FRANCHISE DISCLOSURE DOCUMENT

Hot Harry's Fresh Burritos, Inc.
A Massachusetts corporation
37 North Street Pittsfield, Massachusetts 01201
(413) 315-4444
info@hotharrysburritos.com
www.hotharrysburritos.com

The franchise that we offer is for a HOT HARRY'S® fast-casual restaurant business, which offer fresh burritos and other California-Mexican cuisine using made-from-scratch homemade recipes and fresh ingredients.

The initial investment necessary to begin operation of a HOT HARRY'S® Franchised Business under a franchise agreement ranges from $421,000 to $578,000. This includes $25,000 to $30,000 that must be paid to the franchisor or its affiliates.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, the franchisor or an affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

You may wish to receive your disclosure document in another form that is more convenient for you. To discuss the availability of disclosures in different forms, contact Samir Abdallah, Hot Harry's Fresh Burritos, Inc., 37 North Street, Pittsfield, Massachusetts 01201.

The terms of your contract will govern your franchise relationship. Do not rely on the disclosure document alone to understand your contract. Read your entire 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 be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: April 3, 2026

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 E and F.
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 D 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 HOT HARRY'S® business in my area?	Item 12 and the "territory" provisions in the franchise 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 HOT HARRY'S® franchisee?	Item 20 or Exhibits E and F list 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 the agency information in Exhibit B.

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 require you to resolve disputes with the franchisor by mediation, arbitration, and/or litigation only in Massachusetts. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Massachusetts than in your own state.

2. **Minimum Requirements.** You must make minimum royalty and other payments regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.

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

NOTICE REQUIRED BY THE STATE OF MICHIGAN

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

The Michigan Franchise Law states in Sec. 445.1527, Sec.27 that each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

(a) A prohibition on the right of a franchisee to join an association of franchisees.

(b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel, which deprives a franchisee of rights and protections, provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

(c) A provision that permits a franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

(d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advance notice of franchisor's intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

(g) A provision which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

(i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.

(ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.

(iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

(iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000.00, the franchisee may request the franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

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

Any questions regarding this notice should be directed to:

State of Michigan
Department of Attorney General
CONSUMER PROTECTION DIVISION
Attention: Antitrust & Franchise
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48909
Telephone Number: (517) 373-7117

HOT HARRY'S®

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Item 1
THE FRANCHISOR, ITS PREDECESSORS AND AFFILIATES

The franchisor is Hot Harry's Fresh Burritos, Inc. ("we," "us," or "our"). "You" means the person to whom we grant a franchise. If you are a corporation, limited liability company, or other entity, your owners must sign our "Personal Guarantees," which means that all provisions of our franchise agreement (Exhibit A) also will apply to your owners. (See Item 15)

The Franchisor

We incorporated in Massachusetts on January 20, 2005. Our principal business address is 37 North Street, Pittsfield, Massachusetts 01201. We operate under our corporate name and the trademarks described in Item 13 (the "Marks") and no other name. We have no predecessors or affiliates who must be disclosed in this Item. If we have an agent in your state for service of process, we disclose that agent in Exhibit B.

We began offering HOT HARRY'S® Restaurants in 2005. We have no other business activities and have not offered franchises in other lines of business. We operated one or more HOT HARRY'S® Restaurants starting in 2005 but no longer operate any HOT HARRY'S® Restaurant. Currently, our officers operate HOT HARRY'S® Restaurants (See Item 20).

The Franchised Business

We grant franchises for Restaurants operating under the "HOT HARRY'S"® trademark. (For reference purposes in this disclosure document, we call the restaurants in our system "HOT HARRY'S® Restaurants"; we use the term "Restaurant" to describe the HOT HARRY'S® Restaurant that you will operate.) HOT HARRY'S® Restaurants offer various food products, prepared on site, principally fresh burritos and other California-Mexican cuisine using made-from-scratch homemade recipes and fresh ingredients (collectively, "Products"). HOT HARRY'S® Restaurants typically are located in shopping malls and strip shopping centers but also may be located in other traditional and non-traditional venues, for example, airports, stadiums, hospitals/medical centers/complexes, and downtown corporate buildings.

Products are prepared under specified recipes, standards, and procedures and use high quality ingredients including proprietary items (collectively, "Hot Harry's Trade Secret Products") and other food and non-food items that are branded, trademarked, and/or packaged exclusively for HOT HARRY'S® Restaurants. We create and develop the standards and specifications for Products including Hot Harry's Trade Secret Products. Your Restaurant must follow our distinctive and comprehensive system, including business formats, methods, designs, layouts, signage, standards, and specifications.

We may, from time to time, offer franchisees that meet program requirements the opportunity to operate a type of nontraditional location through which franchisees prepare products in existing HOT HARRY'S® Restaurant kitchens using primarily existing equipment for delivery only via third party delivery platforms under the separate "Saucy Wings" trademark or other trademarks we designate ("Virtual Kitchen Program"). Currently, our Virtual Kitchen Program allows participating franchisees to prepare and offer chicken wings and fries and other products we designate under the "Saucy Wings" trademark for delivery only on the third party delivery platforms we approve. To participate in a Virtual Kitchen Program, you must first obtain our authorization in writing. The Virtual Kitchen Program will be an authorized product line and program for HOT HARRY'S® Restaurant franchisees, not a separate franchise. We may change or discontinue the Virtual Kitchen Program in our discretion at any time.

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Our Affiliate

Burrito Grande, Inc.
Our affiliate Burrito Grande, Inc. is a Massachusetts corporation established on January 6, 2014. This affiliate's principal business address is 37 North Street, Pittsfield, Massachusetts 01201 from which this affiliate uses the Marks in the operation of two HOT HARRY'S® Restaurants. This affiliate also provides training to franchisees. You will not conduct business directly with this affiliate. This affiliate has not in the past and does not now offer franchises in any lines of business.

Market and Competition

Your Restaurant will offer Products to the general public throughout the year and compete with other restaurants operating in your market area, including those offering products similar to those that the Restaurant offers, and also against other HOT HARRY'S® Restaurants. Many of these restaurants are franchise systems or chains. The restaurant industry is very competitive in most markets.

Industry Specific Laws

Many states and local jurisdictions have laws, rules, and regulations that may apply to your Restaurant, including rules and regulations related to construction, design and maintenance of your Restaurant, construction requirements, ventilation requirements, zoning and availability of outdoor patios; health and sanitation requirements for restaurant operation and employee practices concerning the storage, handling and preparation of food; restrictions on smoking; availability and cleanliness of restrooms; employee health and safety and emergency preparedness; use, storage and disposal of waste; menu labeling; nutrition labeling; and equal access for the disabled including, requirements imposed by The Americans with Disabilities Act of 1990 and state equivalent laws that may affect your restaurant construction and/or location requirements, specialized entrance ramps, doors, seating, bathroom facilities and other facility requirements. You should investigate and evaluate how these regulations and requirements and other regulations and requirements apply in the geographic where you will be locating your Restaurant.

Item 2
BUSINESS EXPERIENCE

President: Samir Abdallah
Samir Abdallah has held several positions with us since January 2005, including his current position of President.

Vice President: Mary Margaret Abdallah
Mary Margaret Abdallah has been our Vice President since November 2018. Ms. Abdallah has been a Director with us since 2005.

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 FRANCHISE FEE

You must pay us a lump sum initial franchise fee when you sign the Franchise Agreement. Our standard initial franchise fee for new franchisees currently is $25,000. We fully earn the initial franchise fee when paid. It is not refundable. We use the initial franchise fee to cover our costs of evaluating your proposed Restaurant location, providing initial training to you and your managers, and helping you develop and open your Restaurant.

You must conduct a grand opening marketing and advertising program for the Restaurant according to our guidelines during the timeframe we specify (but typically starting one month before and continuing for two months after your Restaurant begins operating). You must spend at least $5,000 for the program. We may (but need not) require you to pay us some or all of that amount in a lump sum; we then will spend it for you on an approved marketing and advertising program. This payment is not refundable.

Item 6
OTHER FEES

Type of Fee[1]	Amount	Due Date	Remarks
Royalty	The greater of 5% of your Restaurant's Gross Sales or $400 per week.	Due on Monday of each week on Gross Sales during the previous week ending Saturday[2]	Gross Sales means all of the revenue from operating your Restaurant including, without limitation, revenues from the Virtual Kitchen Program, but excluding taxes collected from customers and paid to taxing authority.
Marketing Fund	Up to 2% of total your Restaurant's Gross Sales	Due on Monday of each week on Gross Sales during the previous week ending Saturday[2]	Item 11 has a detailed discussion of the Marketing Fund and your advertising obligations.
Local Advertising	2% of your Restaurant's Gross Sales	As incurred monthly.[3]	Item 11 has a detailed discussion of your advertising obligations.
Grand Opening Marketing[4]	$5,000	As incurred	Advertising Sources or Us (to spend for you)
Training	The-current training fee and amount of expenses, currently $150 per day plus expenses at our location; Currently $150 per day plus expenses for training at your location. This fee will not increase more than 25% annually.	Before training, as incurred	We provide initial training for two people at no additional charge. We may charge you for training more than two people during initial training program, for refresher training course and for additional or special assistance or training you need or request.

Type of Fee[1]	Amount	Due Date	Remarks
Renewal Fee	$5,000	Upon franchise renewal	
Transfer Fee	50% of the then current initial franchise fee	Prior to approval of transfer	Due on transfer of the Franchise Agreement or a controlling ownership interest in you or your owners.
Product and Service Purchases	Varied amounts for required purchases from us or our affiliates.	Upon receipt of invoice	You will buy Hot Harry's Trade Secret Products and other products and services from our designated and approved vendors whose items meet our standards and specifications.
Product or Supplier Non-Compliance	$1,000 per violation in addition to the amount of fees, costs and/or expenses that we incur in connection with the nonperformance of your obligations under the Franchise Agreement	Within 14 days of our invoice	If you use an unauthorized product or service in the operation of your Franchised Business, in addition to other remedies, we will charge you a fee of $1,000 per violation. This is in addition to charging you any other expenses and fees, including attorney fees, that we incur.
Indemnification	Will vary under the circumstances	As incurred	You must reimburse us if we are held liable for claims from your Restaurant's operation or if you breach the Franchise Agreement.
Interest	18% per annum, or maximum rate permitted by law, whichever is less.	Payable with overdue amount	Due on all overdue amounts and is in addition to any other remedies we may have.
Costs and Attorneys' Fees	Will vary under the circumstances (depending on the extent of your non-compliance)	As incurred	Due when you do not comply with the Franchise Agreement.

1. Except for product and service purchases described in Item 8, and except as otherwise noted in this Item 6, all fees are imposed by and collected by and payable to us. All fees are non-refundable and all fees are uniformly imposed.

