of your formation;

6.2.2 You are duly qualified and are authorized to do business in each jurisdiction in which your business activities or the nature of the properties owned by you require such qualification;

6.2.3 Your corporate charter, operating agreement, or written partnership agreement shall at all times provide that your activities are confined exclusively to the operation of the Restaurant, unless otherwise consented to in writing by us;

6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited

liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

6.2.5 If you are a corporation or a limited liability company, copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, resolutions of the Board of Directors authorizing entry into and performance of this Agreement, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to the execution of this Agreement; or, if you are a partnership, copies of your written partnership agreement, other governing documents and any amendments thereto shall be furnished to us prior to the execution of this Agreement, including evidence of consent or approval of the entry into and performance of this Agreement by the requisite number or percentage of partners, if such approval or consent is required by your written partnership agreement;

6.2.6 If you are a corporation, partnership or other form of legal entity other than an individual, the ownership interests in you are accurately and completely described in Attachment 3. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly held corporation (as defined in Section 19.17). If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly with your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 You acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.8 are continuing obligations of you and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

6.3 General Manager and Managers

You shall designate and retain at all times a minimum of one (1) general manager ("General Manager") and two (2) shift managers ("Manager(s)") to direct the operation and management of the Restaurant. The General Manager and Shift Managers shall be responsible for the daily operation of the Restaurant and may be one of the Principals. The General Managers and Shift Managers shall, during the entire period each General Manager serves as such, meet the following qualifications:

6.3.1 Each General Manager and Shift Manager shall satisfy our educational and business experience criteria as set forth in the Manuals as defined herein or otherwise in writing by us;

6.3.2 Each General Manager and Shift Manager shall devote full time and best efforts to the supervision and management of the Restaurant;

6.3.3 Each General Manager and Shift Manager shall be an individual acceptable to us; and

6.3.4 Each General Manager and Shift Manager shall satisfy the training requirements set forth in Section 6.4. If, during the term of this Agreement, a General Manager or Shift Manager that is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after that General Manager or Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Restaurant until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.3 shall be deemed a material event of default under Section 17.1.3(o) hereof.

6.4 Training

You agree that it is necessary to the continued operation of the System and the Restaurant that your personnel receive such training as we may reasonably require, and accordingly agree as follows:

6.4.1 Not later than ten (10) days prior to the Opening Date, you, one (1) General Manager and two (2) Shift Managers shall attend and complete, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Restaurant at such location(s) as may be designated by us. If you wish to send additional employees to our initial training program, whether before your Restaurant opens or while your Restaurant is operating, you shall pay to us our then-current training fee for each additional trainee.

We shall determine, in our reasonable discretion, whether each General Manager and Shift Manager has satisfactorily completed initial training. If the initial training program is (a) not completed within the timeframe required by us, (b) not satisfactorily completed by the General Manager or Shift Managers, or (c) if we in our reasonable business judgment, based upon the performance of the General Manager and Shift Managers, determine that the training program cannot be satisfactorily completed by any such person, you shall designate a replacement to satisfactorily complete such training. Any General Manager or Shift Manager subsequently designated by you shall also receive and complete such initial training. We reserve the right to charge a reasonable fee for any initial training provided by us to any initial General Manager, Shift Managers or any other Restaurant personnel for any initial training provided to a replacement or successor General Manager or Shift Manager. You shall be responsible for any and all expenses incurred by you, your General Manager, Shift Managers and other Restaurant personnel in connection with any initial training program, including, without limitation, costs of travel, lodging, meals and wages.

6.4.2 The initial training program includes approximately four (4) weeks of training at our headquarters, at our affiliate's Restaurant located in Staten Island, New York, at your Restaurant, and/or at another location we designate.

6.4.3 We shall provide you with one (1) of our representatives for a period of up to five (5) days around your Opening Date. You agree to pay us the training expenses fee as described in Section 4.7 above. In addition, if you request additional days of opening assistance, you must pay our then-current per diem fee for our representative and reimburse our representative's expenses for each additional day. If this Agreement is for your second (2nd) or later Restaurant, we reserve the right to not provide opening assistance.

6.4.4 Upon your reasonable request or if we determine it is necessary, we shall, during the term hereof, subject to the availability of personnel, provide you with additional trained representatives who shall provide on-site training and assistance to your Restaurant personnel. For this additional training and assistance, you shall pay the per diem fee then being charged to franchisees under the System for the services of such trained representatives, plus their travel costs, lodging, and meals.

6.4.5 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Restaurant. Such training programs and seminars may be offered to you, the General Manager, Shift Managers or other Restaurant personnel generally, and we may designate that such training programs and seminars are mandatory for you, your General Manager, Shift Managers and other Restaurant personnel. We reserve the right to charge a per person fee, which shall not exceed One Thousand Five Hundred Dollars ($1,500), for such training, and you must pay for your trainees' expenses, including travel, lodging, meals and applicable wages.

6.5 Franchisee Meetings

We reserve the right to hold meetings for all franchisees and other Holy Schnitzel Restaurant operators on a regional and/or national basis, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you and/or your General Managers unless the absence is excused by us. We reserve the right to charge a per person fee, which shall not exceed One Thousand Dollars ($1,000), for such meeting, and you shall pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

6.6 Hiring Practices

You are solely responsible for hiring, firing and establishing employment policies applicable to your employees, and understand and agree that this Franchise Agreement does not impose any controls, or otherwise impinge, on your sole discretion to make all employment-related decisions. You are solely responsible for the acts and omissions of your employees and agents, including, without limitation, your General Manager.

6.7 Compliance with Laws

You shall comply with all requirements of federal, state and local laws, rules, regulations, and orders, including but not limited to obtaining the appropriate licenses and permits required by your local or state government.

You and your Principals agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your Principals certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your Principals otherwise are not in violation of any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your Principals, or any blocking of your or your Principals' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

6.8 Compliance with All Other Obligations

You shall comply with all other requirements and perform such other obligations as provided hereunder.

6.9 Guaranty

If any Principal is a married individual and the Principal's spouse has not executed this Agreement, such Principal shall cause his or her spouse to personally execute and bind himself or herself to the terms of a Guaranty, in the form attached as Attachment 8.

ARTICLE 7

FRANCHISE OPERATIONS

7.1 Compliance with Standards

You understand the importance of maintaining uniformity among all of the Restaurants and the importance of complying with all of our standards and specifications relating to the operation of the Restaurant.

7.2 Maintenance of Restaurant

You shall maintain the Restaurant in a high degree of sanitation, repair and condition, and in connection therewith shall make such additions, alterations, repairs and replacements thereto (but no others without our prior written consent) as may be required for that purpose, including, without limitation, such periodic repainting or replacement of obsolete signs, furnishings, equipment (including, but not limited to, point-of-sale or computer hardware and software systems), and décor as we may reasonably direct in order to maintain system-wide integrity and uniformity. You shall also obtain, at your cost and expense, any new or additional equipment (including point-of-sale or computer hardware and software systems), fixtures, supplies and other products and materials which may be reasonably required by us for you to offer and sell new menu items from the Restaurant or to provide the Restaurant services by alternative means, such as through catering or delivery arrangements. Except as may be expressly provided in the Manuals, no material alterations or improvements or changes of any kind in design, equipment, signs, interior or exterior décor items, fixtures or furnishings shall be made in or about the Restaurant or its premises without our prior written approval, which shall not be unreasonably withheld.

In the event we notify you of any additions, alterations, repairs and replacements required to be made to your Restaurant or the Accepted Location and you fail to make such additions, alterations, repairs and replacements within the timeframe we require, we shall have the right, without liability for trespass or tort, to enter the Accepted Location and make the additions, alterations, repairs and replacements, and you agree to promptly reimburse us for our expenses in so acting.

7.3 Remodeling and Redecorating

To assure the continued success of the Restaurant, you shall, upon our request, remodel and/or redecorate the Restaurant premises, equipment (including point of sale or computer hardware and software systems), signs, interior and exterior décor items, fixtures, furnishings, supplies and other products and materials required for the operation of the Restaurant to our then-current system-wide standards and specifications. We agree that we shall not request such remodeling and/or redecorating more frequently than every five (5) years during the term of this Agreement, except that if the Restaurant franchise is transferred pursuant to Article 14, we may request that the transferee remodel and/or redecorate the Restaurant premises as described herein.

7.4 Approved Suppliers

You shall comply with all of our standards and specifications relating to the purchase of all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale and computer hardware and software systems) and other products used or offered for sale at the Restaurant. Except as provided in Sections 7.6 and 7.7 with respect to certain materials bearing the Marks and proprietary products, you shall obtain such items from suppliers (including manufacturers, distributors and other sources) who continue to demonstrate the ability to meet our then-current standards and specifications for food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment and other items used or offered for sale at Restaurants and who possess adequate quality controls and capacity to supply your needs promptly and reliably; and who have been approved in writing by us prior to any purchases by you from any such supplier; and who have not thereafter been disapproved by us.

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so. We reserve the right to require you or the supplier to reimburse our costs related to evaluation and testing, but not more than Two Thousand Five Hundred Dollars ($2,500). You shall not purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

7.5 Operation of Restaurant in Compliance with Our Standards

To ensure that the highest degree of quality and service is maintained, you shall operate the Restaurant in strict conformity with such of our methods, standards and specifications set forth in the Manuals and as may from time to time otherwise be prescribed in writing. In particular, you also agree:

7.5.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and carry-out (and, with our prior written consent only, delivery and/or catering services), only as expressly authorized by us in writing in the Manuals or otherwise in writing. You understand and acknowledge that the rights granted to you herein do not include the right to sell any products at wholesale.

7.5.2 To sell and offer for sale only the menu items, products and services that have been expressly approved for sale in writing by us; to refrain from deviating from our standards and specifications without our prior written consent; and to discontinue selling and offering for sale any menu items, products or services which we may, in our sole discretion, disapprove in writing at any time.

7.5.3 To maintain in sufficient supply and to use and sell at all times only such food and beverage items, ingredients, products, materials, supplies and paper goods that conform to our standards and specifications; to prepare all menu items in accordance with our recipes and procedures for preparation contained in the Manuals or other written directives, including, but not limited to, the prescribed measurements of ingredients; and to refrain from deviating from our standards and specifications by the use or offer of non-conforming items or differing amounts of any items, without our prior written consent.

7.5.4 To permit us or our agents, during normal business hours, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant, without payment therefore, in amounts reasonably necessary for testing by us or an independent laboratory to determine whether such samples meet our then-current standards and specifications. In addition to any other remedies we may have under this Agreement, we may require you to bear the cost of such testing if the supplier of the item has not previously been approved by us or if the sample fails to conform with our reasonable specifications.

7.5.5 To purchase or lease and install, at your expense, all fixtures, furnishings, equipment (including point of sale and computer hardware and software systems), décor items, signs, delivery vehicles, and related items as we may reasonably direct from time to time in the Manuals or otherwise in writing; and to refrain from installing or permitting to be installed on or about the Restaurant premises, without our prior written consent, any fixtures, furnishings, equipment, delivery vehicles, décor items, signs, games, vending machines or other items not previously approved as meeting our standards and specifications. If any of the property described above is leased by you from a third party, such a lease shall be approved by us, in writing, prior to execution. Our approval shall be conditioned upon such lease containing a provision which permits any interest of yours in the lease to be assigned to us upon the termination or expiration of this Agreement and which prohibits the lessor from imposing an assignment or related fee upon us in connection with such assignment.

7.5.6 To grant us and our agents the right to enter upon the Restaurant premises or delivery/catering vehicle during normal business hours for the purpose of conducting inspections; to cooperate with our representatives in such inspections by rendering such assistance as they may reasonably request; and, upon notice from us or our agents and without limiting our other rights under this Agreement, to take such steps as may be necessary to correct immediately any deficiencies detected during any such inspection. Should you, for any reason, fail to correct such deficiencies within a reasonable time as determined by us, we shall have the right and authority (without, however, any obligation to do so) to correct such deficiencies and charge you a reasonable fee for our expenses in so acting, payable by you immediately upon demand.

7.5.7 To maintain a competent, conscientious, trained staff and to take such steps as are necessary to ensure that your employees preserve good customer relations and comply with such dress code as we may reasonably prescribe from time to time.

7.5.8 To install and maintain equipment and a telecommunications line in accordance with our specifications to permit us to access and retrieve by telecommunication any information stored on a point of sale system (or other computer hardware and software) you are required to utilize at the Restaurant premises as specified in the Manuals, thereby permitting us to inspect and monitor electronically information concerning your Restaurant, Gross Sales and such other information as may be contained or stored in such equipment and software. You shall obtain and maintain high-speed Internet access or other means of electronic communication, as specified by us from time to time. It shall be a material default under this Agreement if you fail to maintain such equipment, lines and communication methods in operation and accessible to us at all times throughout the term of this Agreement. We shall have access as provided herein at all times and in such manner as we shall from time to time specify.

7.5.9 To honor all credit, charge, courtesy or cash cards or other credit devices required or approved by us. You must obtain our written approval prior to honoring any previously unapproved credit, charge, courtesy or cash cards or other credit devices.

7.5.10 To sell or otherwise issue gift cards or certificates (together "Gift Cards") that have been prepared utilizing the standard form of Gift Card provided or designated by us, and only in the manner specified by us in the Manuals or otherwise in writing. You shall fully honor all Gift Cards that are in the form provided or approved by us regardless of whether a Gift Card was issued by you or another Restaurant. You shall sell, issue, and redeem (without any offset against any Royalty Fees) Gift Cards in accordance with procedures and policies specified by us in the Manuals or otherwise in writing, including those relating to procedures by which you shall request reimbursement for Gift Cards issued by other Restaurants and for making timely payment to us, other operators of Restaurants, or a third-party service provider for Gift Cards issued from the Restaurant that are honored by us or other Restaurant operators.

7.5.11 To maintain the condition and appearance of and perform maintenance with respect to vehicle(s) used in connection with the provision of delivery and/or catering services in accordance with our standards, specifications and procedures, and consistent with the image of Holy Schnitzel Restaurants as first class, clean, sanitary, attractive and efficiently operated foodservice businesses. You shall ensure that all catering and delivery drivers strictly comply with all applicable laws and maintain adequate motor vehicle liability insurance in the amounts that we periodically specify. You agree to wrap all vehicles used in connection with the Restaurant in the manner specified and approved by us.

7.6 Proprietary Products

We and our affiliates reserve the right to develop a line of proprietary products, including proprietary dressings and toppings, that are manufactured according to our specifications. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us, our affiliate or from a source designated by us. You further agree to purchase from us, our affiliate or our designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

7.7 Advertising Materials

You shall require all advertising materials, signs, decorations, paper goods (including menus and all forms and stationery used in the Franchised Business), and other items which may be designated by us to bear the Marks in the form, color, location and manner prescribed by us, including, without limitation, notations about the ownership of the Marks.

7.8 Complaints

You shall process and handle all consumer complaints connected with or relating to the Restaurant, and shall promptly notify us by telephone and in writing of all of the following complaints: (i) food related illnesses, (ii) environmental, safety or health violations, (iii) claims exceeding Five Hundred Dollars ($500.00), and (iv) any other material claims against or losses suffered by you. You shall maintain for our inspection any governmental or trade association inspection reports affecting the Restaurant or equipment located in the Restaurant during the term of this Agreement and for thirty (30) days after the expiration or earlier termination hereof.