2. We will debit your business checking or other designated account automatically (the "Electronic Funds Transfer Account" or "EFTA") for the Royalty, Marketing Fund contributions, and other amounts due under the Franchise Agreement. We will debit the EFTA for the Royalty and

Marketing Fund contributions on Monday of each week on account of the previous week's Gross Sales (the week ending on Sunday). We and our affiliates (or other authorized parties) will debit the EFTA for other amounts you owe on the day we (or they) specify. Funds must be available in the EFTA for withdrawal. You must sign and deliver any forms and take any other action required by us and our and your financial institutions to set up the EFTA. We may require payment other than by automatic debit, and you must comply with our payment instructions. If the amounts we debit are less than the amounts you actually owe us, we will debit your EFTA for the balance on the day we specify. If the amounts we debit exceed the amounts you actually owe us, we will credit the excess against the amounts we debit during the following week.

3. Typically you will pay the local advertising fees to local advertisers, not us. You must provide us with satisfactory evidence monthly of your having conducted local advertising and promotion as we direct in the Operations Manual or otherwise in writing. We reserve the right, upon written notice, to require you to pay the local advertising fees to us to spend conducting local advertising and promotion on behalf of your Restaurant.

4. You must spend at least $5,000 on a grand opening marketing program, including newspaper and direct mail advertising and promotional items. We may require you to pay us this entire amount to spend for you.

Item 7
YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Initial Franchise Fee[2]	$25,000 – $25,000	Lump Sum	Upon signing of the Franchise Agreement	Us
Real Estate/Rent (One month)[3]	$2,500 – $8,000	As Agreed	As Incurred	Landlord
Leasehold Improvements[4]	$140,000 – $215,000	As incurred	Prior to Opening	Third parties
Furniture, Fixtures, Equipment, & Signage[5]	$182,000 – $230,000	As incurred	Prior to opening	Suppliers
Opening Inventory	$18,000 – $20,000	Lump sum or financed	Prior to opening	Suppliers
Permits and Licenses (including design fees)[6]	$6,500 – $7,500	Lump Sum	Prior to Opening	Suppliers
Grand Opening Marketing[7]	$5,000 – $5,000	As incurred	Opening	Advertising Sources or Us (to spend for you)

Type of Expenditure[1]	Amount	Method of Payment	When Due	To Whom Payment is to be Made
Training Expenses (for each attendee)	$6,500 – $12,000	As incurred	As incurred during training	Third Parties
Professional Fees	$3,000 – $8,000	As incurred	Prior to opening	Third Parties
Additional Funds – (Three months)[8]	$32,500 – $47,500	As incurred	As incurred	Employees and Suppliers
TOTAL[9]	**$421,000 – $578,000**			

Explanatory Notes

1. Except for the security deposit and perhaps some utility deposits, no expenditure in this table is refundable. The total investment does not include applicable sales and other taxes in your area or any costs for required items specific to your circumstances. You will not incur most of these costs if you are renewing your franchise or acquiring an existing franchise because the Restaurant is already open. However, as a condition of renewal or our approval of a franchise resale, you must make certain upgrades, modifications, and improvements at your Restaurant to meet our current standards. In some renewal circumstances, we may require you to relocate the Restaurant to a new location acceptable to us. Your costs will depend on the current size and condition of your Restaurant. We do not finance any portion of your initial fees.

2. We describe the initial franchise fee in Item 5.

3. Your Restaurant's business location will occupy approximately 600 to 2,000 square feet of space. Your rent depends on geographic location, the Restaurant's size, local rental rates, businesses in the area, site profile and desirability, and other factors. HOT HARRY'S® Restaurants typically are in strip shopping centers or on its own as a freestanding unit in both downtown commercial areas and suburban areas. The chart provides an estimated cost for the lease of premises for HOT HARRY'S® Restaurants generally, which estimate includes one month's rent plus one month's rent as a security deposit and one month's pro-rated share of common area maintenance, taxes, and insurance. We have not provided an estimate of costs incurred for purchasing the premises because we expect that you will likely lease the premises for your Restaurant.

4. Restaurant improvement costs, including floor covering, wall treatment, counters, ceilings, painting, electrical, carpentry, and similar work, and contractor's fees, depend on the Restaurant's condition, location, and size; the demand for the site among prospective lessees; the site's previous use; the build-out required to conform the site for your Restaurant; how many contractor bids you obtain for the work; and any construction or other allowances the landlord grants. The lower figure assumes that the landlord bears many of the costs of restaurant improvements (even though it then might amortize those costs by charging you higher monthly rent). The higher cost might be incurred in markets where contractor and other services are more expensive.

5. The estimate is based upon equipping newly constructed HOT HARRY'S® Restaurants with and initial equipment packaging including specified kitchen equipment, small wares, furniture, major décor items, menu board and outdoor signage, point of sale register computer, and credit card machine. The costs will increase if you purchase additional optional equipment for your Restaurant.

6. Before the opening of your Restaurant, you must obtain all necessary permits and licenses. The above estimates include architectural fees, building permits, certificates of occupancy and certificates of health.

7. You must spend at least $5,000 on a grand opening marketing program, including newspaper and direct mail advertising and promotional items. We may require you to pay us this entire amount to spend for you.

8. This item estimates the funds needed to cover your initial expenses for the first three months of operations (besides the funds identified separately in the table). It includes payroll costs but not any draw or salary for you. However, this is only an estimate, and you might need additional working capital during the first three months you operate your Restaurant and for a longer time period afterword. This 3-month period is not intended, and should not be interpreted, to identify a point at which your Restaurant will break even. We cannot guarantee when or if your business will break even. Your costs will depend on whether you follow our methods and procedures, your management skill, experience, and business acumen; local economic conditions; the nature of the local market for your products and services; the prevailing wage rate; competition; and your Restaurant's sales during the initial period. We have estimated the amount needed in in the start-up phase of your Restaurant based on vendor information and our principals' and franchisees' experience with HOT HARRY'S® Restaurants generally.

9. You should review these figures carefully with a business advisor before deciding to acquire the franchise. Except as disclosed in Item 10, we do not offer financing directly or indirectly for any part of the initial investment. The availability of terms of financing depend on many factors, including the availability of financing generally, your creditworthiness and collateral, and lending policies of financial institutions from which you request a loan.

Item 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must operate your Restaurant according to our System Standards. System Standards may regulate, among other things, the types, models, and brands of fixtures, furniture, furnishings, signs, point-of-sale system, office computer, and equipment (collectively, "Operating Assets"); Hot Harry's Trade Secret Products and other food and beverage products and supplies required for the Restaurant; required and/or authorized Products, Hot Harry's Trade Secret Products and services; unauthorized and prohibited food and beverage products and services; purchase, storage, preparation, handling, and packaging procedures and techniques; inventory requirements; and designated and approved suppliers of Operating Assets, Hot Harry's Trade Secret Products and other items and services. We are not an approved or designated supplier of these or any other item or service you must use in your Restaurant.

We have the absolute right to limit the suppliers with whom you may deal. We periodically will give you a list of any designated and approved manufacturers, printers, suppliers, and distributors of the Operating Assets, products, and services you need to operate the Restaurant. We may revise the list as we deem best. We also may limit the sources of these items to certain unaffiliated designated vendors, or to us and/or our affiliates, in which case you must acquire these items and services only from those limited sources at the prices they (or we) decide to charge. If you elect to participate in a Virtual Kitchen Program, you must enroll in and obtain a subscription for an approved third party delivery platform. Currently, the DoorDash, Grub Hub, and Uber Eats are approved third party delivery platforms for the Virtual Kitchen Program.

In the case of Hot Harry's Trade Secret Products, suppliers will be limited to specified exclusive sources, and you must buy Hot Harry's Trade Secret Products during the franchise term only from our specified exclusive sources at the prices they decide to charge. We restrict your sources of Hot Harry's Trade Secret Products to protect our trade secrets, assure quality, assure a reliable supply of products that meet our standards, achieve better terms of purchase and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of these items.

To maintain the quality of the goods and services HOT HARRY'S® Restaurants sell and our system's reputation, we may condition your right to buy or lease goods and/or services (besides those described above that you may obtain only from our specified exclusive sources) on their meeting our minimum standards and specification and specifications based on our, and our franchisees' experience in operating HOT HARRY'S® Restaurants. Our standards and specifications may impose minimum requirements for production, performance, reputation, prices, quality, design, and appearance. Our Operations Manual or other communications will identify our standards and specifications for you and, where appropriate, suppliers. There might be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be an approved supplier.

If we institute any type of restrictive sourcing program (which we already have done for the items described above and also may do for other items) and you want to use any item or service that we have not yet approved, or to buy or lease from a supplier not yet approved or designated, you first must notify us and, at our request, send us samples and any other information we require to determine whether the item, service, or supplier meets System Standards or approved supplier criteria. We may charge you or the supplier reasonable costs incurred by us in conducting the evaluation and will decide within a reasonable time (no more than 90 days). We periodically will establish procedures for your requests and may limit the number of approved items, services, and/or suppliers as we think best. We need not approve any request and do not intend to do so if we already have designated specific items, services, and/or suppliers or otherwise have imposed restrictions on the supply system.

Supplier approval might depend on product quality, delivery frequency and reliability, service standards, financial capability, customer relations, prices and service, and/or a supplier's willingness to pay us, our affiliates and/or our system for the right to do business with our system. We and our affiliates have the right to receive payments from suppliers on account of their actual or prospective dealings with us, you, and other franchisees and to use all amounts that we and our affiliates receive without restriction for any purposes we and our affiliates deem appropriate (unless we and our affiliates agree otherwise with the supplier). Supplier approval might be temporary until we evaluate the supplier in more detail. We may inspect a proposed supplier's facilities during and after the approval process to make sure the supplier meets our standards. If it does not, we may revoke our approval by notifying the supplier and you in writing.

Besides these purchases and leases, you must obtain and maintain, at your own expense, the insurance coverage that we periodically require and satisfy other insurance-related obligations. Insurance must be underwritten by an insurance company with an A.M. Best's rating of not less than A-VII. You currently must have comprehensive general liability insurance for products/completed operations, personal/advertising injury, and damage to rented premises (with minimum coverage for each occurrence of $1,000,000 and general aggregate coverage of $2,000,000); property damage coverage for replacement cost of all contents and improvements with not more than $1,000 deductible; automobile liability coverage for owned, hired, non-owned, and other vehicles ($1,000,000); business income/extra expense – 12 month actual loss sustained (if available) and if not available – 50% of annual sales including a 90 day extended period of indemnity; employer's liability of $500,000/$500,000/$500,000; Umbrella Liability of

$1,000,000; and workers' compensation insurance required by state law. Premiums depend on the insurance carrier's charges, terms of payment, and your history. All insurance policies must name us and our affiliates as additional insured parties. You should investigate the area in which you will operate to determine whether this insurance coverage is appropriate for you operations. You should consult with an insurance advisor to decide the coverage that is best for you.

You must comply with our advertising restrictions, social media guidelines and policies rules and procedures. You may not use any advertising, promotional, customer relationship management, research, or marketing materials that we have not approved or have disapproved.

The Restaurant must be at a site that we accept. (See Items 11 and 12) We also have the right to accept or reject the Restaurant's lease or sublease before you sign it and to require that it include certain provisions (listed in Sections 2.b. of the Franchise Agreement), including our right to the Restaurant's site if the franchise is terminated or not renewed or if you lose possession because of your lease default. Collectively, the purchases and leases described above are virtually 100% of your overall purchases and leases to establish and operate the Restaurant. During our 2025 fiscal year, we received $14,195 from direct sales to franchisees and $19,168.84 from unaffiliated vendors as a result of franchisee purchases. This represents 23.7% of our total revenues of $140,792 in 2025. Our officers currently do not own any interest in any unaffiliated supplier.

There currently are no purchasing or distribution cooperatives. We and/or our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for food and beverage purveyors. In doing so, we and our affiliates seek to promote the overall interests of the HOT HARRY'S® system and affiliate-owned operations and our interests as the franchisor. We do not provide material benefits to you (for example, renewal or granting additional franchises) for using designated or approved sources.

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 the disclosure document.

	Obligation	Section in Agreement	Disclosure Document Item
a.	Site Selection and acquisition/lease	Sections 2 & 5	Item 7, 8, 11, and 12
b.	Pre-opening purchases/leases	Section 5	Item 5, 7, 8, and 11
c.	Site development and other pre-opening requirements	Section 5	Items 7, 8 and 11
d.	Initial and ongoing training	Section 8	Items 6, 7 and 11
e.	Opening	Section 5	Item 11 and 12
f.	Fees	Section 7	Items 5, 6, and 7
g.	Compliance with standards and policies/operating manual	Section 2.b.	Item 8 and 11
h.	Trademarks and proprietary information	Section 14	Items 13 and 14
i.	Restrictions on products/services offered	Sections 2.b.	Items 8, 11, 12, and 16

	Obligation	Section in Agreement	Disclosure Document Item
j.	Warranty and customer service requirements	Section 6	Item 11
k.	Territorial development and sales quotas	See below	Item 12
l.	Ongoing product/service purchases	Section 11	Items 6 and 8
m.	Maintenance, appearance and remodeling requirements	Sections 5 & 10	Item 8, 11 and 17
n.	Insurance	Section 13	Items 7 and 8
o.	Advertising	Section 9	Items 6, 7, 8, and 11
p.	Indemnification	Section 13	Item 6
q.	Owner's participation/management/staffing	Section 6	Items 11 and 15
r.	Records and reports	Section 12	Item 6
s.	Inspections and audits	Section 12	Items 6 and 11
t.	Transfer	Section 15	Item 17
u.	Renewal	Section 3	Item 17
v.	Post-termination obligations	Section 16	Item 17
w.	Non-competition covenants	Section 17	Item 17
x.	Dispute resolution	Section 19	Item 17

Item 10
FINANCING

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

Item 11
FRANCHISOR'S OBLIGATIONS

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

Before you open the Business, we will:

1. Give you our site selection criteria for HOT HARRY'S® Restaurants. Your Restaurant's site must meet our criteria for demographic characteristics; traffic patterns; parking; character of neighborhood; competition from and proximity to other businesses; other commercial characteristics; and size, appearance, and other physical characteristics. If we sign the Franchise Agreement even though you have not yet located the Restaurant's site (which often will be the case), you will have six months to secure a suitable site. If you do not find an acceptable site within six months, either we or you may terminate the Franchise Agreement. We will accept or reject a proposed site within 20 business days after receiving your written proposal and other relevant information and materials we request. We will use reasonable efforts to help analyze your market area, to help determine site feasibility, and to help designate the location, but we will not conduct site selection activities for you. We will rely on your knowledge of the real estate market in your area and your ability to locate a suitable site. (Franchise Agreement Section 5.)

2. Accept your Restaurant's lease if it meets our standards. (Franchise Agreement Sections 2. and 5.)

3. Give you mandatory and suggested specifications and layouts for HOT HARRY'S® Restaurants, including requirements for dimensions, design, image, interior layout, decor, Operating Assets, and color scheme (including aspects relating to the offer and sale of Products). (Franchise Agreement Section 2.b.)

4. As discussed in Item 8, identify the Operating Assets, Hot Harry's Trade Secret Products, Products, and supplies that you must use to develop and operate the Restaurant, the minimum standards and specifications that you must satisfy, and the designated and approved suppliers from whom you must or may buy or lease these items (which may be limited to and/or include us, our affiliates, and/or other specified exclusive sources). (Franchise Agreement – Sections 2.b.)

5. Train you and your Restaurant's on-site manager. (Franchise Agreement Section 6.c.) We describe this training later in this Item.

6. Loan you one copy of the Operations Manual, which may be or include audio tapes, video tapes, computer disks, compact disks and/or written or intangible materials and which we may make available to you through various means, including the Internet. The Operations Manual contains our System Standards and information on your other obligations under the Franchise Agreement.

Any materials or guidance that we provide concerning employment-related policies or procedures, whether in the Operations Manual or otherwise, are solely for your optional use. These materials and guidance do not form part of the System Standards. You will determine to what extent, if any, these materials or guidance should apply to your employees and Restaurant operations. We and you recognize that we neither dictate nor control labor or employment matters for franchisees and their employees and we are not responsible for the safety and security of HOT HARRY'S® Restaurants' employees or customers. You are solely responsible for determining the terms and conditions of employment for your employees and for all decisions concerning the hiring, firing and discipline of your employees, and for all other aspects of the Restaurant's labor relations and employment practices.

We may modify the Operations Manual periodically to reflect changes in System Standards. You must keep your copy of the Operations Manual current and in a secure location at the Restaurant. If there is a dispute over its contents, our master copy of the Operations Manual controls. The Operations Manual contains our trade secrets and you may not copy, duplicate, record or otherwise reproduce any part of the Operations Manual. The Operations Manual currently is comprised of approximately 90 pages and the table of contents for the Operations Manual is attached as Exhibit C. (Franchise Agreement Section 14.e.)

7. Advise you on the Restaurant's grand opening marketing program. (Franchise Agreement Section 9.a.)

During your operation of the Restaurant, we will:

1. Advise you regarding the Restaurant's operation based on your reports or our evaluations and inspections. We also will guide you on standards, specifications, and operating procedures and methods that HOT HARRY'S® Restaurants use; purchasing required and authorized Operating Assets, Hot Harry's Trade Secret Products, and other items and arranging for their distribution to you; advertising and marketing materials and programs; employee training; and administrative, bookkeeping, accounting, and inventory control procedures. We may guide you in our Operations Manual, bulletins, or other written materials; by electronic media (including the Internet), intranets, and extranets; by telephone consultation; and/or at our office or the Restaurant. (Franchise Agreement Section 12.)

2. Continue to provide you access to the Operations manual. (Franchise Agreement Section 14.) (See above in this Item 11).

3. Issue and modify System Standards for HOT HARRY'S® Restaurants. We periodically may modify System Standards, which may accommodate regional or local variations, and these modifications may require you to invest additional capital in the Restaurant and/or incur higher operating costs. (See Item 16). (Franchise Agreement Section 2.b.)

4. Inspect the Restaurant and observe its operation to help you comply with the Franchise Agreement and all System Standards. (Franchise Agreement Section 6.(a)(x)) (See Item 6)

5. Let you use confidential information. (Franchise Agreement Section 14.)

6. Let you use the Marks. (Franchise Agreement Section 14.)

7. Provide templates created by us for bookkeeping, profit and loss, balance sheet and cost control procedures (Franchise Agreement Section 12.).

8. Establish and operate a Marketing Fund for advertising, marketing, customer relationship management, and public relations programs and materials in accordance with the Franchise Agreement. (Franchise Agreement Section 9.a.)

Marketing Fund

You must contribute to the Marketing Fund the weekly amounts we require. (See Item 6) We begin collecting these amounts from you when you begin operating your Restaurant. HOT HARRY'S® Restaurants that we and our affiliates own and operate will contribute to the Fund on the same percentage basis as franchisees.

We have the right to collect for deposit into the Marketing Fund any cooperative advertising or marketing funds, commissions, or similar allowances paid to us by suppliers or marketing partners who deal with HOT HARRY'S® Restaurants and with whom we agree to so deposit these allowances.

We will direct all activities that the Marketing Fund finances, with sole control over the creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement and allocation. The Marketing Fund may pay for preparing and producing video, audio, and written materials and electronic media (including intranets and extranets); developing, implementing, operating, and maintaining a Franchise System Website and/or related strategies; administering national, regional, multi-regional, and local marketing and advertising programs, including purchasing media advertising, conducting direct mail and other direct marketing campaigns, doing online advertising and marketing, conducting research and other marketing tactics, and using advertising, promotion, customer relationship management, marketing, and research agencies and other advisors to provide assistance; and supporting public relations, market research, customer satisfaction surveys, and other advertising, promotion, customer relationship management, marketing, and research activities. The Marketing Fund will advertise locally, regionally, and/or nationally in printed materials, on radio or television, and/or on the Internet, whatever we think best. We and/or an outside national or regional advertising agency will produce all advertising and marketing. The Marketing Fund periodically will give you samples of advertising, marketing, customer relationship management, and promotional formats and materials at no cost. We, our affiliates, or the Marketing Fund will sell you multiple copies of these materials at the direct cost of producing them, plus any related shipping, handling, and storage charges.

We will account for the Marketing Fund separately from our other monies and not use the Marketing Fund for our general operating expenses. However, we may use the Marketing Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Marketing Fund; the Marketing Fund's other administrative costs; travel expenses of personnel while they are on Marketing Fund business; meeting costs; overhead relating to Marketing Fund business; and other expenses that we incur in activities reasonably related to administering or directing the Marketing Fund and its programs, including conducting market research; public relations; preparing advertising, promotion, customer relationship management, and marketing materials; and collecting and accounting for Marketing Fund contributions.

The Marketing Fund will not be our asset but is not set up as a trust. We have a contractual obligation to hold all Marketing Fund contributions for the benefit of the contributors and to use contributions for their permitted purposes (described above). We have no fiduciary obligation to you for administering the Marketing Fund or any other reason. The Marketing Fund may spend in any fiscal year more or less than the total Marketing Fund contributions in that year, borrow from us or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. We will use interest earned on Marketing Fund contributions to pay costs before spending the Marketing Fund's other assets. While the Marketing Fund will not be used to develop materials and programs intended principally for the solicitation of franchises, materials and programs for which the Marketing Fund pays may reference the availability of franchises and related information. We will prepare at the Marketing Fund's expense an annual, unaudited statement of Marketing Fund collections and expenses and give you a copy upon written request. We may have the Marketing Fund audited annually, at the Marketing Fund's expense, by an independent certified public accountant we select. We may incorporate the Marketing Fund or operate it through a separate entity when we think best. The successor entity will have all of the rights and duties described here. In 2020, we collected did not collect any money for the Marketing Fund.