7.9 Assignment of Telephone Numbers and Listings

At our request, you shall execute such forms and documents as we deem necessary to appoint us as your true and lawful attorney-in-fact, with full power and authority, for the sole purpose of assigning to us, your telephone numbers and listings; and provide us with passwords and administrator rights for all email, software, social media, or other such accounts used or created by you in order to operate the Franchised Business. Upon the expiration or termination of this Agreement, we may exercise our authority, pursuant to such documents, to obtain any and all of your rights to the telephone numbers of the Franchised Business and all related telephone directory listings and other business listings, and all internet listings, domain names, internet advertising, websites, listings with search engines, electronic mail addresses, social media, or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the internet or world wide web without our express written consent, which consent may be denied without reason.

7.10 Unapproved Products and Services

In the event you sell any food, beverage, products, novelty items, clothing, souvenirs or perform any services that we have not prescribed, approved or authorized, you shall, immediately upon notice from us: (i) cease and desist offering or providing the unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or from performing such services and (ii) pay to us, on demand, a prohibited product or service fine equal to Two Hundred Fifty Dollars ($250) per day for each day such unauthorized or unapproved food, beverage, product, premium, novelty item, clothing, souvenir or service is offered or provided by you after written notice from us. The prohibited product or service fine shall be in addition to all other remedies available to us under this Agreement or at law.

7.11 Customer Surveys; Mystery Shopper

You shall participate in all customer surveys and satisfaction audits, which may require that you provide discounted or complimentary products and/or participate in a mystery shopper program, provided that such discounted or complimentary sales shall not be included in the Gross Sales of the Restaurant. Additionally, you shall participate in any complaint resolution and other programs as we may reasonably establish for the System, which programs may include, without limitation, providing discounts or refunds to customers.

7.12 Pricing

With respect to the offer and sale of all menu and beverage items, we may from time to time offer guidance with respect to the selling price for such goods, products and services or we may determine the minimum and/or maximum selling prices for such menu and beverage items, to the extent permitted by applicable law, and you shall be bound to adhere to any such recommended or required pricing. If you elect to sell any or all of your products or merchandise at any price recommended or required by us, you acknowledge that we have made no guarantee or warranty that offering such products or merchandise at the recommended or required price will enhance your sales or profits.

ARTICLE 8

ADVERTISING AND RELATED FEES

Recognizing the value of advertising and the importance of the standardization of advertising programs for the furtherance of the goodwill and public image of the System, the parties agree as follows:

8.1 Participation in Advertising

We may from time to time develop and create advertising and sales promotion programs designed to promote and enhance the collective success of all Restaurants operating under the System. You shall participate in all such advertising and sales promotion programs in accordance with the terms and conditions established by us for each program. In all aspects of these programs, including, without limitation, the type, quantity, timing, placement and choice of media, market areas and advertising agencies, the standards and specifications established by us shall be final and binding upon you.

8.2 Local Advertising

In addition to the ongoing advertising contributions set forth herein, and subject to any allocation of your expenditures for local advertising to the Cooperative as described in Section 8.4, you shall spend, throughout the term of this Agreement, a minimum of two percent (2%) of Gross Sales each month on advertising for the Restaurant in your Designated Territory ("Local Advertising"). You shall submit to us a monthly update to your marketing plan before the end of every month including an expenditure report, verification copies of all advertising and any other information that we require. You shall also provide to us for our review and approval, not later than December 1st of each year, with a proposed advertising budget and plan for the next calendar year.

8.3 Creative Marketing Fund

We administer a Creative Marketing Fund for the purpose of advertising the System on a regional or national basis (the "Creative Marketing Fund"). You agree to contribute to the Creative Marketing Fund as described in Section 4.3 above. You agree that the Creative Marketing Fund shall be maintained and administered by us or our designee as follows:

8.3.1 We shall direct all advertising programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Creative Marketing Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. We may use monies from the Creative Marketing Fund to subsidize the costs of refresher training programs, to conduct mystery shopper programs to ensure 4 Walls Marketing and/or to offset the cost of an annual meeting of our franchisees. We shall, with respect to Restaurants operated by us, contribute to the Creative Marketing Fund generally on the same basis as you. In administering the Creative Marketing Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or *pro rata* from the placement of advertising. We shall be entitled to reimbursement from the Creative Marketing Fund for our reasonable expenses in managing the Creative Marketing Fund; provided, however, that our reimbursements will not exceed twenty-five percent (25%) of the Creative Marketing Fund.

8.3.2 You agree that the Creative Marketing Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing advertising (including, without limitation, the cost of preparing and conducting digital, television, radio, magazine and newspaper advertising campaigns; direct mail and outdoor billboard advertising; internet marketing; public relations activities; employing advertising agencies to assist therein; employing mystery shopper services; social media initiatives; and costs of our personnel and other departmental costs for advertising that is internally administered or prepared by us). All sums paid by you to the Creative Marketing Fund shall be maintained in a separate account from our general funds and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Creative Marketing Fund and advertising programs for franchisees and the System, as described above. The Creative Marketing Fund and its earnings

shall not otherwise inure to our benefit. The Creative Marketing Fund is operated solely as a conduit for collecting and expending the Creative Marketing Fees as outlined above. The Creative Marketing Fund and its earnings shall not otherwise inure to our benefit except that any resulting technology and intellectual property shall be deemed our property.

8.3.3 A statement of the operations of the Creative Marketing Fund shall be prepared annually by us and shall be made available to you upon request. This statement of operations may be unaudited.

8.3.4 Any monies remaining in the Creative Marketing Fund at the end of any year will carry over to the next year. Although the Creative Marketing Fund is intended to be of perpetual duration, we may terminate Creative Marketing Fund. The Creative Marketing Fund shall not be terminated, however, until all monies in the Creative Marketing Fund have been expended for advertising purposes or returned to contributing Franchised Businesses or those operated by us, without interest, on the basis of their respective contributions.

8.3.5 If we elect to terminate the Creative Marketing Fund, we may, in our sole discretion, reinstate the Creative Marketing Fund at any time. If we so choose to reinstate the Creative Marketing Fund, said reinstated Creative Marketing Fund shall be operated as described herein.

8.4 Cooperative Funds

We may, in our discretion, create a regional advertising cooperative ("Cooperative") in any area, or we may approve the creation of such a Cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Designated Territory is located. In no event may the Restaurant be required to be a member of more than one Cooperative. The Cooperative must be governed in the manner we prescribe. The Cooperative may require each of its members to make contributions thereto in an amount up to two percent (2%) of the Restaurant's Gross Sales. You shall contribute such amounts at the times and in the manner as determined by the Cooperative members. Any funds contributed to a Cooperative will be credited against your obligation to pay for Local Advertising as set forth in Section 8.2 above; provided, however, that if your contributions to a Cooperative are less than your Local Advertising requirement, you shall nevertheless spend the difference locally. The following provisions apply to each Cooperative:

8.4.1 the Cooperative must be organized and governed in a form and manner, and commence operation on a date that we approve in advance in writing;

8.4.2 the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members' use in Local Advertising within the Cooperative's area;

8.4.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;

8.4.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for Local Advertising) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant having one (1)

vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of Restaurants owned;

8.4.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.5;

8.4.6 the Cooperative may require its members to periodically contribute to it in such amounts as it determines;

8.4.7 no later than the fifteenth (15th) day of each month, each member/franchisee must submit its contribution under Section 8.4.6 for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

8.4.8 if an impasse occurs because of a Cooperative member's inability or failure, within forty-five (45) days, to resolve any issue affecting the Cooperative's establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members.

8.5 Conduct of Advertising; Our Approval

All advertising and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all advertising plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) day period, the proposed materials are deemed to not be approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials.

We reserve the right to require you to include certain language on all advertising to be used locally by you or to be used by a Cooperative, including, but not limited to, "Franchises Available" and reference to our telephone number and/or website.

8.6 Websites and Social Media

We alone may establish, maintain, modify or discontinue all internet, worldwide web and electronic commerce activities pertaining to the System. We may establish one or more websites accessible through one or more uniform resource locators ("URLs") and, if we do, we may design and provide for the benefit of your Restaurant a "click through" subpage at our website for the promotion of your Restaurant. If we establish one or more websites or other modes of electronic commerce and if we provide a "click through" subpage at the website(s) for the promotion of your Restaurant, you must routinely provide us with updated copy, photographs and news stories about your Restaurant suitable for posting on your "click through" subpage. We reserve the right to specify the content, frequency and procedure you must follow for updating your "click through" subpage.

Any websites or other modes of electric commerce that we establish or maintain may – in addition to advertising and promoting the products, programs or services available at Holy Schnitzel Restaurants – also be devoted in part to offering Holy Schnitzel Restaurant franchises for sale and be used by us to exploit the electronic commerce rights which we alone reserve.

In addition to these activities, we may also establish an intranet through which downloads of operations and marketing materials, exchanges of franchisee e-mail, System discussion forums and System-wide communications (among other activities) can be done. You may not maintain your own website; otherwise maintain a presence or advertise on the internet or any other mode of electronic commerce in connection with your Restaurant; establish a link to any website we establish at or from any other website or page; or at any time establish any other website, electronic commerce presence or URL which in whole or in part incorporates "Holy Schnitzel" name or any name confusingly similar to the Proprietary Marks.

You are not permitted to promote your Restaurant or use any of the Proprietary Marks in any manner on any social or networking websites, such as Facebook, LinkedIn, Twitter, Instagram, or TikTok without our prior written consent. You must comply with our System standards regarding the use of social media in your Restaurant's operation, including prohibitions on your and the Restaurant's employees posting or blogging comments about the Restaurant or the System, other than on a website established or authorized by us ("social media" includes personal blogs, common social networks like Facebook Instagram, FourSquare and MySpace, professional networks like LinkedIn, live-blogging tools like X (Twitter), virtual worlds, file, audio and video-sharing sites like TikTok, and other similar social networking or media sites or tools). We will provide access to branded social media pages/handles/assets, and you must update these regularly. We reserve the right to conduct collective/national campaigns via local social media on your behalf.

We alone will be, and at all times will remain, the sole owner of the copyrights to all material which appears on any website we establish and maintain, including any and all material you may furnish to us for your "click through" subpage.

8.7 Advisory Council

We reserve the right to establish an advisory council to work with us to improve various aspects of our System, including advertising, merchandising, food products, and other items. If we choose to establish an advisory council, its members will include franchisee representatives and our representatives. The franchisee representatives may be chosen by us or elected by other franchisees in the System. If established, the advisory council will act in an advisory capacity only and will not have decision making authority. We have the right to form, change, merge or dissolve any advisory council at any time. You understand and agree that if you participate in an advisory council, you shall pay any expenses you incur related to such participation, such as travel and living expenses, to attend meetings.

8.8 Grand Opening Advertising

You agree to expend Ten Thousand Dollars ($10,000) on a grand opening advertising campaign to promote the opening of your Restaurant. You shall submit to us your grand opening advertising plan and budget not later than thirty (30) days before the Opening Date for our approval. Your grand opening advertising campaign must be conducted in the sixty (60) day period comprising thirty (30) days before and thirty (30) days after the opening of your Restaurant and may include food and merchandise give aways. If we do not receive your grand opening advertising plan when required, we also have the option of creating a grand opening advertising plan for you that you must then conduct.

ARTICLE 9

MARKS

9.1 Use of Marks

We grant you the right to use the Marks during the term of this Agreement in accordance with the System and related standards and specifications.

9.2 Ownership of Marks; Limited License

You expressly understand and acknowledge that:

9.2.1 We are the owner or the licensee of the owner of all rights, title and interest in and to the Marks and the goodwill associated with and symbolized by them. All references herein to our right, title and interest in and to the Marks shall be deemed to include the owner's right, title and interest in and to the Marks.

9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks. Nothing in this Agreement shall give the you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its accepted location or in approved advertising related to the Restaurant.

9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Marks by virtue of the limited license granted hereunder, or by virtue of your use of any of the Marks.

9.2.4 You understand and agree that any and all goodwill arising from your use of the Marks and the System shall inure solely and exclusively to our benefit, and upon expiration or termination of this Agreement and the license herein granted, no monetary amount shall be assigned as attributable to any goodwill associated with your use of the Marks.

9.2.5 You shall not contest the validity of our interest in the Marks or assist others to contest the validity of our interest in the Marks.

9.2.6 You acknowledge that any unauthorized use of the Marks shall constitute an infringement of our rights in the Marks and a material event of default hereunder. You agree that you shall provide us with all assignments, affidavits, documents, information and assistance we reasonably request to fully vest in us all such rights, title and interest in and to the Marks, including all such items as are reasonably requested by us to register, maintain and enforce such rights in the Marks.

9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Mark and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instructions by us. We shall not have any obligation in such an event to reimburse you for your documented expenses of compliance. You waive any claim arising from or relating to any Mark change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Mark addition, modification, substitution or

discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

9.3 Limitation on Use of Marks

With respect to your licensed use of the Marks pursuant to this Agreement, you further agree that:

9.3.1 Unless otherwise authorized or required by us, you shall operate and advertise the Restaurant only under the name "Holy Schnitzel" without prefix or suffix. You shall not use the Marks, or any portions, variations, or derivatives thereof, as part of your corporate or other legal name, and shall obtain our approval of such corporate or other legal name prior to filing it with the applicable state authority.

9.3.2 During the term of this Agreement and any successor term hereof, you shall identify yourself as the independent owner of the Restaurant in conjunction with any use of the Marks, including, but not limited to, uses on invoices, order forms, receipts and contracts, as well as the display of a notice in such content and form and at such conspicuous locations on the premises of the Restaurant or any delivery vehicle as we may designate in writing.

9.3.3 You shall not use the Marks to incur any obligation or indebtedness on our behalf;

9.3.4 You shall comply with our instructions in filing and maintaining the requisite trade name or fictitious name registrations, and shall execute any documents deemed necessary by us or our counsel to obtain protection of the Marks or to maintain their continued validity and enforceability.

9.4 Notification of Infringement or Claim

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will indemnify you and hold you harmless from and against any and all claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), provided that the conduct of you and the Principals with respect to such proceeding and use of the Marks is in full compliance with the terms of this Agreement.

9.5 Retention of Rights by Us

The right and license of the Marks granted hereunder to you is non-exclusive and we thus have and retain the following rights, among others, subject only to the limitations of Article 1:

9.5.1 To grant other licenses for use of the Marks, in addition to those licenses already granted to existing franchisees;

9.5.2 To develop and establish other systems using the Marks or other names or marks and to grant licenses thereto without providing any rights to you; and

9.5.3 To engage, directly or indirectly, through our employees, representatives, licensees, assigns, agents and others, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services, and (b) the use in connection with such production, distribution and sale, of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics as may be developed or used from time to time by us.

ARTICLE 10

CONFIDENTIALITY AND NON-COMPETITION COVENANTS

10.1 Confidential Operations Manuals

10.1.1 To protect our reputation and goodwill and to maintain high standards of operation under the Marks, you shall conduct your business in accordance with the Manuals, other written directives which we may reasonably issue to you from time to time whether or not such directives are included in the Manuals, and any other manuals and materials created or approved for use in the operation of the Franchised Business.

10.1.2 You and the Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article 10. You and the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Restaurant. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

10.1.3 The Manuals, written directives, other manuals and materials and any other confidential communications provided or approved by us shall at all times remain our sole property, shall at all times be kept in a secure place on the Restaurant premises, and shall be returned to us immediately upon request or upon termination or expiration of this Agreement.

10.1.4 The Manuals, any written directives, and any other manuals and materials issued by us and any modifications to such materials shall supplement and be deemed part of this Agreement.

10.1.5 We may from time to time revise the contents of the Manuals and the contents of any other manuals and materials created or approved for use in the operation of the Franchised Business. If we provided a hard copy of the Manual to you, then you shall remove and return to us all pages of the Manual that have been replaced or updated by us. You expressly agree to comply with each new or changed standard.

10.1.6 You shall at all times ensure that the Manuals are kept current and up to date. In the event of any dispute as to the contents of the Manuals, the terms of the master copy of the Manuals maintained by us at our headquarters shall control.