The Marketing Fund is to maximize recognition of the Marks and patronage of HOT HARRY'S® Restaurants. Although we will try to use the Marketing Fund to develop advertising, customer relationship management, and marketing materials and programs, and to execute advertising, customer relationship management, marketing, and research activities, that will benefit all HOT HARRY'S® Restaurants, we need not ensure that Marketing Fund expenditures in or affecting any geographic area are proportionate or equivalent to Marketing Fund contributions by HOT HARRY'S® Restaurants operating in that geographic area or that any HOT HARRY'S® Restaurants benefits directly or in proportion to its Marketing Fund contribution from the development of advertising, customer relationship management, and marketing materials or the execution of advertising, customer relationship management, marketing, and research activities. We may use collection agents and institute legal proceedings at the Marketing Fund's expense to collect Marketing Fund contributions. We also may forgive, waive, settle, and compromise all claims by or against the Marketing Fund. We assume no other direct or indirect liability or obligation to you for collecting amounts due to, maintaining, directing, or administering the Marketing Fund.

We may at any time defer or reduce a franchisee's Marketing Fund contributions and, upon 30 days' prior written notice to you, reduce or suspend Marketing Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If we terminate the Marketing Fund, we will distribute all unspent monies to franchisees (and, if applicable, to us and our affiliates), in proportion to their (and our) respective contributions during the preceding 12-month period. (Franchise Agreement – Section 9.a.). During our fiscal year ending December 31, 2025, we collected $29,809.19 towards the Marketing Fund, which had a previous negative balance in the amount of $1,707.73. During our fiscal year ending December 31, 2025, we spent $28,612.18 as follows: 27.6% on media placement, 65% on promotional materials, 6.7% on website maintenance, and 0.7% on other expenses.

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Local Advertising

In addition to your grand opening marketing obligation described in Items 5 and 7, your Marketing Fund contribution obligation described above, and your Area Marketing Cooperative contribution described below, you must spend at least 2% of the Restaurant's weekly Gross Sales to market and promote your Restaurant locally. At our request, you must send us an accounting of your expenditures for advertising, marketing, and promotion. Your advertising, marketing, and promotion must follow our guidelines. All advertising, marketing, and promotional materials developed for your Restaurant must contain notices of our Franchise System Website's domain name in the manner we designate. We may require you to purchase from us and/or our affiliates advertising, marketing, materials, catalogs, brochures, and flyers. Except with the Franchise System Website (described below), you may not develop, maintain, provide mutual links to, or authorize any Website that mentions or describes you or the Restaurant or displays any of the Marks.

All advertising, promotion, research, and marketing must be completely clear, factual, and not misleading and conform to the highest standards of ethical advertising and marketing and the advertising and marketing policies that we periodically require. Before you use them, you must send us or our designated agency for approval samples of all advertising, promotional, and marketing materials that we have not prepared or approved within the past one year. If you do not receive written disapproval within 30 days after we or our designated agency receives the materials, they are deemed to be approved. You may not use any advertising, promotional, research, or marketing materials that we have not approved or have disapproved. (Franchise Agreement – Section 9.) (See Items 8 and 9)

Cooperative Marketing

There currently are no a cooperative or collaborative marketing associations ("Advertising Cooperatives") in the Hot Harry's system. However, we may designate a geographic area in which two or more HOT HARRY'S® Restaurants are located as an area to establish an Advertising Cooperative. The Advertising Cooperative's members in any area are the owners of all of the HOT HARRY'S® Restaurants operating in the area, including us and out affiliates, if applicable. We will determine how any Advertising Cooperative is organized and governed, but its members are responsible for the Advertising Cooperative's administration. The Advertising Cooperative's members will determine the contribution levels, subject to our approval and the Marketing Fund spending requirement. (See Item 6) We intend the Advertising Cooperatives will operate from written governing documents available to its members. You must send us and the Area Cooperative any reports we require. We have the power to control the formation, organization, operation, expenditures, and all other aspects of the Area Cooperative.

There currently are no franchisee advertising councils. However, we have the power at any time to form, change, dissolve, or merge a franchisee advertising council.

Opening

We estimate that it will be 120 to 180 days after you secure the Restaurant's site before you open the Restaurant for business. The specific timetable for opening depends on the site's condition and the extent to which you must upgrade or remodel an existing location; the construction schedule; the delivery schedule for Operating Assets and supplies; completing training; and complying with local laws and regulations. You may not open the Restaurant for business to the public until: (1) the Restaurant meets our standards and specifications; (2) required training has been satisfactorily completed; (3) you pay the initial franchise fee and other amounts then due to us; (4) you obtain all required licenses and permits; and (5) you give us certificates for all required insurance policies. Subject to these conditions, you must open the Restaurant for business (i) within 12 months after the Franchise Agreement's effective date (and you must have a site within six months after the Franchise Agreement's effective date), or (ii) on or before the date the lease specifies, whichever occurs first. (Franchise Agreement – Section 5.) (See Item 6)

Computer System

You must obtain and use the computer hardware and software we are complying with specifications that we periodically establish, including hardware components, point-of-sale software, dedicated telephone and power lines, modems, printers, and other computer-related accessories and peripheral equipment (the "Computer System"). The Computer System currently includes point-of-sale hardware and software, a printer and maintenance programs provided by one or more third party suppliers that we designate. You will pay approximately $1,000 to $1,750 to buy and install the Computer System's components when you develop the Restaurant. You must also have a functioning e-mail address so that we can send you notices and otherwise communicate with you by this method. You must buy your Internet service from a local Internet service provider according to our specifications. The cost depends on the plan you choose. The third parties whose products you buy generally have no contractual right or obligation to provide ongoing maintenance, repairs, upgrades, or updates unless you obtain a service contract, or a warranty covers the product. A service contract's cost depends on its term and coverage. We estimate the annual cost of the required maintenance or support contracts for the Computer system to be in a range between $2,388 and $2,690 annually.

You must maintain, upgrade and update the Computer System and associated technologies during the term of the franchise, as we periodically determinate, at your expense. There are no limits on the cost or frequency of your obligation to do so. We have unlimited, independent access to all of the information and data in the Computer System, and you acknowledge that we may access customer data that the Computer System uses or generates.

Training

Before the Restaurant opens, we will train you and one on-site manager on our philosophy, System Standards, and the material aspects of operating a HOT HARRY'S® Restaurants. We will provide approximately three weeks of training (although the specific number of days depends on our opinion of your or your Managing Owner's, and the manager's, experience and needs) at a designated training facility of our choice, at an operating HOT HARRY'S® Restaurants, and at your Restaurant. You and your manager must satisfactorily complete initial training and participate in all other activities required to operate the Restaurant. After completing the training program, attendees must pass an operations proficiency test, which will entitle them to receive management certification.

While we train two people for no additional fee, you must pay all travel and living expenses that you and your employees incur, and for their wages and workers' compensation insurance, during training. You must replace any manager who we believe is not qualified or suitable to hold that position and pay our then current fee to train his or her replacement. If you cannot complete initial training to our satisfaction, we may terminate the Franchise Agreement. (Franchise Agreement – Section 8.) (See Items 5 and 6)

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Training will occur after you sign the Franchise Agreement and while you are developing the Restaurant. Training must be completed before you may open your Restaurant. It will be scheduled at least several weeks before the Restaurant's anticipated opening date. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. You will use the Operations Manual and other materials during training. As of the date of this disclosure document, we provide the following training:

Subject	**Hours of Classroom Training**	**Hours of On-the-Job Training**	**Location**
Welcome/Orientation	n/a	2 hours	Approved training store, Hot Harry's University & franchise location
Food Preparation, Cooking, Food Presentation & System	n/a	14 days	Approved training store, Hot Harry's University & franchise location
Restaurant Operations & Management	3 days	4 days	Approved training store, Hot Harry's University & franchise location
Bookkeeping/Reports	2 days	2 day	Approved training store, Hot Harry's University & franchise location

Samir Abdallah (see Item 2) conducts and supervises all training.
We may require you and your Restaurant's managers to attend and complete satisfactorily supplemental training courses that we periodically provide at the times and locations we designate. You must pay all costs to attend. If you hire new Restaurant managers, they must satisfactorily complete, within our required timeframe, our then current training program. (See Item 6) You are responsible for all related travel and living expenses and wages.

Item 12
TERRITORY

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets we own, or from other channels of distribution or competitive brands that we control. The franchise is granted for a specific location approved by us. We (and any affiliates that we periodically have) retain the right during the franchise term to engage in any and all activities that we (and they) deem appropriate, at any time or place, and whether or not these activities compete with your Restaurant. Our permitted activities include the right to (1) establish and operate, and allow others to establish and operate, HOT HARRY'S® restaurants at any locations and in any areas, other than at your Restaurant's specific premises, (2) establish, and allow others to establish, other businesses and distribution channels (including the Internet), wherever located or operating, that operate under the Marks or any other trademarks or service marks, that are the same as or different from HOT HARRY'S® restaurants, and that sell products and/or services that are identical or similar to and/or competitive with those that HOT HARRY'S® restaurants customarily sell, (3) conduct the Virtual Kitchen Program including that we may operate, and grant others the right to operate, nontraditional locations commonly known as a "ghost kitchen," "virtual kitchen," "shared kitchen," or other type of kitchen without restriction whatsoever, and (3) engage in all other activities not expressly prohibited by the Franchise Agreement.

You have no options, rights of first refusal, or similar rights to acquire additional HOT HARRY'S® Restaurants. You may operate the Restaurant only at the approved premises and may not relocate without our approval. Your business activities are confined to the Restaurant's premises. You may not engage in any delivery service (unless approved by us in writing) or other business activities away from the premises.

We do not currently have plans to operate or franchise a business under trademarks different from the Marks that sells or will sell goods or services similar to those that will be offered by you through the Franchised Business. Continuation of your franchise rights does not depend on your achieving a certain sales volume, market penetration, or other contingency.

<u>Item 13</u>
TRADEMARKS

You may use certain Marks in operating your Restaurant. The following is the list of principal Marks and the applicable Principal Register of the United States Patent and Trademark Office (PTO) information. All required affidavits have been filed.

MARK	REGISTRATION NUMBER	DATE REGISTERED
HOT HARRY'S FRESH BURRITOS	5011917	August 2, 2016 (Renewal filed on August 13, 2021)
HOT HARRY'S	3784600	May 4, 2010 (Renewal filed on April 14, 2020)
HOT HARRY'S FRESH BURRITOS	4997922	July 12, 2016 (Renewal filed on August 13, 2021)
	6710515	April 26, 2022

There are no currently effective material determinations of the PTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, or any pending infringements, oppositions, or cancellation proceeding any pending material litigation involving our principal Marks. We do not actually know of either superior prior rights or infringing uses that could materially affect your use of the Marks in any state.

There are no agreements currently in effect that significantly limit our rights to use or license the use of our trademarks in a manner material to the franchise.

You must notify us immediately of any apparent infringement or challenge to your use of any Mark, or of any person's claim of any rights in any Mark or any confusingly similar trademark, and you may not communicate with any person other than us, and our attorneys, and your attorneys, regarding any infringement, challenge, or claim. We may take the action we deem appropriate (including no action) and control exclusively any litigation, PTO proceeding, or other administrative proceeding arising from any infringement, challenge, or claim. You must assist us in protecting and maintaining our interests in any litigation or PTO or other proceeding. We will reimburse your costs for taking any requested action.