10.2 Confidential Information

10.2.1 Neither you nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association or corporation and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in

connection with the operation of the Restaurant under the terms of this Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither you nor any Principal shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Principals.

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your General Manager, Shift Managers and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 4.

10.2.3 If you, the Principals, the General Manager, Shift Managers or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Restaurant, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

10.3 Non-Competition

10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that with respect to you, during the term of this Agreement, except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to, any business located within the United States, its territories, states or commonwealths, or any other country, province, state or geographic area in which we have used, sought registration of or registered the same or similar Marks or operates or licenses others to operate a business under the same or similar Marks, which business is of a character and concept similar to the Restaurant,

including a food service business which offers and sells the same or substantially similar food products (a "Competitive Business").

10.3.2 With respect to you and each Principal, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your or any Principals' interest in, this Agreement and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, or corporation:

(a) Divert, or attempt to divert, any business or customer of the Franchised Business hereunder to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a ten (10) mile radius of the location of any Restaurant in the System.

10.3.3 The parties acknowledge and agree that each of the covenants contained herein are reasonable limitations as to time, geographical area, and scope of activity to be restrained and do not impose a greater restraint than is necessary to protect our goodwill or other business interests. The parties agree that each of the covenants herein shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which we are a party, you and the Principals expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section.

(a) You and the Principals understand and acknowledge that we shall have the right, in our sole and absolute discretion, to reduce the scope of any covenant set forth in this Section 10.3, or any portion thereof, without their consent, effective immediately upon notice to you; and you and the Principals agree that they shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 19.2 hereof.

(b) You and the Principals expressly agree that the existence of any claims they may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section.

(c) Sections 10.3.1(b) and 10.3.2(c) shall not apply to ownership of less than a five percent (5%) beneficial interest in the outstanding equity securities of any publicly held corporation.

10.3.4 You shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of a person's employment with you) from your General Manager, Managers and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 4. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 4 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

10.4 Failure to Comply

You and the Principals acknowledge that any failure to comply with the requirements of this Section shall constitute a material event of default under Article 17 hereof. You and the Principals acknowledge that a violation of the terms of this Section would result in irreparable injury to us for which no adequate remedy at law may be available, and you and the Principals accordingly consent to the issuance of an injunction prohibiting any conduct by you or the Principals in violation of the terms of this Section. You and the Principals agree to pay all court costs and reasonable attorneys' fees incurred by us in connection with the enforcement of this Section, including payment of all costs and expenses for obtaining specific performance of, or an injunction against violation of, the requirements of such Section.

Notwithstanding the generality of the foregoing, you further understand and agree that if you fail to comply with a non-competition covenant stated herein, you agree to pay to us Five Hundred Dollars ($500) per week for each week such failure to comply continues.

ARTICLE 11

BOOKS AND RECORDS

11.1 Books and Records

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing. You acknowledge and agree that the financial data of your Franchised Business (i) is owned by us, (ii) is our proprietary information, (iii) may be published in franchise disclosure document(s) issued by us following the Effective Date hereof, , and (iv) may be shared with other franchisees in the System.

11.2 Reports

In addition to the Royalty Report required by Article 4 hereof, you shall comply with the following reporting obligations:

11.2.1 You shall, at your expense, submit to us, in the form prescribed by us, a profit and loss statement for each month (which may be unaudited) for you within fifteen (15) days after the end of each month during the term hereof. Each such statement shall be signed by your treasurer or chief financial officer or comparable officer attesting that it is true, complete and correct;

11.2.2 You shall, at your expense, provide to us a complete annual financial statement (which shall be reviewed) for you prepared by an independent certified public accountant, within ninety (90) days after the end of each fiscal year during the term hereof, showing the results of operations of you during such fiscal year; we reserve the right to require such financial statements to be audited by an independent certified public accountant satisfactory to us at your cost and expense if an inspection discloses an understatement of payments due to us of two percent (2%) or more in any report, pursuant to Section 11.3; and

11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised

Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

11.3 Inspections; Audits

We or our designees shall have the right, during normal business hours, to review, audit, examine and copy any or all of your books and records as we may require at the Restaurant. You shall make such books and records available to us or our designees immediately upon request. If any required Royalty Fee or other payments due to us are delinquent, or if an inspection should reveal that such payments have been understated in any report to us, then you shall immediately pay to us the amount overdue or understated upon demand with interest determined in accordance with the provisions of Section 4.5. If an inspection discloses an understatement in any report of two percent (2%) or more, you shall, in addition, reimburse us for all costs and expenses connected with the inspection (including, without limitation, reasonable accounting, auditors' and attorneys' fees and expenses). These remedies shall be in addition to any other remedies we may have at law or in equity.

11.4 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or Royalty Fees and other fees paid to us (or the cashing of any checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

11.5 Authorization of Us

You hereby authorize (and agree to execute any other documents deemed necessary to effect such authorization) all banks, financial institutions, businesses, suppliers, manufacturers, contractors, vendors and other persons or entities with which you do business to disclose to us any requested financial information in their possession relating to you or the Restaurant. You authorize us to disclose data from your reports if we determine, in our sole and absolute discretion, that such disclosure is necessary or advisable, which disclosure may include disclosure to prospective or existing franchisees or other third parties, and you acknowledge and agree that such disclosure may include publishing of the financial performance of your Franchised Business in franchise disclosure document(s) issued by us following the Effective Date hereof.

11.6 We are Attorney-in-Fact

You hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

ARTICLE 12

INSURANCE

12.1 You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of

them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us, shall be written on an "occurrence" basis, and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, the following: (1) comprehensive general liability, including broad form contractual liability, employment practices coverage, broad form property damage, personal injury, facilities, completed operations, products liability, automobile (covering all vehicles used in the delivery of products from the Restaurant, including owned, hired and non-owned vehicles) and fire legal liability in the amount of Two Million Dollars ($2,000,000); (2) all risks coverage for full repair and replacement value of all of the equipment, fixtures and supplies used in your Restaurant with an agreed amount endorsement equal to one hundred percent (100%) of the property's value; (3) employer's liability, workers' compensation, and any other insurance that may be required by statute or rule of the state or locality in which the Restaurant is located and operated; (4) business interruption insurance of at least fifty percent (50%) of your annual gross sales excluding payroll, including naming us as an additional insured and loss payee for Royalty Fees that would have been paid by you based on the Restaurant's Gross Sales during the preceding twelve (12) month period; (5) any insurance coverages required by the terms of the lease for the Restaurant premises; and (6) any other insurance coverages we may require in the future. Such policies shall include a waiver of subrogation in favor of us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees.

12.3 In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to us.

12.4 Your obligation to obtain and maintain the foregoing policy or policies in the amounts specified shall not be limited in any way by reason of any insurance which may be maintained by us, nor shall your performance of that obligation relieve you of liability under the indemnity provisions set forth in Article 15 of this Agreement.

12.5 All general liability and property damage policies shall contain a provision that we, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, although named as insureds, shall nevertheless be entitled to recover under such policies on any loss occasioned to us or our servants, agents or employees by reason of the negligence of you or your servants, agents or employees.

12.6 Not later than thirty (30) days before the Opening Date, and thereafter thirty (30) days prior to the expiration of any such policy, you shall deliver to us Certificates of Insurance evidencing the existence and continuation of proper coverage with limits not less than those required hereunder. In addition, if requested by us, you shall deliver to us a copy of the insurance policy or policies required hereunder. All insurance policies required hereunder, with the exception of workers' compensation, shall name us, our affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds, and shall expressly provide that any interest of same therein shall not be affected by any breach by you of any policy provisions. Further, all insurance policies required hereunder shall expressly provide that no less than thirty (30) days' prior written notice shall be given to us in the event of a material alteration to or cancellation of the policies.

12.7 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to charge same to you, which charges shall be payable by you immediately upon notice together with a ten percent (10%) administrative fee. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

12.8 Upon written request by us, you shall procure from your insurance carrier or carriers a report of claims made and reserves set against the your insurance policies.

12.9 We reserve the right to modify the types of insurance coverages and amounts of coverage that you are required to maintain for the Restaurant, and you agree to comply with any such changes, at your expense.

ARTICLE 13

DEBTS AND TAXES

13.1 Taxes

You shall promptly pay when due all Taxes (as defined below), levied or assessed, and all accounts and other indebtedness of every kind incurred by you in the conduct of the Franchised Business under this Agreement. Without limiting the provisions of Article 15, you shall be solely liable for the payment of all Taxes and shall indemnify us for the full amount of all such Taxes and for any liability (including penalties, interest and expenses) arising from or concerning the payment of Taxes, whether such Taxes were correctly or legally asserted or not. You shall submit a copy of all tax filings sent to federal, state and local tax authorities to us within ten (10) business days after such filing has been made with the appropriate taxing authority.

The term "Taxes" means any present or future taxes, levies, imposts, duties or other charges of whatever nature, including any interest or penalties thereon, imposed by any government or political subdivision of such government on or relating to the operation of the Franchised Business, the payment of monies, taxes imposed on the Royalty Fees paid to us, or the exercise of rights granted pursuant to this Agreement, whether imposed upon you or us.

13.2 Payments to Us

Each payment to be made to us hereunder shall be made free and clear and without deduction for any Taxes.

13.3 Tax Disputes

In the event of any bona fide dispute as to your liability for taxes assessed or other indebtedness, you may contest the validity or the amount of the tax or indebtedness in accordance with the procedures of the taxing authority or applicable law. However, in no event shall you permit a tax sale or seizure by levy of execution or similar writ or warrant or attachment by a creditor to occur against the premises of the Franchised Business or any improvements thereon.

13.4 Compliance with Laws

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax

permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

13.5 Notification of Action or Proceeding

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

ARTICLE 14

TRANSFER OF INTEREST

14.1 Transfer by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "Holy Schnitzel, Inc." as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

14.2 Transfer by You

14.2.1 You understand and acknowledge that the rights and duties set forth in this Agreement are personal to you, and that we have granted rights under this Agreement in reliance on the business skill, financial capacity and personal character of you and the Principals. Accordingly, neither you nor any Principal, shall sell, assign (including but not limited to by operation of law, such as an assignment under bankruptcy or insolvency laws, in connection with a merger, divorce or otherwise), transfer, convey, give away, pledge, mortgage or otherwise encumber any direct or indirect interest in you, in this Agreement, in the Restaurant and/or any of the Restaurant's material assets (other than in connection with replacing, upgrading or otherwise dealing with such assets as required or permitted by this Agreement), without our prior written consent. Any purported assignment or transfer, by operation of law or otherwise, made in violation of this Agreement shall be null and void and shall constitute a material event of default under this Agreement.

14.2.2 If you wish to transfer all or part of your interest in the Restaurant, any of the Restaurant's material assets (except as provided in Section 14.2.1 above) or this Agreement, or if you or a Principal wishes to transfer or permit a transfer of any ownership interest in you, then in each such case (any or all of which are referred to in this Article 14 as a "Restricted Transfer"), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer. We may, in our sole discretion, require any or all of the following as conditions of our approval:

(a) All of the accrued monetary obligations of you or any of your affiliates and all other outstanding obligations to us arising under this Agreement or any other agreement shall have been satisfied in a timely manner and you shall have satisfied all trade accounts and other debts, of whatever nature or kind, in a timely manner;

(b) You and your affiliates shall not be in default of any provision of this Agreement, any amendment hereof or successor hereto, or any other agreement between you or any of your affiliates and us or any of our affiliates at the time of transaction:

(c) The transferor and its Principals shall have executed a general release, in a form reasonably satisfactory to us, of any and all claims against us, our officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, in their corporate and individual capacities, including, without limitation, claims arising under this Agreement and federal, state and local laws, rules and regulations;

(d) The transferee shall demonstrate to our reasonable satisfaction that transferee meets the criteria considered by us when reviewing a prospective franchisee's application for a franchise, including, but not limited to, our educational, managerial and business standards; transferee's good moral character, business reputation and credit rating; transferee's aptitude and ability to conduct the business franchised herein (as may be evidenced by prior related business experience or otherwise); transferee's financial resources and capital for operation of the business; and the geographic proximity and number of other Restaurants owned or operated by transferee;

(e) The transferee shall enter into a written agreement, in a form reasonably satisfactory to us, assuming full, unconditional, joint and several liability for, and agreeing to perform from the date of the transfer, all obligations, covenants and agreements contained in this Agreement; and, if transferee is a corporation or a partnership, transferee's shareholders, partners or other investors, as applicable, shall execute such agreement as transferee's principals and guarantee the performance of all such obligations, covenants and agreements;

(f) The transferee shall execute, for a term ending on the expiration date of this Agreement and with such successor options as may be provided by this Agreement, the standard form franchise agreement then being offered to new System franchisees and other ancillary agreements as we may require for the Restaurant, which agreements shall supersede this Agreement and its ancillary documents in all respects and the terms of which agreements may differ from the terms of this Agreement, including, without limitation, the then-current System-wide percentage Royalty Fee, Creative Marketing Fee or advertising expenditure requirement; provided, however, that the transferee shall not be required to pay any initial franchise fee;

(g) The transferee, at its expense, shall renovate, modernize and otherwise upgrade the Restaurant and, if applicable, any delivery vehicles to conform to the then-current standards and specifications of the System, and shall complete the upgrading and other requirements which conform to the System-wide standards within the time period reasonably specified by us;

(h) The transferor shall remain liable for all of the obligations to us in connection with the Restaurant incurred prior to the effective date of the transfer and shall execute any and all instruments reasonably requested by us to evidence such liability;

(i) At the transferee's expense, the transferee, the transferee's general manager, shift managers and/or any other applicable Restaurant personnel shall complete any training

programs then in effect for franchisees of Restaurants upon such terms and conditions as we may reasonably require;

(j) You shall pay to us a transfer fee of 10,000 to reimburse us for reviewing the application to transfer, including, without limitation, legal and accounting fees and training costs for training the transferee;

(k) If the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the representations, warranties and covenants set forth at Article 6 as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Section have been satisfied and are true and correct on the date of transfer.

14.2.3 You shall not grant a security interest in the Restaurant or in any of your assets without our prior written consent, which shall not be unreasonably withheld. In connection therewith, the secured party will be required by us to agree that in the event of any default by you under any documents related to the security interest, we shall have the right and option to be substituted as obligor to the secured party and to cure any default of yours.

14.2.4 You acknowledge and agree that each condition which must be met by the transferee is reasonable and necessary to assure such transferee's full performance of the obligations hereunder.

14.2.5 If Franchisee is in full compliance with this Agreement, Franchisee may pledge or give a security interest in Franchisee's interest in the Assets and the Franchised Business to a lender of the funds needed by Franchisee for Franchisee's initial investment, provided that the security interest is subordinate to Franchisee's obligations to Franchisor, that a foreclosure on such a pledge or security interest and/or any Transfer resulting from such a foreclosure shall be subject to all provisions of this Agreement, and that Franchisee obtains from the lender a written acknowledgement to Franchisor of these restrictions. Notwithstanding the foregoing, in the event Franchisee seeks and/or obtains financing whereby funding is provided with the assistance of the United States Small Business Administration ("SBA Financing"), Franchisee shall be permitted to grant the lender of such SBA Financing a senior lien on any Collateral Franchisee uses to secure the SBA Financing, and Franchisor and Franchisee further agree that (i) the provisions of Attachment 9 are fully incorporated herein and applicable to Franchisor and Franchisee, (ii) Franchisor shall subordinate its security interest or other lien on Franchisee's Collateral to that of the lender of the SBA Financing and (iii) Franchisor waives the requirement of the written acknowledgement referenced in this Section.

14.3 Transfer to a Corporation or Limited Liability Company

In the event you desire to operate the Franchised Business through a corporation or limited liability company formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth at Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporation formed for the convenience of ownership, you shall be the owner of all of the voting stock or interest of the corporation and if you are more than one (1) individual, each individual shall have the same proportionate ownership interest in the corporation as he had in you prior to the transfer.

Additionally, the following conditions shall apply: (i) ownership of the corporation or limited liability company shall remain with the original Principal(s) of this Agreement; (ii) the Principals shall remain personally liable for the performance of all obligations under this Agreement and are not released from any obligations to us; (iii) the newly formed corporation or limited liability company shall conduct no

business other than the Franchised Business; and (iv) copies of your articles of incorporation, bylaws, operating agreement, other governing documents, any amendments thereto, and any certificates, buy-sell agreements or other documents restricting the sale or transfer of stock of the corporation, and any other documents as may be reasonably required by us shall be furnished to us prior to addition of your corporation or limited liability company as a "franchisee" under this Agreement. A transfer under this Section 14.3 may occur one (1) time only.

14.4 Our Right of First Refusal

14.4.1 If you wish to transfer all or part of your interest in the Restaurant or this Agreement or if you wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14, with respect to a proposed transfer.

(a) In the case of a Restricted Transfer involving a bona fide purchase offer, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the interest proposed to be transferred in the Restricted Transfer on the same terms and conditions offered by the proposed purchaser (the "Offer Terms"). In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article 14 with respect to a proposed transfer.

(b) Notwithstanding the provisions of Section 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a "Change of Control", we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Restaurant (including lease and contract rights and other assets of you and your affiliates used in connection with the Restaurant, excluding the assets of your benefit plans) (collectively, the "Restaurant Interests"). As used in this Section 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.1(b) at the time we exercise our option as provided in Section 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (1)

the Implied Market Price or (2) the fair market value of the Restaurant Interests, determined in a manner consistent with Section 18.12.1. As used herein, "Implied Market Price" shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18.12.1) of any assets included in the Restricted Transfer that are not related to the Restaurant. If you have more than one (1) Restaurant, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Restaurants equally.

(c) We may assign our rights under this Section 14.4 to any other person or entity, subject to Section 14.1 above.

(d) It shall be a material obligation of yours under this Agreement to cause any transferor and transferee described in this Article 14 to perform all of the obligations imposed on such persons under this Article 14.

14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you to us.

14.4.3 Failure to comply with the provisions of this Section prior to the transfer of any interest in you, the Restaurant or this Agreement shall constitute a material event of default under this Agreement.

14.5 Death or Disability

14.5.1 The grant of rights under this Agreement is personal to you, and on the death or permanent disability of you or any of your Principals, the executor, administrator, conservator or other personal representative of yours or of the deceased Principal, as the case may be, shall be required to transfer your or your Principal's interest in this Agreement within six (6) months from the date of death or permanent disability to a third party approved by us. Failure to transfer in accordance with the forgoing will constitute a material default and the franchise granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of the Franchised Business during the six (6) month period from its onset.

14.5.2 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer under this Section 14.5 shall be subject to the same terms and conditions as described in this Article 14 for any *inter vivos* transfer.

14.5.3 Immediately after the death or permanent disability of such person, or while the Restaurant is owned by an executor, administrator, guardian, personal representative or trustee of that person, the Franchised Business shall be supervised by an interim successor manager satisfactory to us, or we, in our sole discretion, may provide interim management at a fee greater of Five Thousand Dollars

($5,000) and ten percent (10%) of the Gross Sales generated by the Franchised Business during our operation thereof, plus any and all costs of travel, lodging, meals and other expenses reasonably incurred by us, pending transfer of the Restaurant to the deceased or disabled individual's lawful heirs or successors. If we provide interim management pursuant to this Section 14.5, you agree to indemnify and hold us and any of our representatives harmless from any and all acts which we may perform.

14.6 No Waiver of Claims

Our consent to a transfer of any interest described herein shall not constitute a waiver of any claims which we may have against the transferring party, nor shall it be deemed a waiver of our right to demand material and full compliance with any of the terms of this Agreement by the transferee.

ARTICLE 15

INDEMNIFICATION

15.1 Indemnification by You

You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them ("Indemnitees"), from all "losses and expenses" (as defined in Section 15.4 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

15.1.1 The infringement, alleged infringement, or any other violation or alleged violation by you or any of the Principals of any patent, trademark or copyright or other proprietary right owned or controlled by third parties (except as such may occur with respect to any right to use the Marks, any copyrights or other proprietary information granted hereunder pursuant to Article 10);

15.1.2 The violation, breach or asserted violation or breach by you or any of the Principals of any federal, state or local law, regulation, ruling, standard or directive or any industry standard;

15.1.3 Libel, slander or any other form of defamation of us, the System or any multi-unit operator or franchisee operating under the System, by you or by any of the Principals;

15.1.4 The violation or breach by you or by any of the Principals of any warranty, representation, agreement or obligation in this Agreement or in any other agreement between you or any of your affiliates and us and our Indemnitees; and

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment and operation of the Restaurant, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

15.2 Notification of Action or Claim

You and each of the Principals agree to give us prompt notice of any such action, suit, proceeding, claim, demand, inquiry, or investigation. At the expense and risk of you and each of the Principals, we may elect to assume (but under no circumstance are we obligated to undertake) or appoint counsel of our own choosing with respect to, the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation. Such an undertaking by us shall, in no manner or form, diminish the obligation of you and each of the Principals to indemnify the Indemnitees and to hold them harmless.

15.3 We May Settle

In order to protect persons or property, or our reputation or goodwill, or the reputation or goodwill of others, we may, at any time and without notice, as we in our reasonable judgment deem appropriate, consent or agree to settlements or take such other remedial or corrective action as we deem expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation if, in our reasonable judgment, there are reasonable grounds to believe that:

15.3.1 any of the acts or circumstances enumerated in Section 15.1.1 through 15.1.4 above have occurred; or

15.3.2 any act, error, or omission as described in Section 15.1.5 may result directly or indirectly in damage, injury, or harm to the System, any person or any property.

15.4 Losses and Expenses

All losses and expenses incurred under this Article 15 shall be chargeable to and paid by you or any of the Principals pursuant to your obligations of indemnity under this Section, regardless of any actions, activity or defense undertaken by us or the subsequent success or failure of such actions, activity, or defense.

As used in this Article 15, the phrase "losses and expenses" shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys' fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space, and 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.

15.5 Indemnitees Do Not Assume Liability

The Indemnitees do not hereby assume any liability whatsoever for acts, errors, or omissions of any third party with whom you, any of the Principals, your affiliates or any of the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you or your affiliates may contract, regardless of the purpose. You and each of the Principals shall hold harmless and indemnify the Indemnitees for all losses and expenses which may arise out of any acts, errors or omissions of you, the Principals, your affiliates, the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates and any such other third parties without limitation and without regard to the cause or causes thereof or the negligence of us or any other party or parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

15.6 Recovery from Third Parties

Under no circumstances shall the Indemnitees be required or obligated to seek recovery from third parties or otherwise mitigate their losses in order to maintain a claim against you or any of the Principals. You and each of the Principals agree that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable from you or any of the Principals by the Indemnitees.

15.7 Survival of Terms

You and the Principals expressly agree that the terms of this Article 15 shall survive the termination, expiration or transfer of this Agreement or any interest herein.

ARTICLE 16

RELATIONSHIP OF THE PARTIES

16.1 Independent Licensee

You understand and agree that you are and will be our independent licensee under this Agreement. Nothing in this Agreement may be construed to create a partnership, joint venture, agency, employment or fiduciary relationship of any kind. None of your employees will be considered to be our employees. Neither you nor any of your employees whose compensation you pay may in any way, directly or indirectly, expressly or by implication, be construed to be our employee for any purpose, most particularly with respect to any mandated or other insurance coverage, tax or contributions, or requirements pertaining to withholdings, levied or fixed by any city, state or federal governmental agency. We will not have the power to hire or fire your employees. You expressly agree, and will never contend otherwise, that our authority under this Agreement to certify certain of your employees for qualification to perform certain functions for your Holy Schnitzel Restaurant does not directly or indirectly vest in us the power to hire, fire or control any such employee.

You acknowledge and agree, and will never contend otherwise, that you alone will exercise day-to-day control over all operations, activities and elements of your Holy Schnitzel Restaurant and that under no circumstance shall we do so or be deemed to do so. You further acknowledge and agree, and will never contend otherwise, that the various requirements, restrictions, prohibitions, specifications and procedures of the System which you are required to comply with under this Agreement, whether set forth in our Manual or otherwise, do not directly or indirectly constitute, suggest, infer or imply that we control any aspect or element of the day-to-day operations of your Holy Schnitzel Restaurant, which you alone control, but only constitute standards you must adhere to when exercising your control of the day-to-day operations of your Holy Schnitzel Restaurant.

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Holy Schnitzel Restaurant. Except as otherwise expressly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Holy Schnitzel Restaurant.

16.2 Sole and Exclusive Employer of Your Employees

You hereby irrevocably affirm, attest and covenant your understanding that your employees are employed exclusively by you and in no fashion are any such employee employed, jointly employed or co-employed by us. You further affirm and attest that each of your employees is under the exclusive dominion and control of you and never under the direct or indirect control of us in any fashion whatsoever. You alone hire each of your employees; sets their schedules; establishes their compensation rates; and, pays all salaries, benefits and employment-related liabilities (workers' compensation insurance premiums/payroll taxes/Social Security contributions/ /unemployment insurance premiums). You alone have the ability to discipline or terminate your employees to the exclusion of us, which has no such authority or ability. You further attest and affirm that any minimum staffing requirements established by us are solely for the purpose of ensuring that your Holy Schnitzel Restaurant is at all times staffed at those levels necessary to operate your Holy Schnitzel Restaurant in conformity with the System and the products, services, standards of quality and efficiency, and other Holy Schnitzel brand attributes known to and desired by the consuming public and associated with the Proprietary Marks. You affirm, warrant and understand that you may staff your Holy Schnitzel Restaurant with as many employees as you desire at any time so long as our minimal staffing levels are achieved. You also affirm and attest that any recommendations you may receive from us regarding salaries, hourly wages or other compensation for employees are recommendations only, designed to assist it to efficiently operate your Holy Schnitzel Restaurant, and that you are entirely free to disregard our recommendations regarding such employee compensation. Moreover, you affirm and attest that any training provided by us for your employees is geared to impart to those employees, with your ultimate authority, the various procedures, protocols, systems and operations of a Holy Schnitzel Restaurant and in no fashion reflects any employment relationship between us and such employees. Finally, should it ever be asserted that we are the employer, joint employer or co-employer of any of your employees in any private or government investigation, action, proceeding, arbitration or other setting, you irrevocably agree to assist us in defending said allegation, including (if necessary) appearing at any venue requested by us to testify on our behalf (and, as may be necessary, submitting itself to depositions, other appearances and/or preparing affidavits dismissive of any allegation that we are the employer, joint employer or co-employer of any of your employees). To the extent we are the only named party in any such investigation, action, proceeding, arbitration or other setting to the exclusion of you, should any such appearance by you be required or requested by us, we will recompense you the reasonable costs associated with your appearing at any such venue.

16.3 You are Not Authorized

You understand and agree that nothing in this Agreement authorizes you or any of the Principals to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we shall in no event assume liability for, or be deemed liable under this Agreement as a result of, any such action, or for any act or omission of you or any of the Principals or any claim or judgment arising therefrom.

ARTICLE 17

TERMINATION

17.1 Automatic Termination – No Right to Cure

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

17.1.2 You shall be in default under this Agreement, and all rights granted to you herein shall automatically terminate without notice to you, if you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

17.1.3 You shall be deemed to be in material default and we may, at our option, terminate this Agreement and all rights granted hereunder, without affording you any opportunity to cure the default (except as otherwise stated below) effective immediately upon notice to you, upon the occurrence of any of the following events:

(a) If you operate the Restaurant or sell any products or services authorized by us for sale at the Restaurant at a location which has not been approved by us;

(b) If you fail to acquire an accepted location for the Restaurant within the time and in the manner specified in Article 2;

(c) If you fail to construct or remodel the Restaurant in accordance with the plans and specifications provided to you under Section 5.3 as such plans may be adapted with our approval in accordance with Section 2.5;

(d) If you fail to open the Restaurant for business within the period specified in Section 2.6 hereof;

(e) If you at any time cease to operate or otherwise abandon the Restaurant, or lose the right to possession of the premises, or otherwise forfeit the right to do or transact business in the jurisdiction where the Restaurant is located; provided, however, that this provision shall not apply in cases of Force Majeure (acts of God, strikes, lockouts or other industrial disturbances, war, riot, epidemic, acts of terrorism, fire or other catastrophe or other forces beyond your control), if through no fault of yours the premises are damaged or destroyed by an event as described above, provided that you apply within thirty (30) days after such event, for our approval to relocate or reconstruct the premises (which approval shall not be unreasonably withheld) and you diligently pursue such reconstruction or relocation; such approval may be conditioned upon the payment of an agreed minimum fee to us during the period in which the Restaurant is not in operation;

(f) If you or any of the Principals are convicted of, or have entered a plea of *nolo contendere* to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein;

(g) If a threat or danger to public health or safety results from the construction, maintenance or operation of the Restaurant;

(h) If you or any of the Principals purport to transfer any rights or obligations under this Agreement or any interest in you or the Restaurant to any third party without our prior written consent or without offering us a right of first refusal with respect to such transfer, contrary to the terms of Article 14 of this Agreement;

(i) If you or any of your affiliates fail, refuse, or neglect promptly to pay any monies owing to us, or any of our affiliates or vendors, when due under this Agreement or any other agreement, or to submit the financial or other information required by us under this Agreement and do not cure such default within five (5) days following notice from us (or such other cure period specified in such other agreement, unless no cure period is stated or such period is less than five (5) days, in which case the five (5) day cure period shall apply);

(j) If you or any of the Principals fail to comply with the in-term covenants in Section 10.3 hereof or you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from us;

(k) If, contrary to the terms of Section 10.2.1 hereof, you or any of the Principals disclose or divulge any confidential information provided to you or the Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from us;

(l) If a transfer upon death or permanent disability is not transferred in accordance with Article 14 and within the time periods therein;

(m) If you knowingly maintain false books or records, or submit any false reports to us;

(n) If you breach in any material respect any of the covenants in any material respect set forth in Article 6 or have falsely made any of the representations or warranties set forth in Article 6;

(o) If you fail to propose a qualified replacement or successor General Manager and/or Shift Manager within the time required under Section 6.3.4 following ten (10) days' prior written notice;

(p) If you fail to procure and maintain the insurance policies required by Article 12 and you fail to cure such default within ten (10) days following notice from us;

(q) If you misuse or make any unauthorized use of the Marks or otherwise materially impair the goodwill associated therewith or our rights therein; provided that, notwithstanding the above, you shall be entitled to notice of such event of default and shall have twenty-four (24) hours to cure such default;

(r) If you or any of the Principals commit three (3) material events of default under this Agreement, within any twelve (12) month period, whether or not such defaults are of the same or different nature and whether or not such defaults have been cured by you after notice by us;

(s) If any General Manager and or Shift Manager of yours is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement General Manager and/or Shift Manager; or

(t) If you fail to comply with all applicable laws and ordinances relating to the Restaurant, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation.