If it becomes advisable at any time for us and/or you to modify, discontinue using, and/or replace any Mark and/or to use one or more additional, substitute, or replacement trade or service marks together with or instead of any previously designated Mark, you must comply with our directions within a reasonable time after we deliver notice. We need not reimburse your direct expenses for changing the Restaurant's signs, for your lost revenue due to any modified or discontinued Mark, or for your expenses in promoting a modified or substitute trademark or service mark.

We will reimburse you for all damages, claims, and expenses that you incur or for which you are liable in any proceeding challenging your right to use any Mark or other intellectual property under the Franchise Agreement if your use has been consistent with the Franchise Agreement, our Operations Manual, and System Standards communicated to you and you have timely notified us of, and comply with our directions in responding to, the proceeding. At our option, we may defend and control the defense of any proceeding arising from your use of any Mark or other intellectual property.

Item 14
PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents are material to the franchise. We and our affiliates claim copyrights in the Operations Manual (which contains trade secrets), advertising and marketing materials, videos, computer software, printed materials, and similar items used in developing and operating HOT HARRY'S® Restaurants. We and our affiliates have not registered the copyrighted items with the United States Registrar of Copyrights but need not do so at this time to protect them. You may use these items only as we specify while operating your Restaurant (and must stop using them if we so direct you).

There currently are no effective adverse determinations of the PTO, the Copyright Office (Library of Congress), or any court regarding the copyrighted materials. No agreement limits our right to use or allow others to use the copyrighted materials. We do not actually know of any infringing uses of the copyrights that could materially affect your use of the copyrighted materials in any state. We need not protect or defend copyrights, although we intend to do so if in the system's best interests. We may control any action we choose to bring, even if you voluntarily bring the matter to our attention. We need not participate in your defense and/or indemnify you for damages or expenses in a proceeding involving a copyright.

Our Operations Manual and other materials contain confidential information (some of which are trade secrets under applicable law). This information includes site selection criteria; specifications for Hot Harry's Trade Secret Products; training and operations materials and manuals; methods, formats, specifications, standards, systems, procedures, Product preparation techniques, sales and marketing techniques, knowledge, and experience used in developing and operating HOT HARRY'S® Restaurants; marketing and advertising programs for HOT HARRY'S® Restaurants; knowledge of specifications for and suppliers of Operating Assets, Hot Harry's Trade Secret Products, and other products and supplies; any computer software or similar technology that is proprietary to us, our affiliates, or the system; knowledge of the operating results and financial performance of HOT HARRY'S® Restaurants other than your Restaurant; customer communication and retention programs and data used in or generated by those programs; and graphic designs and related intellectual property.

All ideas, concepts, techniques, or materials relating to a HOT HARRY'S® Restaurants, whether or not protectable intellectual property and whether created by or for you or your owners or employees, must be promptly disclosed to us and will be deemed to be our sole and exclusive property, part of the HOT HARRY'S® system, and works made-for-hire for us. To the extent any item does not qualify as a "work made-for-hire" for us, you assign ownership of that item, and all related rights to that item, to us and must take whatever action (including signing assignment or other documents) we request to show our ownership or to help us obtain intellectual property rights in the item.

You may not use confidential information in an unauthorized manner. You must take reasonable steps to prevent its improper disclosure to others and use non-disclosure and non-competition agreements with those having access. We may regulate the forms of agreements that you use and will be third party beneficiaries of those agreements with independent enforcement rights. You must keep copies of these agreements and send them to us upon request.

Item 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must at all times faithfully, honestly, and diligently perform your contractual obligations and use best efforts to promote the Restaurant. System Standards may regulate the Restaurant's staffing levels; identifying the Restaurant's personnel; and employee qualifications, training, dress, and appearance (although you have sole responsibility and authority for, among other things, employee selection and promotion, hours worked, rates of pay and other benefits, work assigned, and working conditions).

If you are a legal entity, you must appoint a shareholder, member, or partner (as applicable) to be your manager responsible for supervising and overseeing the Restaurant's development and operation. If your manager transfers his or her ownership interest in you (with our approval) during the franchise term, you must appoint a new manager (whom we must approve) within the timeframe we specify. If your manager does not manage the Restaurant's daily operations, he or she will supervise the Restaurant's on-site managers, who in turn will supervise the Restaurant's other employees. You and your managers must satisfactorily complete initial training and participate in all other activities required to begin operating the Restaurant. You must replace any manager who we believe is not qualified or suitable to hold that position. Item 11 describes our training requirements.

Your Restaurant's managers need not have an equity interest in the Restaurant or you but must agree in writing to protect and not disclose confidential information to which they have access and not to compete with you, us, and other franchisees. We may regulate the forms of agreements that you use and be a third party beneficiary of those agreements with independent enforcement rights.

Your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, both monetary and non-monetary, including the covenant not to compete (Exhibit A to the Franchise Agreement). We also may require your directors, officers, and other key personnel to comply with the non-monetary obligations in the Franchise Agreement by having them sign our Principal's Agreement (Exhibit B to the Franchise Agreement).

Item 16
RESTRICTIONS ON WHAT THE FRANCHISE MAY SELL

You must offer and sell all Products and perform all services that we periodically require for HOT HARRY'S® Restaurants. You may not offer or sell any products or perform any services that we have not authorized. (See Item 8) Our System Standards may regulate required and/or authorized Products, Hot

Harry's Trade Secret Products, and services; unauthorized and prohibited food and beverage products and services; and purchase, storage, preparation, handling, and packaging procedures and techniques, and inventory requirements, for Products and Hot Harry's Trade Secret Products. If you participate in the Virtual Kitchen Program, we may require you to comply with certain operating standards that differ from those that we have implemented for HOT HARRY'S® Restaurants that are not operated as part of the Virtual Kitchen Program. We periodically may change required and/or authorized Products, Hot Harry's Trade Secret Products, and services. There are no limits on our right to do so. (See Item 8) (See Item 12 for restrictions on your sales activities)

To the extent lawful, we may regulate your Restaurant's prices.

Our changes to System Standards might require you to invest additional capital in the Restaurant and/or incur higher operating costs. You must make any System Standard changes within the time period we specify, whether they involve refurbishing or remodeling the Restaurant, buying new Operating Assets, adding new Products and services, or otherwise modifying your operations. There are no limits on our right to do so.

Item 17
RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

	Provision	**Section in Franchise or other Agreement**	**Summary**
i.	Length of the term of the franchise	Section 3.a.	Term is 10 years with option to renew.
ii.	Renewal or extension of the term	Section 3.b.	You give us timely notice; maintain possession of Restaurant premises or find acceptable substitute premises; remodel Restaurant according to our then current standards (regardless of cost); pay us successor franchise fee (see Item 6); sign new Franchise Agreement and other documents we use to grant franchises, including Guaranty; and sign release (if state franchise law allows)
iii.	Requirements for franchisee to renew or extend	Section 3.b.	To renew your franchise you must be in compliance with the terms of your Franchise Agreement, provide us with written notice of your request to renew, sign our then current form of Franchise Agreement and related agreements for the renewal term, sign a general release in our favor, pay a renewal fee, remodel and upgrade your Restaurant to meet our standards and specifications, secure

			and possess the legal right to continue to occupy the premises of your Restaurant location and meet all other renewal requirements contained in the franchise agreement. The franchise agreement you will be required to sign upon renewal may include materially different terms and conditions from the original franchise agreement.
iv.	Termination by franchisee	None	The franchisee may terminate the agreement upon any grounds available by law.
v.	Termination by franchisor without cause	None; Section 2.b.	None, except as to the Virtual Kitchen Program
vi.	Termination by franchisor with cause	Section 16	We can terminate only if franchisee defaults.
vii.	"Cause" defined – curable defaults	Section 16	You have 10 days to cure – failure to operate in accordance with Hot Harry's guidelines.
viii.	"Cause" defined – non-curable defaults	Section 16	Bankruptcy, violation of laws, defaults misuse of license rights, violation of non-compete, nonpayment, and any other enumerated item. The provision providing for termination upon bankruptcy may not be enforceable under federal law.
ix.	Franchisee's obligations on termination / nonrenewal	Section 16	Obligations include complete de-identification and payment of amounts due (also see xviii below)
x.	Assignment of contract by franchisor	None	No restriction on our right to assign.
xi.	"Transfer" by franchisee – defined	Section 15	Includes transfer of contract or assets or ownership change.
xii.	Franchisor approval of transfer by franchisee	Section 15	We have the right to approve all transfers but will not unreasonably withhold approval. You must sign a general release of claims in favor of us prior to transfer. Your local law may supersede this provision.

xiii.	Conditions for franchisor approval of transfer	Section 15	New franchisees meets qualifications, transfer fee paid, purchase agreement approved, training arranged, non-competition, confidentiality agreement and release signed by you, and a current agreement signed by new franchisee (also see xviii below).
xiv.	Franchisor's right of first refusal to acquire franchisee's business	Section 15	We can match any offer for the franchisee's business.
xv.	Franchisor's option to purchase franchisee's business	Section 16	Upon default by you
xvi	Death or disability of franchisee	Section 15	We have the right to approve all transfers but will not unreasonably withhold approval.
xvii.	Non-competition covenants during the term of the franchise	Section 17	No involvement in competing business.
xviii.	Non-competition covenants after the franchise is terminated or expires	Section 17	No competing business for two years (including after assignment).
xix.	Modification of the agreement	Section 19.j.	Modifications generally by written agreement but Operations Manual subject to change.
xx.	Integration / merger clause	Section 19.j.	Agreement and other enumerated agreements constitute entire agreement.
xxi.	Dispute resolution by arbitration or mediation	Section 19	Binding arbitration required.
xxii.	Choice of forum	Section 19	Litigation is in Massachusetts. Your local law may supersede this provision. (Subject to state law)
xxiii.	Choice of law	Section 19	Massachusetts law applies except where restrictive covenants governed by law of state where such restrictions are to be applied. Your local law may supersede this provision. (subject to applicable state law)

The following states have statutes that may supersede the Franchise Agreement in your relationship with us, including in areas of termination and renewal of your franchise: Arkansas, California, Connecticut, Delaware, Hawaii, Illinois, Indiana, Iowa, Michigan, Minnesota, Mississippi, Missouri, Nebraska, New Jersey, New York, South Dakota, Virginia, Washington, and Wisconsin.

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) 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.

DEFINITIONS

(a) Calendar Year – means, as to each respective year, the 12-month period commencing on January 1 and ending on December 31.

(b) Company Owned Outlet – means an Outlet owned either directly or indirectly by us, our affiliate, or any person identified in Item 2 of this Disclosure Document. A Company Owned Outlet also includes any Outlet that is operated as a joint venture owned in part by us, our affiliate, or any person identified in Item 2 of this Disclosure Document, or that is managed by us, our affiliate, or any person identified in Item 2.