17.2 Notice of Termination – 30 Days to Cure

Except as provided in Sections 17.1.2 and 17.1.3 of this Agreement, upon any default by you which is susceptible of being cured, we may terminate this Agreement by giving written notice of termination stating the nature of such default to you at least thirty (30) days prior to the effective date of termination. However, you may avoid termination by immediately initiating a remedy to cure such default and curing it to our reasonable or making a bona fide attempt to cure to our reasonable satisfaction within the thirty (30) day period and by promptly providing proof thereof to us. If any such default is not cured within the specified time, or such longer period as applicable law may require, this Agreement shall terminate without further notice to you effective immediately upon the expiration of the thirty (30) day period or such longer period as applicable law may require. Defaults which are susceptible of cure hereunder may include, but are not limited to, the following illustrative events:

17.2.1 If you fail to comply with any of the requirements imposed by this Agreement, as it may from time to time be amended or reasonably be supplemented by us, or fail to carry out the terms of this Agreement in good faith.

17.2.2 If you fail to maintain or observe any of the standards, specifications or procedures prescribed by us in this Agreement or otherwise in writing.

17.2.3 If you fail, refuse, or neglect to obtain our prior written approval or consent as required by this Agreement.

17.3 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement, including, but not limited to, any lease and/or sublease, between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any lease, sublease, loan agreement, security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

17.4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 17, we have the right to suspend our performance of any of our

obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your "click through" subpage on our Website, until such time as you correct the breach.

17.5 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

ARTICLE 18

POST-TERMINATION

Upon termination or expiration of this Agreement, all rights granted hereunder to you shall forthwith terminate, and:

18.1 Cease Operations

You shall immediately cease to operate the Restaurant under this Agreement, and shall not thereafter, directly or indirectly, represent to the public or hold yourself out as a present or former franchisee of ours.

18.2 Stop Using the System

You shall immediately and permanently cease to use, in any manner whatsoever, any confidential methods, computer software, procedures, and techniques associated with the System; the mark "Holy Schnitzel"; and all other Marks and distinctive forms, slogans, signs, symbols, and devices associated with the System. In particular, you shall cease to use, without limitation, all signs, advertising materials, displays, stationery, forms and any other articles which display the Marks, and shall immediately change all paint colors, remove all of our proprietary or non-proprietary design items.

18.3 Cancellation of Assumed Names

You shall take such action as may be necessary to cancel any assumed name or equivalent registration which contains the Mark "Holy Schnitzel" or any other service mark or trademark of ours, and you shall furnish us with evidence satisfactory to us of compliance with this obligation within five (5) days after termination or expiration of this Agreement.

18.4 No Use of Similar Marks

You agree, in the event you continue to operate or subsequently begin to operate any other business, not to use any reproduction, counterfeit, copy or colorable imitation of the Marks, either in connection with such other business or the promotion thereof, which is likely to cause confusion, mistake or deception, or which is likely to dilute our rights in and to the Marks, and further agree not to utilize any designation of origin or description or representation which falsely suggests or represents an association or connection with us constituting unfair competition.

18.5 Payment of Sums Owed

You and the Principals shall promptly pay all sums owing to us. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by us as a result of any default by you, which obligation shall give rise to and remain, until paid in full, a lien in our favor against any and all of the personal property, furnishings, equipment, fixtures, and inventory owned by you and on the premises operated hereunder at the time of default.

18.6 Payment of Damages, Costs and Expenses

You and the Principals shall pay to us all damages, costs and expenses, including reasonable attorneys' fees, incurred by us in connection with obtaining any remedy available to us for any violation of this Agreement and, subsequent to the termination or expiration of this Agreement, in obtaining injunctive or other relief for the enforcement of any provisions of this Article 18.

18.7 Delivery of Manuals and Materials

You shall immediately deliver to us all Manuals, software licensed by us, records, files, instructions, correspondence, all materials related to operating the Restaurant, including, without limitation, agreements, invoices, and any and all other materials relating to the operation of the Restaurant in your possession or control, and all copies thereof (all of which are acknowledged to be our property), and shall retain no copy or record of any of the foregoing, except your copy of this Agreement and of any correspondence between the parties and any other documents which you reasonably need for compliance with any provision of law.

18.8 Confidential Information

You and the Principals shall comply with the restrictions on confidential information contained in Article 10 of this Agreement and shall also comply with the non-competition covenants contained in Article 10. Any other person required to execute similar covenants pursuant to Article 10 shall also comply with such covenants.

18.9 Advertising Materials

You shall also immediately furnish us with an itemized list of all advertising and sales promotion materials bearing the Marks or any of our distinctive markings, designs, labels, or other marks thereon, whether located on your premises or under your control at any other location. We shall have the right to inspect these materials. We shall have the option, exercisable within thirty (30) days after such inspection, to purchase any or all of the materials at your cost, or to require you to destroy and properly dispose of such materials. Materials not purchased by us shall not be utilized by you or any other party for any purpose unless authorized in writing by us.

18.10 Signage

Upon execution of this Agreement, in partial consideration of the rights granted hereunder, you acknowledge and agree that all right, title and interest in the signs used at the Restaurant are hereby assigned to us, and that upon termination or expiration of this Agreement, neither you nor any lien holder of yours shall have any further interest therein.

18.11 Assignment of Lease

If you operate the Restaurant under a lease for the Restaurant premises with a third party or, with respect to any lease for equipment used in the operation of the Franchised Business, then you shall, at our

option, assign to us any interest which we have in any lease or sublease for the premises of the Restaurant or any equipment related thereto. We may exercise such option at or within thirty (30) days after either termination or (subject to any existing right to a successor term) expiration of this Agreement. In the event we do not elect to exercise our option to acquire the lease or sublease for the Restaurant premises or do not have such option, you shall make such modifications or alterations to the Restaurant premises as are necessary to distinguish the appearance of the Restaurant from that of other Restaurants operating under the System and shall make such specific additional changes as we may reasonably request. If you fail or refuse to comply with the requirements of this Section 18.11, we shall have the right to enter upon the premises of the Franchised Business, without being guilty of trespass or any other crime or tort, to make or cause to be made such changes as may be required, at your expense, which expense you agree to pay upon demand. Notwithstanding the provisions of this Section 18.11 to the contrary, in the event the lease is assigned to us, we hereby indemnify and hold harmless you and any guarantors under said lease, for any breach by us or our successors or assigns from any liability arising out of the lease for the Restaurant premises from and after the date of the assignment of lease.

18.12 Our Right to Purchase

18.12.1 Except as provided in Sections 18.9, 18.10 and 18.13, we shall have the option, to be exercised within thirty (30) days after termination or expiration of this Agreement, to purchase from you any or all of the furnishings, equipment (including any point of sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant, at fair market value. In no event, shall any amount be payable under this Section 18.12 for "goodwill" or "going concern" value. We shall be purchasing your assets only and shall be assuming no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If the parties cannot agree on the fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall pay one-half (1/2) of the appraisal fees. If we elect to exercise any option to purchase herein provided, we shall have the right to set off (i) all fees for any such independent appraiser due from you, (ii) all amounts due from you to us, and (iii) any costs incurred in connection with any escrow arrangement (including reasonable legal fees), against any payment therefor and shall pay the remaining amount in cash.

18.12.2 In addition to the options described above and if you own the Restaurant premises, then we shall have the option, to be exercised at or within thirty (30) days after termination or expiration of this Agreement, to purchase the Restaurant premises including any building thereon, if applicable, for the fair market value of the land and building, and any or all of the furnishings, equipment, signs, fixtures, vehicles, supplies and inventory therein at fair market value. We shall purchase assets only and shall assume no liabilities whatsoever, unless otherwise agreed to in writing by the parties. If you do not own the land on which the Restaurant is operated and we exercise our option for an assignment of the lease, we may exercise this option for the purpose of purchasing the building if owned by you and related assets as described above. If the parties cannot agree on fair market value within thirty (30) days of our exercise of this option, fair market value shall be determined in accordance with appraisal procedure described above.

18.12.3 With respect to the options described in Sections 18.11, 18.12.1 and 18.12.2, you shall deliver to us in a form satisfactory to us such warranties, deeds, releases of lien, bills of sale, assignments and such other documents and instruments which we deem necessary in order to perfect our title and possession in and to the properties being purchased or assigned and to meet the requirements of all tax and government authorities. If, at the time of closing, you have not obtained all of these certificates and other documents, we may, in our sole discretion, place the purchase price in escrow pending issuance of any required certificates or documents.

18.12.4 The time for closing of the purchase and sale of the properties described in Sections 18.12.1 and 18.12.2 shall be a date not later than thirty (30) days after the purchase price is determined by the parties or the determination of the appraisers, or such date we receive and obtain all necessary permits and approvals, whichever is later, unless the parties mutually agree to designate another date. The time for closing on the assignment of the lease described in Section 18.11 shall be a date no later than ten (10) days after our exercise of the option thereunder unless we are exercising our options under either Section 18.12.1 or 18.12.2, in which case the date of the closing shall be on the same closing date prescribed for such option. Closing shall take place at our corporate offices or at such other location as the parties may agree.

18.13 Restaurant Assets

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if you operate the Restaurant from a premises that is subleased to you by us, upon termination (or expiration without a successor term) of this Agreement, we shall have the right to take immediate possession of all or a portion of the assets of the Restaurant, including any or all of the furnishings, equipment (including any point-of-sale or computer hardware and software systems), signs, fixtures, motor vehicles, supplies, and inventory of yours related to the operation of the Restaurant. We shall have a lien against all such assets in the amount of any amounts due to us under this Agreement or any other agreement. We shall have the right to have such assets appraised at the lower of cost or fair market value of the used assets, and to acquire all right, title and interest to such assets, without conducting any public sale, by paying to you (or to any lender of yours who has a lienholder interest in the assets) the difference between the appraised value and the amounts owed to us by you at the time of termination or expiration of this Agreement. If the lien on the assets from your lender has priority over any lien of ours, and the amount of the lien is in excess of the appraised value of such assets, we shall have the right to deal directly with your lienholder, and to pay any amounts due to you directly to the lienholder. You agree to provide all further assurances, and to execute all documents required by us or by law to lawfully effect such transfer, and to perfect our security interest. We shall have the right to take such action without the execution of any further documents by you if you fail or refuse to comply with these further assurances.

18.14 Assignment of Options by Us

We shall be entitled to assign any and all of our options in this Section to any other party, without your consent.

18.15 Telephone Numbers, Yellow Pages Listings, etc.

You, at our option, shall assign to us all rights to the telephone numbers of the Restaurant and any related Yellow Pages trademark listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all Internet listings, domain names, Internet Accounts, advertising on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the Franchised Business. The forms we may require you to execute include, but are not limited to, those included in Attachment 6 hereto. Notwithstanding any forms and documents which may have been executed under Section 7.9, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

18.16 Liquidated Damages

If we terminate this Agreement with cause, you must pay us liquidated damages equal to the average value of the Royalty Fees you paid or owed (per month) to us during the twelve (12) months before the termination multiplied by (i) twenty-four (24), being the number of months in two (2) full years, or (ii) the number of months remaining during the term of this Agreement, whichever is lower.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE 19

MISCELLANEOUS

19.1 Notices

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or sent by expedited delivery service or certified or registered mail, return receipt requested, first class postage prepaid, or sent by overnight delivery service or facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement, unless and until a different address has been designated by written notice to the other party.

Any notice shall be deemed to have been given at the time of personal delivery or, in the case of facsimile, upon transmission (provided confirmation is sent as described above) or, in the case of expedited delivery service or registered or certified mail, three (3) business days after the date and time of mailing.

19.2 Entire Agreement

This Agreement, the documents referred to herein, and the Attachments hereto, constitute the entire, full and complete agreement between us and you and the Principals concerning the subject matter hereof and shall supersede all prior related agreements between us and you and the Principals; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except for those permitted to be made unilaterally by us hereunder, no amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing.

19.3 No Waiver

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder

subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

19.4 Our Prior Approval

Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us and such approval or consent shall be obtained in writing.

19.5 No Warranty or Guaranty

We make no warranties or guarantees upon which you may rely and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advice, consent or suggestion to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

19.6 Continued Obligation to Pay Sums

If a Force Majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become obligated to pay in accordance with the terms of this Agreement prior to the occurrence of any Force Majeure event and the Indemnitees shall continue to be indemnified and held harmless by you in accordance with Article 15. Except as provided in Section 17.1.3(e) and the immediately preceding sentence herein, none of the parties hereto shall be held liable for a failure to comply with any terms and conditions of this Agreement when such failure is caused by an event of Force Majeure. Upon the occurrence of any event of the type referred to herein, the party affected thereby shall give prompt notice thereof to the other parties, together with a description of the event, the duration for which the party expects its ability to comply with the provisions of the Agreement to be affected thereby and a plan for resuming operation under the Agreement, which the party shall promptly undertake and maintain with due diligence. Such affected party shall be liable for failure to give timely notice only to the extent of damage actually caused.

19.7 Arbitration

Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in the County of Nassau New York under the authority of New York Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in the New York Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or New York Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or any non-extension or refusal of a successor term under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.8 Governing Law; Injunctive Relief

With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves

to the jurisdiction of the state courts of New York and the Federal District Court nearest to our headquarters. You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New York or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be the County of Nassau, New York; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under New York law.

Notwithstanding anything to the contrary contained in Section 19.7 above, we and you each have the right, in a proper case, to seek injunctions, restraining orders and orders of specific performance from a court of competent jurisdiction, provided that we agree to contemporaneously submit its dispute for arbitration on the merits as provided herein.

You agree that we will not be required to post a bond to obtain any injunctive relief and that your only remedy if an injunction is entered against you will be the dissolution of that injunction if warranted upon due hearing. All claims for damages by reason of the wrongful issuance of such injunction are hereby expressly waived. If we secure any such injunction or order of specific performance, you agree to pay to us an amount equal to the aggregate of our costs of obtaining such relief including, without limitation, reasonable legal fees, costs and expenses as provided in this Section and any damages incurred by us as a result of the breach of any such provision.

19.9 Agreement Regarding Governing Law and Choice of Forum

You, the Principals and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.8 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, the Principals and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.10 Waiver of Punitive Damages; Waiver of Jury Trial

You, the Principals and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the Restaurant, brought by

either party hereto against the other, whether in arbitration, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

19.11 Execution in Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

19.12 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

19.13 Survival of Terms

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer.

19.14 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

19.15 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

19.16 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article 17 of this Agreement shall not discharge or release you or any of the Principals

from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.17 References

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

19.18 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article 14), any rights or remedies under or as a result of this Agreement.

19.19 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of ours.

19.20 Modification of the System

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

19.21 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

19.22 Step-In Rights

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights**,** you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

19.23 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

19.24 Consent to do Business Electronically

The parties to the Franchise Agreement hereby consent to do business electronically. Pursuant to the Uniform Electronic Transactions Act as adopted by the State of New York, the parties hereby affirm to each other that they agree with the terms of the Franchise Agreement and its Addenda, and by attaching their signature electronically to the Franchise Agreement, they are executing the document and intending to attach their electronic signature to it. Furthermore, the parties acknowledge that the other parties to the Franchise Agreement can rely on an electronic signature as the respective party's signature.

ARTICLE 20

TECHNOLOGY

20.1 Computer Systems and Software

The following terms and conditions shall apply with respect to your computer system:

20.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Restaurants, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Restaurants, between or among Restaurants, and between and among your Restaurant and us and/or you; (b) Point-of-Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "Computer System").

20.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("Required Software"), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

20.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing ("Point-of-Sale Systems"), which shall be deemed part of your Computer System.

20.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, "Computer Upgrades").

20.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

20.2 Data

We may, from time to time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Restaurant, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Restaurant, and all data created or collected by you in connection with the System, or in connection with your operation of the Restaurant (including without limitation data pertaining to or otherwise concerning the Restaurant's customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

20.3 Privacy

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

20.4 Telecommunications

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Intranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

20.5 Intranet

We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an "Intranet"). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Intranet, and utilizing the Intranet in connection with the operation of the Restaurant. The Intranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Intranet.

20.6 On-line Use of Proprietary Marks

You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

20.7 No Outsourcing Without Prior Written Consent

You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

20.8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 20 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

ARTICLE 21

SECURITY INTERESTS

21.1 Collateral

You grant to us a security interest ("Security Interest") in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Restaurant, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Restaurant. All items in which a security interest is granted are referred to as the "Collateral".

21.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the "Indebtedness"):

21.2.1 All amounts due under this Agreement or otherwise by you;

21.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

21.2.3 All expenses, including reasonable attorneys' fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

21.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any successor term or extension of this Agreement, whether or not you execute any extension agreement or successor instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Restaurant, including, but not limited to, a real property mortgage and equipment leases.

21.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

21.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

21.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and

without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

21.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE 22

YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

22.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Restaurant.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

Remainder of Page Intentionally Blank

Each of the parties hereto has caused this Agreement to be executed by its duly authorized representative as of the date first above written.

FRANCHISOR:
HOLY SCHNITZEL ENTERPRISE INC.
a New York corporation

By:_____
Name:_____
Title:_____
Accepted On:_____
(the "Effective Date")

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____
Date:_____

GUARANTOR:

_____
[Name]

ATTACHMENT 1

ACCEPTED LOCATION AND DESIGNATED TERRITORY

**ACCEPTED LOCATION AND ADDRESS TO BE DETERMINED AND INSERTED AFTER PREMISES IS IDENTIFIED BY FRANCHISEE AND APPROVED BY FRANCHISOR FOR THE HOLY SCHNITZEL RESTAURANT, IN ACCORDANCE WITH SECTIONS 1.2 AND 2.2 OF THE FRANCHISE AGREEMENT, IN THE NON-EXCLUSIVE SITE SEARCH AREA OF _____.

1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Restaurant shall be located at the following Accepted Location:

_____
_____*(The parties hereby agree to sign a revised Exhibit A when the location has been approved by the Franchisor in accordance with Section 2.2 of the Franchise Agreement.)*

2. DESIGNATED TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Designated Territory shall be a radius of _____around the Restaurant.

HOLY SCHNITZEL ENTERPRISE INC.

By:_____
Name:_____
Title:_____

FRANCHISEE

By:_____
Name:_____
Title:_____

PRINCIPAL:

_____
Name: _____

PRINCIPAL:

_____
Name: _____

ATTACHMENT 2

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned ("Assignor") assigns, transfers and sets HOLY SCHNITZEL ENTERPRISE INC., a New York corporation ("Assignee"), all of Assignor's right and title to and interest in that certain "Lease" a copy of which is attached as Exhibit A respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor's obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor's default under the Lease or under the "Franchise Agreement" for a Holy Schnitzel Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee's prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee's failure to agree otherwise in writing and upon Assignor's failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE: HOLY SCHNITZEL ENTERPRISE INC.	ASSIGNOR: _____
By:_____	By:_____
Name:_____	Name:_____
Title:_____	Title:_____
Date:_____	Date:_____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Restaurant.

Dated:_____

_____

_____, Lessor

ATTACHMENT 3

STATEMENT OF OWNERSHIP INTERESTS IN FRANCHISEE/ENTITY

Name	Percentage of Ownership

ATTACHMENT 4

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT
(for trained employees, shareholders, officers, directors, general partners, members and managers of Franchisee)

In consideration of my being a _____of _____ ("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from HOLY SCHNITZEL ENTERPRISE INC. (the "Company") to establish and operate a Holy Schnitzel Restaurant (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time to time in the Company's sole discretion, only at the following authorized and Accepted Location: _____ (the "Accepted Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses under the name "Holy Schnitzel" as a quick-service restaurant serving serving a variety of kosher food, under strict rabbinical supervision selling sandwiches, soups, wraps, panini's, salads, proprietary dressings and toppings, desserts and beverages and other popular food items prepared to Holy Schnitzel standards for dine-in, take-out, delivery and catering. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has

become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Designated Territory, as defined in the Franchise Agreement ("Franchisee's Designated Territory");

7.2 Ten (10) miles of Franchisee's Designated Territory; or

7.3 Ten (10) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of New York. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

_____
Signature

_____
Name

_____
Address

_____
Title

ACKNOWLEDGED BY FRANCHISEE

_____

By:_____

Name:_____

Title:_____

ATTACHMENT 5

ELECTRONIC TRANSFER AUTHORIZATION

AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO HOLY SCHNITZEL ENTERPRISE INC. ("COMPANY")

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of HOLY SCHNITZEL ENTERPRISE INC. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name:_____

City:_____ State:_____ Zip Code:_____

Transit/ABA Number:_____ Account Number:_____

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

_____

_____

_____
Date Signed

_____

_____
Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 6

INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA, SOFTWARE, AND TELEPHONE LISTING AGREEMENT (the "Agreement") is made and entered into this day of _____ (the "Effective Date"), by and between HOLY SCHNITZEL ENTERPRISE INC., a New York corporation having its principal place of business at 688 Central Avenue, Cedarhurst, New York 11516 (the "Franchisor"), and _____, a(n) _____, with its principal place of business located at_____ and _____ _____'s principal(s), _____, an individual, residing at _____ _____, and _____, an individual, residing at _____ _____ ("Principal(s)"). _____ and Principal(s) shall be collectively referred to in this Agreement as the "Franchisee".

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for an Holy Schnitzel business ("Franchise Agreement") which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, use software, and use telephone listings linked to the Holy Schnitzel brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee's agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. **Definitions**

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. "Termination" of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. **Internet Advertising and Telephone Listings**

2.1 Interest in Web Sites, Social Media Accounts, Other Electronic Listings and Software. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet web sites, the right to hyperlink to certain web sites and listings on various internet search engines, and the right to use certain software (collectively, "Electronic Advertising and Software") related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the "Telephone Listings") related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, other listing agencies and software companies (collectively, the "Internet and Software Companies") with which Franchisee has Electronic Advertising and Software: (i) to transfer all of Franchisee's interest in such Electronic Advertising and Software to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic Advertising and Software, Franchisee will immediately direct the Internet and Software Companies to terminate such Electronic Advertising and Software or will take such other actions with respect to the Electronic Advertising and Software as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the "Telephone Companies") with which Franchisee has Telephone Listings: (i) to transfer all Franchisee's interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor's benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee's true and lawful attorney-in-fact with full power and authority in Franchisee's place and stead, and in Franchisee's name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet and Software Companies to transfer all Franchisee's interest in and to the Electronic Advertising and Software to Franchisor, or alternatively, to direct the Internet and Software Companies to terminate any or all of the Electronic Advertising and Software;

2.4.2 Direct the Telephone Companies to transfer all Franchisee's interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet and Software Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee's interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet and Software Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor's written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet and Software Companies and the Telephone Companies have duly transferred all Franchisee's interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and Software and/or Telephone Listings. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet and Software Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. **Miscellaneous**

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet and Software Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

HOLY SCHNITZEL ENTERPRISE INC.

By:_____

_____, _____
(Print Name, Title)

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

ATTACHMENT 7

GUARANTY

This Guaranty and Covenant (this "Guaranty") is given by the undersigned ("Guarantor") on____ _____ to HOLY SCHNITZEL ENTERPRISE INC., a New York corporation ("Franchisor"), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the "Franchisee Agreement") with _____, a(n) _____, _____ and ___ _____(collectively "Franchisee").

Guarantor acknowledges that Guarantor is the spouse of Franchisee's Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement ("Guaranteed Obligations"). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor. Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor's rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

_____

Print Name: _____

ATTACHMENT 8

AMERICANS WITH DISABILITIES ACT ("ADA") CERTIFICATION

HOLY SCHNITZEL ENTERPRISE INC., a New York corporation ("**Franchisor**") and _____ ("**Franchisee**") are parties to a Franchise Agreement dated _____ for the operation of a Restaurant at _____ (the "Restaurant"). In accordance with Article 2 of the Franchise Agreement, Franchisee certifies to Franchisor that, to the best of Franchisee's knowledge, the Restaurant and its adjacent areas comply with all applicable federal, state and local accessibility laws, statutes, codes, rules, regulations and standards, including but not limited to the Americans with Disabilities Act. Franchisee acknowledges that it is an independent licensee and the requirement of this certification by Franchisee does not constitute ownership, control, leasing or operation of the Restaurant. Franchisee acknowledges that Franchisor has relied on the information contained in this certification. Furthermore, Franchisee acknowledge its obligation under this Franchise Agreement to indemnify Franchisor and the officers, directors, and employees of Franchisor in connection with any and all claims, losses, costs, expenses, liabilities, compliance costs, and damages incurred by the indemnified party(ies) as a result of any matters associated with Franchisee's compliance with the Americans with Disabilities Act, as well as the costs, including attorneys' fees, related to the same.

FRANCHISEE:

_____

By:_____
Name:_____
Title:_____

ATTACHMENT 9

PROVISIONS APPLICABLE TO SBA FINANCING

For the purpose of Franchisee's application for funding from a lender in which funding is provided with the assistance of the U. S. Small Business Administration (the "SBA"), and at all times that the SBA has an interest in any SBA-assisted financing provided to Franchisee, Franchisor and Franchisee agree as follows:

1. With respect to a partial interest in the Franchised Business, Franchisor may exercise its option to purchase or its right of first refusal only if the proposed transferee is not a current owner or family member of a current owner of Franchisee.

2. If Franchisor's consent is required for any transfer (full or partial) of the Franchised Business, Franchisor will not unreasonably withhold such consent.

3. If Franchisee owns the real estate where the Franchised Business operates, Franchisee will not be required to sell the real estate upon default or termination of the Franchise Agreement, but Franchisee may be required to lease the real estate for the remainder of the Term (excluding additional renewals) for fair market value.

4. If Franchisee owns the real estate where the Franchised Business operates, Franchisor has not and will not during the Term of the Franchise Agreement record against the real estate any restrictions on the use of the property, including any restrictive covenants, branding covenants or environmental indemnification, control or use restrictions. If any such restrictions are currently recorded against Franchisee's real estate, they must be removed in order for Franchisee to obtain SBA financial assistance.

5. If Franchisee owns the real estate where the Franchised Business operates, the right of Franchisor to assume Franchisee's lease has not and will not during the Term of the Franchise Agreement be recorded against the real estate and may not include any attornment language unless it is subordinated to any SBA financial assistance.

6. For other than regularly scheduled payments and payments otherwise authorized in the Franchise Agreement, Franchisor does not have the authority to unilaterally share, commingle, or withdraw funds from Franchisee's bank account.

7. The Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business. Meaningful oversight includes the authority to:

i. Approve the annual budget of the Franchised Business;
ii. Have control over the bank accounts of the Franchised Business; AND
iii. Have oversight over the employees operating the Franchised Business (who must be employees of Franchisee).

Franchisee agrees that the Franchise Agreement does not prevent Franchisee from having meaningful oversight over the operations of the Franchised Business by requiring Franchisee to comply with quality, marketing, and operations standards that govern Franchisee's use of Franchisor's System.

EXHIBIT C TO THE DISCLOSURE DOCUMENT

MULTI-UNIT OPERATOR AGREEMENT

HOLY SCHNITZEL ENTERPRISE INC.

MULTI-UNIT OPERATOR AGREEMENT

_____

MULTI-UNIT OPERATOR

_____

DATE OF AGREEMENT

TABLE OF CONTENTS

SECTION 1.....1

GRANT.....1

SECTION 2.....2

DEVELOPMENT FEE.....2

SECTION 3.....2

SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS.....2

SECTION 4.....3

DEVELOPMENT RIGHTS AND OBLIGATIONS.....3

SECTION 5.....4

RENEWAL.....4

SECTION 6.....4

TERM AND RIGHT OF FIRST REFUSAL.....4

SECTION 7.....4

YOUR OBLIGATIONS.....4

SECTION 8.....5

OUR SERVICES.....5

SECTION 9.....6

DEFAULT AND TERMINATION.....6

SECTION 10.....7

OBLIGATIONS FOLLOWING TERMINATION.....7

SECTION 11.....8

TRANSFER OF INTEREST.....8

SECTION 12.....10

COVENANTS.....10

SECTION 13.....11

NOTICES.....11

SECTION 14.....12

INDEPENDENT LICENSEE AND INDEMNIFICATION.....12

SECTION 15.....12

APPROVALS.....12

SECTION 16.....12

NON-WAIVER.....12

SECTION 17.....12

SEVERABILITY AND CONSTRUCTION 12
SECTION 18 13
ENTIRE AGREEMENT; APPLICABLE LAW 13
SECTION 19 13
DISPUTE RESOLUTION 13
SECTION 20 15
TIMELY PERFORMANCE 15
SECTION 21 15
EFFECTIVE DATE 15

ATTACHMENTS:

1 Minimum Performance Schedule
2 Exclusive Area

HOLY SCHNITZEL ENTERPRISE INC.

MULTI-UNIT OPERATOR AGREEMENT

THIS MULTI-UNIT OPERATOR AGREEMENT ("Agreement") is made and entered into on _____, between HOLY SCHNITZEL ENTERPRISE INC., a New York corporation having its principal place of business at 688 Central Avenue, Cedarhurst, New York ("we", "us" or "our"), and _____, an individual residing at _____ (hereinafter "you" or "your").

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter "System") relating to the establishment and operation of a quick-service restaurant serving a variety of kosher food, under strict rabbinical supervision selling sandwiches, soups, wraps, panini's, salads, proprietary dressings and toppings, desserts and beverages and other popular food items prepared to Holy Schnitzel standards for dine-in, take-out, delivery and catering ("Restaurant" or "Franchised Business");

WHEREAS, the distinguishing characteristics of the System include, without limitation, distinctive exterior and interior design, décor, color scheme, and furnishings; proprietary products and ingredients; proprietary recipes and special menu items, uniform standards, specifications, and procedures for operations; quality and uniformity of products and services offered; procedures for inventory, management and financial control; training and assistance; and advertising and promotional programs; all of which may be changed, improved, and further developed by us from time to time;

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the mark "Holy Schnitzel®" and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to as "Marks");

WHEREAS, we and our affiliate continue to develop, use and control the use of such Marks in order to identify for the public the source of services and products marketed thereunder and under the System, and to represent the System's high standards of quality, appearance and service; and

WHEREAS, you wish to obtain certain development rights to open and operate Restaurants operating under the Marks under the System within the Exclusive Area described in this Multi-Unit Operator Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION 1
GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Multi-Unit Operator Agreement, certain development rights ("Development Rights") to establish and operate _____ (_____) franchised Restaurants, and to use the System solely in connection therewith at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment 1 of this Agreement (hereinafter "Minimum Performance

Schedule"). Each Restaurant developed hereunder shall be located in the area described in Attachment 2 of this Agreement (hereinafter "Exclusive Area").

1.2 Each Restaurant for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Restaurant in the Exclusive Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION 2
DEVELOPMENT FEE

In consideration of the development rights granted herein, you shall pay to us a Development Fee of _____ Thousand Dollars ($_____), due upon execution of this Agreement ("Development Fee"). The Development Fee is calculated as one hundred percent (100%) of the initial franchise fee for the first Restaurant to be developed hereunder, plus a deposit equal to fifty percent (50%) of the initial franchise fee for each additional Restaurant to be developed hereunder.

The Development Fee shall be fully earned by us upon execution of this Agreement, shall be non-refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

SECTION 3
SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for Restaurants and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to approve or disapprove the site in our sole discretion. If the site is approved, you will then be presented with the Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance Schedule in a timely manner. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof. Under no circumstances, however, may you open a Restaurant for business unless and until there is a fully executed Franchise Agreement in place for such Restaurant and the applicable initial franchise fee has been paid in full.