(c) Direct Gross Profit – means Gross Sales less Food, Paper & Supplies Cost, Direct Labor Cost, and Third Party Delivery Fees. Direct Gross Profit is not net profit or income and, except as to Food, Paper & Supplies Cost, Direct Labor Cost, and Third Party Delivery Fees, does not include the deduction of all other expenses incurred by a Restaurant including, but not limited to, marketing expenses, insurance expenses, operating expenses, or general expenses including, but not limited to interest, taxes, depreciation, amortization, and Franchise Related Expenses.

(d) Direct Labor Cost – means the gross wages paid to employees in connection with the preparation and service of menu items. Direct Labor Cost includes gross wages paid to general managers and assistant managers. Direct Labor Cost does not include compensation and salaries paid to an owner operator of either a Franchise Outlet or Company Owned Outlet.

(e) Disclosed Expenses – means the following select expenses: credit card fees, dues and subscriptions, marketing and advertising, insurance, licenses and permits, maintenance, music subscription, postage and delivery, professional fees, rent, repairs, security, utilities, office supplies and uniforms.

(f) Food Cost – means the direct costs incurred by the Restaurant for all food and beverage ingredient items that are used in preparing a menu item. Food Cost does not include Paper Goods Cost, Direct Labor Cost, or other expenses.

(g) Food, Paper and Supplies Cost – means Food Cost, Paper Goods Cost and miscellaneous supplies for a Restaurant, including chemicals and cleaning supplies.

(h) Franchise Outlet – refers to a Hot Harrys Restaurant operated under a Franchise Agreement that is not a Company Owned Outlet.

(i) Franchise Related Expenses – means the following select fees currently required under the Franchise Agreements: Royalty Fees, Marketing Fund Fees, and Local Advertising expenditures. Franchise Related Expenses do not include all fee and payment obligations required under a Franchise Agreement.

(j) Gross Sales – Catering – means the total revenue generated from the sale of food, beverages and services, excluding sales tax, tips, discounts, allowance and returns, from catering ordered directly from a Restaurant, and excluding Gross Sales – Third Party Delivery and Gross Sales – In Restaurant.

(k) Gross Sales – In Restaurant – means the total revenue generated from the sale of food, beverages and services, excluding sales tax, tips, discounts, allowances, and returns, and excluding Gross Sales – Third Party Delivery and Gross Sales – Catering.

(l) Gross Sales – Third Party Delivery – means the total revenue generated through external third party Delivery Services from the sale of food, beverages and services, excluding sales taxes, tips, discounts, allowances, and returns. Gross Sales – Third Party Delivery includes delivery fees, commissions, processing fees, promotional fees and other mark-ups charged by Third Party Delivery Services to the Restaurant or customers, and excludes Gross Sales – Catering and Gross Sales – In Restaurant.

(m) New Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet and not as an Operational Company Owned Outlet, see definition below. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.

(n) New Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that for the first time opened and commenced operations during the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet and not as an Operational Franchise Outlet, see definition below. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(o) Operational Company Owned Outlet – means, as to a particular Calendar Year, a Company Owned Outlet that was open and in operation on or prior to the commencement of the Calendar Year. For example, if a Company Owned Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Company Owned Outlet would qualify as a New Company Owned Outlet, see definition above, and not as an Operational Company Owned Outlet. If this Company Owned Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Company Owned Outlet during the 2024 Calendar Year.

(p) Operational Franchise Outlet – means, as to a particular Calendar Year, a Franchise Outlet that was open and in operation prior to the commencement of the Calendar Year. For example, if a Franchise Outlet first opened for business in February 2023, as to the 2023 Calendar Year, the Franchise Outlet would qualify as a New Franchise Outlet, see definition above, and not as an Operational Franchise

Outlet. If this Franchise Outlet remained in operation throughout the 2024 Calendar Year, it would qualify as an Operational Franchise Outlet during the 2024 Calendar Year.

(q) Outlet – refers to a Hot Harrys Restaurant that is either a Company Owned Outlet or a Franchise Outlet, as the context requires.

(r) Paper Goods Cost – means the direct costs incurred by the Restaurant for all paper goods including cups, utensils, packaging, and materials used to serve menu items. Paper Goods Cost does not include Food Cost, Direct Labor Cost, or other expenses.

(s) Third Party Delivery Services – means third party platforms, applications and/or services that facilitate the ordering and/or delivery of menu items from the Restaurant.

BASES AND ASSUMPTIONS

The financial information was not prepared on a basis consistent with generally accepted accounting principles. Data for our Company Owned Outlets is based on information reported to us by our affiliate. Data for the Operational Franchise Outlets is based on financial information reported to us by our franchisees. The information in this analysis has not been audited, is based on historical financial data, and is not a forecast or projection of future financial performance.

ANALYSIS OF RESULTS OF COMPANY OWNED OUTLETS

During the 2024 and 2025 Calendar Years, we had two Operational Company Owned Outlets. Descriptions of our Operational Company Owned Outlets are set forth below. In Table 1 and Table 2 below, we disclose select financial information regarding our Company Owned Outlets.

Company Owned Outlet Summary	
Outlet	Outlet Description
North St., Pittsfield, MA	Our North Street, Pittsfield, MA Outlet opened for business in March 2006 and is located at 37 North Street, Pittsfield, Massachusetts 01201. This Outlet operates in a small shared retail building. This Outlet is approximately 2,600 square feet with seating for approximately 80 people. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2024 and 2025 Calendar Years.
Tyler St., Pittsfield, MA	Our Tyler Street, Pittsfield, MA Outlet opened for business in January 2004 and is located at 724 Tyler Street, Pittsfield, Massachusetts 01201. This Outlet operates in a small shared retail building. This Outlet is approximately 1,700 square feet with seating for approximately 24 people. This outlet also sells Saucy Wings menu items instore and on DoorDash delivery platform. This Outlet is representative of the Franchised Business and constitutes an Operational Company Owned Outlet for the 2024 and 2025 Calendar Years.

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Table 1

Company Owned Outlet: North St., Pittsfield, MA Gross Sales and Disclosed Expenses Information						
		2024 Calendar Year			2025 Calendar Year	
		Total	%[1]		Total	%[1]
Gross Sales – Catering		**$29,579.00**	1.91%		**$34,763.00**	2.19%
Gross Sales – Third Party Delivery		**$544,540.76**	35.17%		**$588,333.07**	37.03%
Gross Sales – In Restaurant		**$974,082.30**	62.92%		**$965,468.17**	60.78%
Total Gross Sales		**$1,548,202.06**	100.00%		**$1,588,564.24**	100.00%
Less:						
Food, Paper, and Supplies		$468,141.17	30.24%		$495,220.75	31.17%
Third Party Delivery Fees		$114,959.92	7.43%		$125,761.55	7.92%
Direct Labor Cost		$324,688.06	20.97%		$346,392.41	21.81%
Direct Gross Profit		**$640,412.91**	41.36%		**$621,189.53**	39.10%
Less: Disclosed Expenses						
Credit Card Fees		$21,136.62	1.37%		$25,627.19	1.61%
Dues and Subscriptions		$7,185.79	0.46%		$6,416.65	0.40%
Marketing and Advertising		$7,544.55	0.49%		$8,769.96	0.55%
Insurance		$11,334.80	0.73%		$15,726.92	0.99%
Licenses and Permits		$316.60	0.02%		$306.20	0.02%
Maintenance		$28,754.70	1.86%		$32,805.97	2.07%
Music Subscriptions		$0.00	0.00%		$326.69	0.02%
Postage and Delivery		$197.24	0.01%		$241.98	0.02%
Professional Fees		$11,301.25	0.73%		$12,222.50	0.77%
Rent		$38,170.07	2.47%		$41,900.00	2.64%
Security		$811.13	0.05%		$621.00	0.04%
Utilities		$34,174.95	2.21%		$42,080.09	2.65%
Office Supplies		$1,260.57	0.08%		$440.90	0.03%
Uniforms		$1,016.49	0.07%		$1,467.93	0.09%
Direct Gross Profit Less Disclosed Expenses		**$477,208.15**	30.82%		**$432,184.55**	27.21%
Less: Adjustments for Select Franchise Related Expenses						
Royalty Fee[2]		$77,410.10	5.00%		$79,428.21	5.00%
Marketing Fund Fee[3]		$15,482.02	1.00%		$15,885.64	1.00%
Local Marketing[4]		$7,937.47	0.51%		$7,115.68	0.45%
Direct Gross Profit Less Disclosed Expenses and Select Franchise Related Expenses		**$376,378.56**	**24.31%**		**$329,755.02**	**20.76%**

Notes to Table:

[1] "%" represents the percentage of total Gross Sales.
[2] The Royalty Fee is equal to the greater of 5% of Gross Sales or $400 per week.
[3] The Marketing Fund Fee is up to 1% of Gross Sales.
[4] On an on-going monthly basis, you must spend not less than 1% of Gross Sales on the local marketing of your Hot Harrys Restaurant. This adjustment reflects the difference between the local marketing requirement in Item 6 of this Disclosure Document and the marketing expenses of this Outlet disclosed in Disclosed Expenses.

Table 2

Company Owned Outlet: Tyler St., Pittsfield, MA Gross Sales and Disclosed Expenses Information	2024 Calendar Year		2025 Calendar Year	
	Total	**%[1]**	**Total**	**%[1]**
Gross Sales – Catering	$7,985.00	1.00%	$9,070.00	1.10%
Gross Sales – Third Party Delivery	$110,172.50	13.83%	$131,652.95	15.99%
Gross Sales – In Restaurant	$678,323.26	85.17%	$682,716.53	82.91%
Total Gross Sales	**$796,480.76**	**100.00%**	**$823,439.48**	**100.00%**
Less:				
Food, Paper, and Supplies	$294,221.14	36.94%	$295,573.35	35.89%
Third Party Delivery Fees	$27,915.63	3.50%	$32,294.45	3.92%
Direct Labor Cost	$235,052.91	29.51%	$249,085.41	30.25%
Direct Gross Profit	**$239,291.08**	**30.04%**	**$246,486.27**	**29.93%**
Less: Disclosed Expenses				
Credit Card Fees	$11,941.25	1.50%	$13,261.81	1.61%
Dues and Subscriptions	$6,178.37	0.78%	$3,187.03	0.39%
Marketing and Advertising	$7,544.55	0.95%	$8,769.96	1.07%
Insurance	$7,556.53	0.95%	$10,518.61	1.28%
Licenses and Permits	$85.40	0.01%	$195.40	0.02%
Maintenance	$13,016.07	1.63%	$18,785.95	2.28%
Music Subscriptions	$0.00	0.00%	$326.69	0.04%
Postage and Delivery	$197.23	0.02%	$237.71	0.03%
Professional Fees	$4,711.25	0.59%	$6,138.00	0.75%
Rent	$24,000.00	3.01%	$22,000.00	2.67%
Security	$625.00	0.08%	$432.00	0.05%
Utilities	$22,106.04	2.78%	$28,568.72	3.47%
Office Supplies	$1,231.10	0.15%	$603.04	0.07%
Uniforms	$961.07	0.12%	$824.00	0.10%
Direct Gross Profit Less Disclosed Expenses	**$139,137.22**	**17.47%**	**$132,637.35**	**16.11%**
Less: Adjustments for Select Franchise Related Expenses				
Royalty Fee[2]	$39,824.04	5.00%	$41,171.97	5.00%
Marketing Fund Fee[3]	$7,964.81	1.00%	$8,234.39	1.00%
Local Marketing[4]	$420.25	0.05%	N/A	N/A
Direct Gross Profit Less Disclosed Expenses and Select Franchise Related Expenses	**$90,928.12**	**11.41%**	**$83,230.99**	**10.11%**

Notes to Table:

[1] "%" represents the percentage of total Gross Sales.
[2] The Royalty Fee is equal to the greater of 5% of Gross Sales or $400 per week.
[3] The Marketing Fund Fee is 1% of Gross Sales.
[4] On an on-going monthly basis, you must spend not less than 1% of Gross Sales on the local marketing of your Hot Harrys Restaurant. This adjustment reflects the difference between the local marketing requirement in Item 6 of this Disclosure Document and the marketing expenses of this Outlet disclosed in Disclosed Expenses.