3.3 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Restaurant at a site approved by us in the Exclusive Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution. The Franchise Agreement for the first Development Right exercised hereunder has been

executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current Franchise Agreement, except that the Royalty and Creative Marketing Fees shall not increase and shall be the same as stated in the first Franchise Agreement executed, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies within said ten (10) days from delivery thereof to you, our approval of the site shall be void and you shall have no rights with respect to said site.

The initial franchise fee for each Restaurant to be developed hereunder is Fifty Thousand Dollars ($50,000). The initial franchise fee for the first Restaurant has been paid in full in the Development Fee. For each additional Restaurant developed hereunder, we will apply a *pro rata* portion of the Development Fee toward the initial franchise fee due for such Restaurant. The balance of the initial franchise fee is payable to us in a lump sum ninety (90) days before the opening date of such Restaurant or the date you sign the lease for such Restaurant, whichever occurs first.

3.4 You acknowledge that the approval of a particular site for a Restaurant by us shall not be deemed to be an assurance or guaranty that the Restaurant will operate successfully or at a profit from such site.

3.5 You may enter into the initial Franchise Agreement, or any subsequent Franchise Agreement as required under this Agreement using a newly formed entity, such as a limited liability company, corporation, or partnership, for the sole purpose of entering into a Franchise Agreement and operating the Restaurant pursuant thereto, provided that you shall also personally sign such Franchise Agreement as a principal.

SECTION 4
DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Restaurants within the Exclusive Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.2 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and operate, Restaurants within the Exclusive Area subject only to the territorial rights granted to you with respect to Restaurants operated by you pursuant to the Franchise Agreements.

4.3 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.3.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Exclusive Area, and under any terms and conditions we deem appropriate. "Alternative distribution channels" include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other marketing methods;

4.3.2 to operate and to grant others the right to operate Restaurants located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to your Restaurants; and

4.3.3 to acquire and operate a business operating one or more food service businesses located or operating in the Exclusive Area.

SECTION 5
RENEWAL

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Exclusive Area and continue to develop Restaurants, we will, in good faith, negotiate a new Multi-Unit Operator Agreement with you.

SECTION 6
TERM AND RIGHT OF FIRST REFUSAL

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Restaurant is opened pursuant to the Minimum Performance Schedule established in Attachment 1.

6.2 If, following completion of the Minimum Performance Schedule, we determine that it is desirable to operate one or more additional Restaurants in the Exclusive Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Restaurants upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Development Fee and the payment of the then-current initial franchise fee upon execution of the then-current Franchise Agreement. In such a case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Restaurants. You must notify us in writing within sixty (60) days of the receipt of such notice whether you wish to acquire, in full, the Development Rights being offered. If you do not exercise this right of first refusal, in whole, we may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Restaurants to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Restaurants.

SECTION 7
YOUR OBLIGATIONS

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Restaurants and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Restaurants within the Exclusive Area. You shall obtain the license to use such additional rights at each Restaurant upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section 11 hereof.

7.1.3 Except as provided in Sections 6.1 and 6.2 hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Restaurants and to use the System and the Marks at any location outside the Exclusive Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

(c) To develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through alternative distribution channels outside or inside of the Exclusive Area and to use the Marks in connection therewith.

7.1.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in your relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Holy Schnitzel Restaurant.

7.1.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9 In no event shall any Restaurant be opened for business unless and until a Franchise Agreement for such Restaurant has been fully executed and the initial franchise fee for such Restaurant has been paid in full.

SECTION 8
OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the Restaurants as we make available to all multi-unit operators and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Restaurant.

8.5 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit operators.

SECTION 9
DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section 11 hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Restaurants to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Multi-Unit Operator Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permit the same to go uncorrected after notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you are convicted of, or have entered a plea of nolo contendere to, a felony, a crime involving moral turpitude, or other crime that we believe is reasonably likely to have an adverse effect on the System, the Marks, the goodwill associated therewith, or our interests therein.

9.1.8 If any of you shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any

state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless a *supersedeas* bond is filed); if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you or any of your affiliates cease to operate all of the Restaurants opened pursuant to the terms of this Agreement.

9.1.10 If you fail to comply with all applicable laws and ordinances relating to the Restaurants developed under this Agreement, including Anti-Terrorism Laws, or if your assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you otherwise violate any such law, ordinance, or regulation.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you violate any of the covenants as set forth in Section 12.1 of this Agreement.

9.2.3 If you shall fail to remit to us any payments pursuant to Sections 2 or 3 when same are due.

9.2.4 If you shall begin work upon any Restaurant at any site unless all the conditions stated in Section 3 hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Restaurant for business before a Franchise Agreement for such Restaurant has been fully executed and the initial franchise fee due to us has been paid.

SECTION 10
OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Restaurants.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit operator of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION 11
TRANSFER OF INTEREST

11.1 This Agreement is personal to you, and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Section shall constitute a material breach of this Agreement.

11.2 In the event of your death, disability, or permanent incapacity, you (or your legal representative) may transfer all of your interest to your spouse, heirs or relatives, by blood or marriage, with our consent, or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section 11 hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.3 You have represented to us that you are entering into this Multi-Unit Operator Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Restaurant(s) to be constructed hereunder are opened or under construction shall be deemed to be an event of default.

11.4 If you receive from an unaffiliated third party and desire to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.4, to purchase such business, Development Rights and interests, including your right to develop sites within the Exclusive Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline, or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section 11. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.5 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit operators and franchisees. Any assignment or transfer permitted by this Section 11 shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.6 Except as provided in this Section 11, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.6.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.6.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.6.3 You are not in default hereunder.

11.6.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit operators, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.6.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Operator Agreement, Franchise Agreements for all Restaurants open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit operators on the date of transfer.

11.6.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us. You also agree to subordinate any claims you may have against the transferee to us and indemnify us against any claims by the transferee relating to misrepresentations in the transfer process, specifically excluding those representations made by us in the Franchise Disclosure Document given to the transferee.

11.6.7 You or transferee pay to us a transfer fee equal to fifty percent (50%) of our then current initial franchise fee to cover our reasonable costs in effecting the transfer.

11.7 Death or Permanent Disability.

11.7.1 The grant of rights under this Agreement is personal to you, and upon your death or permanent disability, the executor, administrator or personal representative of yours shall be required to transfer your interest in this Agreement to a third party approved by us within six (6) months from the date of death or permanent disability. Failure to transfer in accordance with the forgoing will constitute a material default and all that is granted by this Agreement will terminate. For purposes of this Agreement, the term "permanent disability" means a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent such person from providing continuous and material supervision of the operation of your Holy Schnitzel outlet(s) and remaining Minimum Performance Schedule during the six (6)-month period from its onset.

11.7.2 Upon your death or your claim of permanent disability, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer.

11.8 Our consent to a transfer by you or of any of the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall it

be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

11.9 We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity provided that, with respect to any assignment resulting in the subsequent performance by the assignee of our functions: (i) the assignee shall, at the time of such assignment, be financially responsible and economically capable of performing our obligations; and (ii) the assignee shall expressly assume and agree to perform such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Marks (or any variation thereof) and/or the loss of association with or identification of "HOLY SCHNITZEL ENTERPRISE INC." as Franchisor. Nothing contained in this Agreement shall require us to remain in the same business or to offer the same products and services, whether or not bearing the Marks, in the event that we exercise our right to assign our rights in this Agreement.

SECTION 12
COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, secret recipes, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

12.1.1 Divert or attempt to divert any business or client of the Franchised Business to any competitor, by direct or indirect inducement or otherwise, or do or perform, directly or indirectly, any other act injurious or prejudicial to the goodwill associated with the Marks and the System.

12.1.2 Employ or seek to employ any person who is at the time employed by us or by any other franchisee or multi-unit operator of ours, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat.

12.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any food service business other than the Franchised Business (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Restaurant, including a food service business which offers and sells the same or substantially similar food products (a "Competitive Business").

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement, or upon transfer, and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within ten (10) miles of any Holy Schnitzel Restaurant in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934, as amended.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section 12 is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section 12.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section 16 hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section 12.

12.7 You acknowledge that any failure to comply with the requirements of this Section 12 would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section 12. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise. Notwithstanding the generality of the foregoing, you further understand and agree that if you fail to comply with a non-competition covenant stated herein, you agree to pay to us Five Hundred Dollars ($500) per week for each week such failure to comply continues.

12.8 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Restaurant in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section 12 are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION 13
NOTICES

Any and all notices required or permitted under this Agreement shall be in writing and shall be personally delivered or mailed by certified or registered mail, return receipt requested, overnight delivery service or facsimile to the respective parties at the addresses set forth in the introductory paragraph of this Agreement unless and until a different address has been designated by written notice to the other party.

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION 14
INDEPENDENT LICENSEE AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

SECTION 15
APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guarantees upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver, approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION 16
NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION 17
SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section 11 hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

SECTION 18
ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the Attachments attached hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of New York, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Nassau, New York.

SECTION 19
DISPUTE RESOLUTION

19.1 Except to the extent we elect to enforce the provisions of this Agreement by judicial process and injunction in our sole discretion, all disputes, claims and controversies between the parties arising under or in connection with this Agreement or the making, performance or interpretation thereof (including claims of fraud in the inducement and other claims of fraud and the arbitrability of any matter) which have not been settled through negotiation will be settled by binding arbitration in the County of Nassau, New York under the authority of New York Statutes. The arbitrator(s) will have a minimum of five (5) years of experience in franchising or distribution law and will have the right to award specific performance of this Agreement. If the parties cannot agree upon a mutually agreeable arbitrator, then the arbitration shall be conducted as per the selection method set forth in New York Statutes. The proceedings will be conducted under the commercial arbitration rules of the American Arbitration Association, to the extent such rules are not inconsistent with the provisions of this arbitration provision or the New York Statutes. The decision of the arbitrator(s) will be final and binding on all parties. This Section will survive termination or non-renewal of this Agreement under any circumstances. Judgment upon the award of the arbitrator(s) may be entered in any court having jurisdiction thereof. During the pendency of any arbitration proceeding, you and we shall fully perform our respective obligations under this Agreement.

19.2 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you hereby irrevocably submit themselves to the jurisdiction of the state courts of New York and the Federal District Court closest to our headquarters. You hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by New York or federal law. You further agree that venue for any proceeding relating to or arising out of this Agreement shall be the County of Nassau, New York; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under New York law.

19.3 You and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.2 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. You and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.4 You and we hereby waive, to the fullest extent permitted by law, any right to or claim or any punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) against either party, their officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees, in their corporate and individual capacities, arising out of any cause whatsoever (whether such cause be based in contract, negligence, strict liability, other tort or otherwise) and agree that in the event of a dispute, either party shall be limited to the recovery of any actual damages sustained by it. If any other term of this Agreement is found or determined to be unconscionable or unenforceable for any reason, the foregoing provisions of waiver by agreement of punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.5 We and you irrevocably waive trial by jury in any action, proceeding, or counterclaim, whether at law or in equity, brought by either of us against the other. Any and all claims and actions arising out of or relating to this Agreement, the relationship of you and us, or your operation of the business, brought by either party hereto against the other, whether in arbitration, or a legal action, shall be commenced within two (2) years from the occurrence of the facts giving rise to such claim or action, or such claim or action shall be barred.

19.6 If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

SECTION 20
TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Restaurants in the Exclusive Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Restaurants within the Exclusive Area in accordance with the Minimum Performance Schedule, to operate such Restaurants pursuant to the terms of the Franchise Agreements and to maintain all such Restaurants in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

SECTION 21
EFFECTIVE DATE

This Agreement shall be effective as of the date it is executed by us.

Signature Page Follows

The parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written.

HOLY SCHNITZEL ENTERPRISE INC.

By:_____
Name:_____
Title:_____
Accepted On:_____
(the "Effective Date")

MULTI-UNIT OPERATOR:

_____
Name:_____

ATTACHMENT 1

MINIMUM PERFORMANCE SCHEDULE

The Agreement authorizes and obliges Multi-Unit Operator to establish and operate _____ (_____) "Holy Schnitzel" Restaurants pursuant to a Franchise Agreement for each Restaurant. The following is Multi-Unit Operator's Minimum Performance Schedule:

Minimum Cumulative Number of Franchise Agreements for Restaurants to be located and Operating Within the Exclusive Area	By this Date
_____	_____
_____	_____
_____	_____
_____	_____
_____	_____

Total:_____

APPROVED:

MULTI-UNIT OPERATOR

_____
Name:_____

HOLY SCHNITZEL ENTERPRISE INC.

By:_____
Name:_____
Title:_____

ATTACHMENT 2

EXCLUSIVE AREA

The following describes the Exclusive Area within which Multi-Unit Operator may locate "Holy Schnitzel" Restaurants under this Agreement:

APPROVED:

MULTI-UNIT OPERATOR	HOLY SCHNITZEL ENTERPRISE INC.
_____	By:_____
Name:_____	Name:_____

EXHIBIT D TO THE DISCLOSURE DOCUMENT

LIST OF FRANCHISEES AND MULTI-UNIT OPERATORS

(as of December 31, 2024)

NEW JERSEY	
Tamir & Eric Shabat 39 Eisenhower Parkway Roseland, New Jersey 07068 (347) 865-6251	
NEW YORK	
YONISKI CATERERS, LLC 72-22 Main Street Flushing, New York 11367 (718) 793-4659	SHABAT CATERING, LLC 438 Nome Ave Staten Island, NY 10314 718 761 4659
Tamir & Eric Shabat 4102 18th Avenue Brooklyn, New York 11218 (347) 865-6251	SCHNITZEL CHIPS, INC 2026 East 8th St. Brooklyn, NY 11223 718 627 4659

FRANCHISEES AND MULTI-UNIT OPERATORS
WHO HAVE LEFT THE SYSTEM
(as of December 31, 2024)

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

FLORIDA	
Eduard Zavulunov Holy Partners, LLC 17871 Biscayne Blvd Aventura, FL 33160 305 614 4659	

EXHIBIT E TO THE DISCLOSURE DOCUMENT

OPERATIONS MANUAL TABLE OF CONTENTS

TABLE OF CONTENTS

- **SECTION 1: MANUAL PREFACE**
- **SECTION 2: INTRODUCTION**
- **The Holy Schnitzel Mission** 1
- **Welcome Letter from the President** 2
- **History of Holy Schnitzel** 4
- **Services Provided to Holy Schnitzel** 5
- Initial Training 5
- Initial On-site Assistance 5
- Ongoing Training and Support 5
- Approved Suppliers 6
- Advertising Materials and Sales Aids 6
- Advisory Councils 6
- Ongoing Research and Development 6
- **Responsibilities of Holy Schnitzel and Staff** 7
- Responsibilities to Customers 7
- Responsibilities to Your Employees 8
- Responsibilities to the Licensor 9
- Responsibilities to Other s 9
- Commitment to the Environment 9
- **Visits from the Corporate Office** 10
- **Paying Other Fees** 11
- Site Selection Fee 11
- New Manager Training Fee 11
- Additional Onsite Training or Assistance 11
- Prohibited Product / Service Fine 12
- Transfer Fee 12
- Transferee Training Fee 12
- Relocation 12
- Management Fee 12

- Audit 12
- Late Fees and Financial Penalties 13
- Insurance Fees 13
- Liquidated Damages 13
- Indemnification 13
- Attorneys' Fees 13
- Renewal Fee 14

- **SECTION 3: PRE-OPENING PROCEDURES**

- **Pre-Opening Responsibilities 1**
- **Franchise of Business Identity 3**
- **Site Selection Process 4**
- Site Selection Criteria 4
- Market Analysis 5
- Gaining Site Selection Acceptance 6
- Lease Considerations 7
- Gaining Lease Approval 8