ANALYSIS OF RESULTS OF OPERATIONAL FRANCHISE OUTLETS

During the 2024 and 2025 Calendar Years we had a total of two Operational Franchise Outlets. Descriptions of our Operational Franchise Outlets are set forth below. In Table 3 below, we disclose select financial data for our Operational Franchise Outlets.

Operational Franchise Outlet Summary	
Outlet	Outlet Description
East Greenbush, NY	Our East Greenbush, NY Outlet opened for business in October 2007 and is located at 596 Columbia Turnpike, East Greenbush, New York. This Outlet operates in a strip-mall, is approximately 2,000 square feet, and has seating for approximately 40 people. This Outlet is representative of the Franchised Business and constitutes an Operational Franchise Outlet for the 2024 and 2025 Calendar Years.
Dalton, MA	Our Dalton, MA Outlet opened for business in February 2017 and is located at 403 Main Street, Dalton, Massachusetts. This Outlet operates in a corner storefront on the first floor of a small 3-story office building. This Outlet is approximately 1,700 square feet and seats approximately 30 people. This Outlet is representative of the Franchised Business and constitutes an Operational Franchise Outlet for the 2024 and 2025 Calendar Years.

Table 3

Operational Franchise Outlets Gross Sales Data Summary		
Outlet Name	**2024 Calendar Year**	**2025 Calendar Year**
East Greenbush, NY	$521,815	$527,305
Dalton, MA	$666,431	$756,566

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

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request.

Other than the preceding financial performance representations, Hot Harry's Fresh Burritos, Inc. does not make any representations about a franchisee's future 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 Samir Abdallah, Hot Harry's Fresh Burritos, Inc., 37 North Street, Pittsfield, Massachusetts 01201, the Federal Trade Commission, and the appropriate state regulatory agencies.

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Item 20
OUTLETS AND FRANCHISEE INFORMATION

ITEM 20 TABLE NO. 1
System wide outlet summary
for years 2023, 2024, 2025

Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2023	2	2	0
	2024	2	2	0
	2025	2	2	0
Company-Owned	2023	2	2	0
	2024	2	2	0
	2025	2	2	0
Total Outlets	2023	4	4	0
	2024	4	4	0
	2025	4	4	0

ITEM 20 TABLE NO. 2
Transfers of outlets from franchisees to new owners (other than the franchisor)
for years 2023, 2024, 2025

State	Year	Number of Transfers
Total	2023	1
	2024	0
	2025	0

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ITEM 20 TABLE NO. 3
Status of Franchised Outlets
for years 2023, 2024, 2025

State	Year	Outlets at Start of Year	Outlets Opened	Term-inations	Non-Renewals	Reacquired by Franchisor	Ceased operations - other Reasons	Outlets at End of the Year
MA	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
NY	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Totals	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2

ITEM 20 TABLE NO. 4
Status of Company-Owned outlets
for years 2023, 2024, 2025

State	Year	Outlets at Start of Year	Outlets Opened	Outlets Reacquired by Franchisor	Outlets Closed	Outlets sold to Franchisee	Outlets at End of the Year
Massachusetts	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2
Total	2023	2	0	0	0	0	2
	2024	2	0	0	0	0	2
	2025	2	0	0	0	0	2

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ITEM 20 TABLE NO. 5
Projected openings as of December 31, 2025

State	Franchise agreements signed but outlet not opened	Projected new franchised outlet in the next fiscal year	Projected new company-owned outlet in next fiscal year
NONE	0	0	0
Total	0	0	0

Notes to Tables:

During the last three fiscal years, no current or former franchisees have signed confidentiality clauses with us that restrict them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with the franchise system being offered in this Franchise Disclosure Document.

Exhibit E to this Disclosure Document contains a list of our then current franchisees as of the end of the Issuance Date of this Disclosure Document.

Exhibit F to this Disclosure Document contains a list of franchisees that had an outlet terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under our Franchise Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the Issuance Date of this Disclosure Document.

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

Item 21
FINANCIAL STATEMENTS

Exhibit D contains our audited financial statements for the fiscal years ending December 31, 2025, December 31, 2024, and December 31, 2023.

Item 22
CONTRACTS

EXHIBIT A – Franchise Agreement
SCHEDULE A – Form of Guaranty
SCHEDULE B – Controlling Person Acknowledgment

Item 23
RECEIPT

Our and your copies of the Franchise Disclosure Document Receipt are located at the last two pages of this disclosure document.

[THIS DISCLOSURE DOCUMENT ENDS HERE]

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT A
FRANCHISE AGREEMENT

HOT HARRY'S FRESH BURRITOS, INC.

FRANCHISE AGREEMENT

WITH

____

____

Phone Number (______)_______-__________________

Email ____

Date ____

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HOT HARRY'S FRESH BURRITOS, INC.
FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the "Agreement") is made and entered into as of _______________, 20__ (the "Effective Date") by and between HOT HARRY'S FRESH BURRITOS, INC., a Massachusetts corporation with its principal place of business at 37 North Street, Pittsfield, Massachusetts 01201 ("Franchisor"), and __________________, a _______ with its principal place of business located at __________________________ ("Franchisee"). (Franchisor and Franchisee may individually be referred to as the "Party" or collectively as the "Parties.")

RECITALS

WHEREAS, Franchisor developed, and continues to develop, policies and procedures (including confidential information) and a distinctive and comprehensive system (the "System") for the establishment and operation a fast-casual restaurant business, under the HOT HARRY'S® trademark and other trade names, trademarks, logos, and service marks (the "Marks") featuring fresh burritos and other California-Mexican cuisine using made-from-scratch homemade recipes and fresh ingredients (the "Restaurant"); and

WHEREAS, Franchisee desires to obtain a Franchise from Franchisor for the right to use the Marks and the System in operating a Restaurant.

NOW, THEREFORE, in consideration of the mutual covenants and agreements contained herein and other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

1. <u>ACKNOWLEDGMENTS</u>.

a. Franchisee acknowledges the following:

(i) It has conducted an independent investigation of the business contemplated by this Agreement and recognizes that it involves business risks making the success of the venture largely dependent upon the business abilities of Franchisee, and 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 this Agreement.

(ii) Franchisee represents, as an inducement to its entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

(iii) Franchisee has received, read and understood or had the opportunity to read and understand, this Agreement, the attachments hereto; that Franchisor has fully and adequately explained the provisions of each to its satisfaction; and that Franchisee has had the opportunity to meet with Franchisor to ask questions and receive answers about the Franchise and to obtain additional information for verification purposes.

(iv) Franchisee has carefully read and understands the terms of this Agreement, has had the opportunity (and was encouraged by Franchisor) to have this Agreement and all other agreements and materials that Franchisor has given or made available to Franchisee reviewed by an attorney and that Franchisee has either done so or chosen not to do so.

(v) Franchisee, together with its advisers, has sufficient knowledge and experience in financial and business matters to be capable of evaluating the merits and risks of an investment in a Restaurant and is making an informed investment decision with respect thereto.

(vi) Franchisee is aware of the fact that other present or future franchisees of Franchisor may operate under different forms of Agreement, and consequently that Franchisor's obligations and rights with respect to its various franchisees may differ materially in certain circumstances.

(vii) That Franchisor has not made any representation, warranty, or other claim regarding the HOT HARRY'S® Restaurant franchise opportunity, other than those made in this Agreement and Franchisor's Franchise Disclosure Document, and that Franchisee has independently evaluated the Franchise opportunity, including by using Franchisee's own business professionals and advisors, and have relied solely upon those evaluations in deciding to sign this Agreement.

(viii) That Franchisee has read this Agreement and Franchisor's Franchise Disclosure Document and understand and accept that this Agreement's terms are reasonably necessary for Franchisor to maintain high standards of quality and service, as well as the uniformity of those standards at each HOT HARRY'S® Restaurant, and to protect and preserve the goodwill of the Marks.

(ix) That Franchisee has not received from Franchisor, and are not relying upon, any representations or guarantees, express or implied, as to the potential volume, sales, income, or profits of a HOT HARRY'S® Restaurant, that any information Franchisee has acquired from other HOT HARRY'S® Restaurant franchisees regarding their sales, income, profits, or cash flows was not information obtained from Franchisor, and that Franchisor has made no representation about that information's accuracy.

2. GRANT OF FRANCHISE; RESERVATION OF RIGHTS.

a. Grant of Franchise. Subject to this Agreement's terms and conditions, Franchisor grants to Franchisee a franchise (the "Franchise") to operate a Restaurant at ____(the "Site." If Franchisee has not found a site as of the Effective Date, the Site will be identified after Franchisee does so, as provided in Section 4 below.) and to use the System in its operation, for the Term. The Term is subject to earlier termination as provided below. Franchisee may use the Site only for the Restaurant. Franchisee agrees at all times faithfully, honestly, and diligently to perform Franchisee's obligations under this Agreement and to use Franchisee's best efforts to promote the Restaurant. Franchisee shall operate the Restaurant only at the Site.

b. If Franchisor authorizes Franchisee in writing, then subject to the terms and conditions of this Agreement, Franchisee may operate a type of nontraditional location through which franchisee prepares products in its existing HOT HARRY'S® Restaurant kitchen using primarily existing equipment for delivery only via third party delivery platforms under the separate "Saucy Wings" trademark or other trademarks Franchisor designates ("Virtual Kitchen Program"). Franchisor may require Franchisee to prepare and send Franchisor (and allow Franchisor access to separate financial and statistical reports, and any other information Franchisor requests, relating to the Virtual Kitchen Program. Franchisee agrees to comply at its own cost with all standards, specifications and operating procedures Franchisor prescribes for the Virtual Kitchen Program from time to time even if such standards, specifications and operating procedures differ from those that Franchisor has implemented for HOT HARRY'S® Restaurants that are not operated as part of the Virtual Kitchen Program. Franchisor may upon delivery of written notice to Franchisee, terminate Franchisee's participation in the Virtual Kitchen Program for any reason or no reason, effective on the date stated in Franchisor's notice, and with or without terminating this Agreement.

c. Reservation of Rights. The Franchise is non-exclusive, and Franchisee has no territorial protection whatsoever. Franchisor (and any affiliates that Franchisor has from time to time) retain the right during the Term to engage in any and all activities that Franchisor (and its affiliates) desire, at any time or place, and whether or not these activities compete with Franchisee's Restaurant including the right: (1) to establish and operate, and grant to others the right to establish and operate, HOT HARRY'S® restaurants or other retail businesses using one or more of the Marks at any locations and in any areas, even if within close proximity to Franchisee's Restaurant; (2) to establish and operate, and grant to others the right to establish and operate, related or unrelated businesses and distribution channels (including, without limitation, the Internet), wherever located or operating and regardless of the nature or location of the customers with whom such other businesses and distribution channels do business (including independent retailers, department stores, food marts, and grocery stores); that operate under one or more of the Marks or any other trademarks or service marks (including those of our affiliates); that are the same as or different from HOT HARRY'S® restaurants; and/or that sell products and/or services that are identical or similar to, and/or competitive with, those that HOT HARRY'S® restaurants customarily sell; (3) conduct the Virtual Kitchen Program including, without limitation, that Franchisor may operate, and grant others the right to operate, nontraditional locations commonly known as a "ghost kitchen," "virtual kitchen," "shared kitchen," or other type of kitchen without restriction whatsoever, and (3) to engage in all other activities not expressly prohibited by this Agreement.