- **Setting Up Your Business 9**
- Building Out the Facility 11
- Monitoring Construction 22
- Other Equipment & Supplies Delivered & Installed 22
- Final Details Completed 22
- Finish Miscellaneous Projects 23
- Final Inspection 26
- Required List of Equipment, Fixtures, and Furnishings 27

- **Initial Inventory 31**

- **Contracting with Required Utilities and Services 35**

- **Obtaining Required Franchises and Permits 37**

- **Setting Up Bank Accounts 39**
- Accounts to Open 39

- **Procuring Required Insurance Policies 40**

- **Meeting Your Tax Obligations 41**
- Employer Identification Number 41
- Federal Taxes 41
- State Taxes 42

- **Organizing the Office 43**

- **Conducting a Grand Opening** **44**
- Planning 45

- **SECTION 4: HUMAN RESOURCES**

- **EEOC Guidelines** **1**
- Employers Covered by EEOC-Enforced Laws 1
- How Employees Are Counted 1
- Record Keeping Requirements 2
- Reporting Requirements 2
- Charge Processing Procedures 2
- Mediation 3
- Remedies 4
- Regulatory Enforcement Fairness Act 4
- Technical Assistance 4
- Informal Guidance 5
- Publications 5

- **Laws Regarding Harassment** **6**
- Sexual Harassment 6
- Racial and Ethnic Harassment 6
- Pregnancy Discrimination 7
- Religious Accommodation 7
- Prevention 7
- Handling Harassment Situations 8

- **Immigration Reform/Control Act** **9**

- **Wage and Labor Laws** **11**
- What the FLSA Requires 11
- What the FLSA Does Not Require 13
- FLSA Minimum Wage Poster 13

- **Profile of the Ideal Holy Schnitzel Employee** **15**

- **Job Descriptions** **18**
- Manager 18
- Crew Chief 20
- Cashier 20
- Toppings/ingredients/i 20
- Kitchen / Prep Person 21
- Sample Person 21
- Stock Person 21

- **Recruiting Employees** **23**

- Determining Hiring Needs 23
- Getting the Word Out 23
- Employment Applications 25
- Evaluating the Application 25
- Conducting Interviews 27
- Reference Checks 34
- Job Offer 35
- **Hiring on a Probationary Period 37**

- **Completing Necessary Paperwork 38**
- New Employee Paperwork Checklist 39

- **Training Employees 41**
- Training Tips 41
- Orienting New Employees 44
- Initial Training 45
- Ongoing Training 48

- **Personnel Policies 49**
- **Scheduling 53**

- **Time Tracking Procedures 56**

- **Uniform and Dress Code 57**

- **Conducting Performance Evaluations 59**
- Evaluation Process 60
- Review Meeting 62

- **Progressive Discipline Procedures 63**
- Termination/Separation 68
- Termination 68
- Separation 70

- **SECTION 5: DAILY OPERATING PROCEDURES**
- **Suggested Hours of Operation 1**

- **Daily Duties 2**
- Restocking 2
- Cleaning 2
- Opening Procedures 3
- Shift Change Procedures 6
- Ongoing 7
- Closing Procedures 9

- Sample Daily Checklists 13
- Customer Service Procedures **14**
- Customer Service Philosophy 14
- Obtaining Customer Feedback 16
- Handling Customer Complaints 17
- Handling Refund Requests 18

- **Understanding Holy Schnitzel Customer Offering** **20**
- Pizza and Sandwiches 22
- Toppings/ingredients/ingredients/ingrediets 22
- Nutritional Information 25
- Allergens (Nuts, Eggs, Sweeteners, Gluten, Soy) 25

- **Serving Procedures** **27**
- Greeting Customers 27
- Phone Answering Procedures 28
- Educating the Customer 28

- **Transacting Sales** **29**
- Cash Handling Procedures 30
- Accepting Credit Cards 32
- Accepting Gift Cards 32
- Counterfeit Detection Methods 33
- Short-Change Artist 34

- **Food Preparation Procedures** **35**
- Prepping Procedures 35
- Setting Up the Toppings/Ingredients Bar 36
- Rotating 37
- Recipes for All Menu Items 37
- Product Preparation Procedures for All Items 38
- Food Storage Procedures 40

- **Food Safety and Sanitation** **41**
- Types of Contamination 42
- Cross-Contamination 43
- Biological Hazards 43
- Staphylococcus 44
- Salmonellosis 44
- Clostridium Perfringens (E. Coli) 45
- Botulism 46
- Hepatitis Virus A 46

- **Operating and Maintaining Equipment** **48**
- Refrigerators, Freezers, and HVAC 59

- **Troubleshooting the Equipment** **62**

- **Required Cleaning and Maintenance** **63**
- Daily Cleaning and Maintenance 63
- Weekly Cleaning and Maintenance 64
- Monthly Cleaning and Maintenance 65
- Counters, Tables, Product Preparation Surfaces 65
- Floors 66
- Walls and Ceilings 66
- Windows 66
- Lighting and Air Vents 67
- Waste Receptacles 67
- Restrooms 67
- Sidewalks 68
- Dumpster Area 68
- Care of Cleaning Equipment 68
- Fire Extinguishers 69

- **Safety Procedures** **70**
- Responsibility 70
- Safety Rules 71
- Orientation 72
- Accident Reporting and Investigation 73
- Workers' Compensation Issues 75
- Fire Safety 75
- Machinery Guidelines 77
- Preventing Slips and Falls 77
- Electrical Safety 78
- Hazardous Materials/Chemical Handling 78
- First Aid Procedures for Chemicals 79
- Receiving and Storage 79
- Broken Glass or Wares Safety 80
- Facility and Equipment Inspections 80

- **Security Issues** **81**
- Using Surveillance and Alarm Systems 81
- Robbery 81
- Burglary 83
- Using the Alarm System 83

- **Food-Borne Illness** **84**
- Recommended Manager Script 85

- **SECTION 6: MANAGING A HOLY SCHNITZEL BUSINESS**

- **Managing Personnel** **1**

- Communicating With Employees 1
- Hosting Employee Meetings 5
- Motivating Employees 6

- **Managing the Customer Experience 7**
- Communicating with Customers 7
- Maintaining a Positive Environment 8
- Proper Music and Volume Levels 9
- Facility Maintenance Schedule 9

- **Inventory Management 10**
- Product Ordering Procedures 10
- Establishing Par Levels 11
- Ordering from Approved Suppliers 11
- Changing Approved Suppliers 11
- Product Receiving Procedures 12
- Storage Procedures 14
- Labeling and Rotating Inventory 19
- Conducting an Inventory Count 19

- **Cost Control Procedures 23**
- Food Cost 23
- Labor Costs 29
- Troubleshooting Cost Controls 35

- **Operational & Financial Reporting 36**
- Features of the POS System 36
- Generating and Analyzing All Necessary Reports 36

- **Loss Prevention Techniques 37**
- Cash Control System 37
- Inventory Control System 38

- **Franchise Reporting Requirements 39**
- Royalty Payment 39
- Advertising Contributions 39
- Required Weekly Reports 40
- Electronic Funds Transfer 40
- Financial Statements 41
- Profit & Loss Statement Format 42
- Financial Primer 44

- **SECTION 7: MARKETING & PROMOTIONS**

- **Marketing Plan 1**
- Developing your Marketing Plan 4

- **Promoting Holy Schnitzel in Your Area** **6**
- Use of Media 6
- Social Media 7
- Internet 9
- Entertainment Books/Savings Cards 10
- Billboards/Exit Signs on Highways 10
- Contests and Raffles 10
- Loyalty Programs 11
- Word of Mouth 11
- Guidelines for Using Holy Schnitzel Marks 12

- **Logo Specifications** **13**
- Stationery & Business Cards 13

- **Required Advertising Expenditures** **14**
- Local Advertising Requirement 14
- Brand Development Fund 14
- Cooperative Advertising 15

- **Public Relations/Community Inv./ Fundraising Events 16**
- Community Involvement/Fundraising 17

- **Obtaining Advertising Approval** **19**

- **SECTION 8: APPENDICES- REPORTS & FORMS**

The Operations Manual consists of approximately 300 pages.

EXHIBIT F TO THE DISCLOSURE DOCUMENT

STATE SPECIFIC ADDENDA

ADDENDUM REQUIRED BY THE DEPARTMENT OF LAW OF THE STATE OF NEW YORK

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 RESOURCES OR 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 ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY. 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 THAT ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is to be added at the end of Item 3:

Except as provided above, the following applies 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 that is 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 ten years 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 the "Summary" sections of Item 17(c), titled "Requirements for a 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; this proviso intends that the nonwaiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

4. The following language replaces the "Summary" section of Item 17(d), titled "Termination by a franchisee": "You may terminate the agreement on any grounds available by law."

5. 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 the franchisee by Article 33 of the General Business Law of the State of New York.

6. Franchise Questionnaires and Acknowledgements -- 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.

7. Receipts--Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at the earliest of the first personal meeting, ten (10) business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

EXHIBIT G TO THE DISCLOSURE DOCUMENT

AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	NYS Department of Law Investor Protection Bureau 28 Liberty Street, 21st Floor New York, NY 10005 (212) 416-8222 Phone	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, State Capitol 14th Floor, Department 414 Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 41200 Olympia, WA 98504-1200 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

EXHIBIT H TO THE DISCLOSURE DOCUMENT

GENERAL RELEASE

This release (the "Release") is given this day of _____ by _____ _____, a(n) _____, with its principal place of business located at _____ _____ ("Franchisee") and _____'s principals _____, an individual residing at _____ and ("Principal(s)").

Franchisee and Principal(s), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the "Franchisee Releasors"), hereby release, discharge and hold harmless Holy Schnitzel Enterprise Inc., ("Franchisor") Lielle's Kitchen Inc., their affiliates, officers, directors, members, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the "Franchisor Releasees") from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the "Franchisee Released Claims").

FRANCHISEE AND PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Release given this day of _____ by:

FRANCHISEE:

_____

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

_____

_____
(Print Name)

PRINCIPAL:

_____

_____
(Print Name)

EXHIBIT I TO THE DISCLOSURE DOCUMENT

FRANCHISEE ACKNOWLEDGEMENT STATEMENT

EXHIBIT I-1

HOLY SCHNITZEL FRANCHISEE ACKNOWLEDGEMENT STATEMENT

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Franchise Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

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.

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

_____
Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

_____
Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

_____
Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise

Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

_____
Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

_____
Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

_____
Initial

7. Franchisee acknowledges that it has received the Holy Schnitzel Enterprises LLC Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

_____
Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

_____
Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

_____
Initial

10. Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of agreement(s), and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

_____
Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

_____
Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE HOLY SCHNITZEL ENTERPRISE INC., LIELLE'S KITCHEN INC. AND ANY OF ABOVE'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY FRANCHISOR IN FRANCHISOR'S FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY FRANCHISEE.

_____
Initial

-Signature Page Follows-

FRANCHISEE:

_____

By:_____

_____,_____
(Print Name, Title)

Date:_____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

PRINCIPAL:

_____

_____
(Print Name)

Date: _____

EXHBIIT I-2

ACKNOWLEDGEMENTS BY MULTI-UNIT OPERATOR

Acknowledgement of the truthfulness of the statements below are an inducement for the Franchisor to enter into a Multi-Unit Operator Agreement. Notify Franchisor immediately, prior to acknowledgment, if any statement below is incomplete or incorrect.

No statement, questionnaire, or acknowledgment signed or agreed to by a multi-unit operator 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 have conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of developing the Holy Schnitzel outlets contemplated hereunder. You further acknowledge that, except as may be set forth in our Disclosure Document, no representations of performance (financial or otherwise) for the Holy Schnitzel outlets to be developed hereunder has been made to you by us and you hereby waive any claim against us for any business failure you may experience as a developer under this Agreement.

_____
Initial

You agree that no claims of success or failure have been made to you prior to signing this Agreement and that you understand all the terms and conditions of this Agreement. You further acknowledge that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally; provided, however, nothing in this Multi-Unit Development Agreement or in any related agreement is intended to disclaim the representations made to you in our Franchise Disclosure Document.

_____
Initial

You have no knowledge of any representations by us or our officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. You acknowledge that no representations or warranties are made or implied, except as specifically set forth herein. You represent, as an inducement to our entry into this Agreement, that you have made no misrepresentations in obtaining this Agreement.

_____
Initial

We expressly disclaim the making of, and you acknowledge that you have not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

_____
Initial

You acknowledge that you have received the Holy Schnitzel Enterprises LLC Franchise Disclosure Document with a complete copy of this Agreement and all related Exhibits and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. You further acknowledge that you have read such Franchise Disclosure Document and understand its contents.

_____
Initial

You acknowledge that you have had ample opportunity to consult with your own attorneys, accountants and other advisors and that our attorneys have not advised or represented you with respect to this Agreement or the relationship thereby created.

_____
Initial

You, together with your advisers, have sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the development rights granted by this Agreement.

_____
Initial

BY EXECUTING THIS AGREEMENT, YOU, INDIVIDUALLY AND ON BEHALF OF YOUR HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE HOLY SCHNITZEL ENTERPRISE INC., LIELLE'S KITCHEN INC., THEIR PARENTS, AFFILIATES, AND SUBSIDIARIES, AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF. THIS RELEASE SHALL NOT APPLY TO ANY CLAIMS ARISING FROM REPRESENTATIONS MADE BY US IN OUR FRANCHISE DISCLOSURE DOCUMENT RECEIVED BY YOU.

_____
Initial

Acknowledged this day of _____.

_____
Name:_____

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**
New York	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 J TO THE DISCLOSURE DOCUMENT

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Holy Schnitzel Enterprise Inc. 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 you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Holy Schnitzel Enterprise Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit G.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Ofeer Benaltaba 688 Central Ave. Cedarhurst, NY 11516 (516) 374-4649	Jacob Benaltaba 688 Central Ave. Cedarhurst, NY 11516 (516) 374-4649	

Issuance Date: April 29, 2025

I received a Disclosure Document dated _____, that included the following Exhibits:

EXHIBIT A: Financial Statements
EXHIBIT B: Franchise Agreement
EXHIBIT C: Multi-Unit Operator Agreement
EXHIBIT D: Franchised Outlets and Multi-Unit Operators
EXHIBIT E: Operations Manual Table of Contents
EXHIBIT F: State Addenda
EXHIBIT G: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT H: Form of General Release
EXHIBIT I: Franchisee Acknowledgement Statement
EXHIBIT J: Receipts

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

_____
(Signature of recipient)

Please return signed receipt to Holy Schnitzel Enterprise Inc.
688 Central Ave.
Cedarhurst, NY 11516

RECEIPT

This Franchise Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Franchise Disclosure Document and all exhibits carefully.

If Holy Schnitzel Enterprise Inc. 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 you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Holy Schnitzel Enterprise Inc. 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 and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit G.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Ofeer Benaltaba 688 Central Ave. Cedarhurst, NY 11516 (516) 374-4649	Jacob Benaltaba 688 Central Ave. Cedarhurst, NY 11516 (516) 374-4649	

Issuance Date: April 29, 2025

I received a Disclosure Document dated _____, that included the following Exhibits:

EXHIBIT A: Financial Statements
EXHIBIT B: Franchise Agreement
EXHIBIT C: Multi-Unit Operator Agreement
EXHIBIT D: Franchised Outlets and Multi-Unit Operators
EXHIBIT E: Operations Manual Table of Contents
EXHIBIT F: State Addenda
EXHIBIT G: List of State Franchise Administrators and Agents for Service of Process
EXHIBIT H: General Release
EXHIBIT I: Franchisee Acknowledgement Statement
EXHIBIT J: Receipts

Date Received: _____ DATE: _____
(If other than date signed)

Print Name: _____

Print Address: _____

City, State: _____

_____
(Signature of recipient)

KEEP FOR YOUR RECORDS