3. TERM AND RENEWAL.

a. Term. This Agreement shall be effective and binding from the Effective Date for an initial term equal to 10 years (the "Term"). Franchisee agrees to operate the Restaurant in compliance with this Agreement for the entire Term unless this Agreement is terminated pursuant to its terms.

b. Renewal. Franchisee shall have the option to renew this Agreement for two additional successive terms of six years each, commencing immediately upon the expiration of this Agreement or successive Franchise Agreement, provided that all of the following conditions have been fulfilled:

(1) Franchisee (and its owners) has, during the entire term of this Agreement, substantially complied with all of its provisions;

(2) Franchisee continues to operate the Restaurant in compliance with this Agreement through the end of the Term and, by the expiration date of this Agreement, has brought the Restaurant into full compliance with Franchisor's then current

specifications and standards for new HOT HARRY'S® Restaurants (regardless of cost);

(3) Franchisee executes the then current Franchise Agreement (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise), the terms of which shall supersede this Agreement in all respects and any and all terms of which may differ materially from the terms of this Agreement, including without limitation, higher royalty fees;

(4) Franchisee pays to Franchisor a renewal fee in the amount of $5,000 in order to cover Franchisor's costs incurred in connection with such renewal;

(5) Franchisee has executed a general release, in a form prescribed by Franchisor, of any and all claims against Franchisor and its subsidiaries and affiliates, if any, and all of their respective owners, officers, directors, agents, and employees; and

(6) Franchisee gives no more than 180 days or less than 90 days prior written notice to Franchisor.

4. SERVICES BY FRANCHISOR.

Franchisor agrees to make available to Franchisee the following:

a. Franchisor will use reasonable efforts to help analyze Franchisee's market area, to help determine Site feasibility, and to assist in designating the location, although Franchisor will not conduct Site selection activities for Franchisee;

b. Franchisor shall make available standard design plans and specifications ("Plans and Specifications") for a prototypical HOT HARRY'S® Restaurant, including interior design and layout, fixtures, furnishings and signs;

c. Franchisor shall provide training as set forth below;

d. Pre-opening and opening supervision and assistance, as Franchisor determines in its sole discretion;

e. Franchisor shall loan to Franchisee one copy of the Manuals as more particularly described below;

f. Franchisor shall conduct, as it deems advisable, inspections of Franchisee's operation of the Restaurant as Franchisor deems necessary or appropriate;

g. Franchisor shall provide from time to time, at the Franchisor's sole discretion, services, advice and consultation, personal visits, telephone conferences, newsletters, bulletins and emails as Franchisor deems appropriate; and

h. Such other assistance, for a fee, as may hereafter be developed and offered by Franchisor to its franchisees or requested by Franchisee and agreed to by Franchisor.

5. OPENING OBLIGATIONS OF FRANCHISEE.

a. Site Selection. If Franchisee has not yet secured a Site for the premises as of the Effective Date, then within six months after the Effective Date Franchisee agrees to sign a lease for a suitable site for the Restaurant within the following non-exclusive general area: ____. By non-exclusive, Franchisor may also grant other franchisees the right to look for a suitable site for a HOT HARRY'S® Restaurant within that area. Franchisee agrees to obtain Franchisor's written acceptance of the Restaurant's proposed site before signing any lease, sublease, or other document for the proposed site. Franchisee agrees to send Franchisor a description of the proposed site, including a summary of the items listed above, along with a letter of intent or other evidence confirming Franchisee's favorable prospects for obtaining the proposed site. Franchisor will accept or not accept the proposed site within 20 business days after receiving Franchisee's written proposal. After Franchisee finds and secure the site, Franchisor will insert its address into Subsection 2.a. above, and it will be the Site. Franchisee may operate the Restaurant only at the Site. Because Franchisee has no territorial protection, the area referenced above has no relevance after Franchisee finds and secures the Site. If no acceptable Site is found by Franchisee and accepted by Franchisor within six months after the Effective Date, then, upon written notice from Franchisor, this Agreement will be terminated. There will be no refund of the initial franchise fee in those circumstances.

Franchisee acknowledges and agrees that, if Franchisor accepts or gives Franchisee information regarding a site proposed for the Site, that is not a representation or warranty of any kind, express or implied, of the site's suitability for a HOT HARRY'S® Restaurant or any other purpose. Franchisor's acceptance indicates only that Franchisor believes the site meets Franchisor's then acceptable criteria. Applying criteria that have appeared effective with other sites and premises might not accurately reflect the potential for all sites and premises, and demographic and/or other factors included in or excluded from Franchisor's criteria could change, altering the potential of a site and premises. The uncertainty and instability of these criteria are beyond Franchisor's control, and Franchisor is not responsible if a site and premises Franchisor accepts fails to meet Franchisee's expectations. Franchisee acknowledges and agrees that Franchisor's acceptance of the Site was or will be based on Franchisee's own independent investigation of a site's suitability for the Site. Franchisor relies on Franchisee's knowledge of the real estate market in Franchisee's area and Franchisee's ability to locate a suitable site.

b. Restaurant Development. Franchisee shall renovate, construct, and equip the physical building at the Site in which the Restaurant is located at Franchisee's own expense, and in accordance with the Plans and Specifications, Americans with Disabilities Act (the "ADA") and similar rules, other applicable ordinances, building codes, permit requirements, and lease requirements and restrictions. Franchisee acknowledges that the Plans and Specifications might not reflect the requirements of any federal, state, or local law, code, or regulation, including those arising under the ADA or similar rules governing public accommodations for persons with disabilities. Franchisee agrees to send Franchisor construction plans and specifications for review before Franchisee begins constructing the Restaurant and all revised or "as built" plans and specifications during construction. Because Franchisor's review is limited to ensuring Franchisee's compliance with Franchisor's design and layout requirements, Franchisor's review might not assess compliance with federal, state, or local laws and regulations, including the ADA. At Franchisor's request, Franchisee agrees to hire licensed architects and general contractors whom Franchisor approves to prepare required plans and specifications to develop the Restaurant. Franchisor may inspect the Site while Franchisee is developing the Restaurant. Franchisee may not open the Restaurant for business before the Franchisor's final inspection and/or approval.

c. Equipment. Franchisee will only install in and about the Restaurant such equipment (including, but not limited to, food and beverage preparation equipment and storage and display cabinets), fixtures, furnishings, furniture, interior and/or exterior signs, displays, and other personal property, whether free-standing or annexed to or used in the premises (collectively, the "Equipment"), that Franchisor designates or approves for HOT HARRY'S® Restaurants. Franchisee may not install or use any unauthorized Equipment at the Restaurant including, without limiting the foregoing, Franchisee will not install vending machines or other food or beverage dispensing equipment without Franchisor's prior written consent. Franchisor will have the right to inspect all Equipment and their installation.

d. Restaurant Opening. Franchisee agrees to obtain Franchisor's approval and open the Restaurant for business within 12 months after the Effective Date.

6. STANDARDS AND UNIFORMITY OF OPERATION.

a. Compliance with System Standards. As a HOT HARRY'S® Restaurant franchisee, Franchisee must comply with this Agreement and all mandatory specifications, standards, operating procedures, and rules (collectively, "System Standards") that Franchisor periodically prescribes for HOT HARRY'S® Restaurants in order to maintain high and consistent quality. Franchisee agrees at all times to operate and maintain the Restaurant in compliance with all System Standards, as Franchisor periodically issues, modifies, and supplements them, even if Franchisee believes that a System Standard, as originally issued or subsequently modified, is not in the System's or the Restaurant's best interests. Although Franchisor retains the right to establish and periodically modify System Standards that Franchisee has agreed to maintain, Franchisee retains the right to control, and responsibility for, the Restaurant's day-to-day management and operation and implementing and maintaining System Standards at the Restaurant. Franchisee agrees that System Standards Franchisor prescribes in the Manuals, or otherwise communicate to Franchisee in writing or another tangible form, are part of this Agreement as if fully set forth within its text. All references to this Agreement include all System Standards as periodically modified.

b. Minimum System Standards. In addition to System Standards provided in this Agreement, System Standards require at a minimum:

(i) Franchisee will use the Site only for the operation of a Restaurant unless otherwise approved by Franchisor.

(ii) Franchisee agrees that it will operate the Restaurant in accordance with the Manuals.

(iii) Franchisee will maintain at all times, at its expense, the Restaurant, Equipment, related premises, and parking areas with adequate lighting, landscape areas and interior and exterior signs in a good, clean, attractive, and safe condition in conformity with Franchisor's high standards and public image. In connection therewith, Franchisee will make such additions, alterations, repairs, and replacements (but no others, without Franchisor's written consent) as may be required to keep the Restaurant in the highest degree of sanitation, repair and condition.

(iv) Franchisee agrees to feature and use the System and Marks solely in the manner prescribed by Franchisor and to observe such reasonable requirements with respect to copyrights, service marks, trademarks, trade names, and fictitious name registrations as Franchisor may from time to time direct in writing.

(v) Franchisee agrees that it will cause its employees, while on duty, to conform their apparel and accessories to the designs and styles approved by Franchisor from time to time.

(vi) Franchisee will obey any and all applicable laws, ordinances and regulations of any governmental or political body, and will promptly deliver to Franchisor copies of any report, notice or other document received by or available to Franchisee from any federal, state or local governmental inspector regarding a violation of or any other failure to comply with any law, regulation, rule, order, code, decree, ordinance, or similar pronouncement.

(vii) Unless given express authority and/or required in writing by Franchisor, Franchisee will not sell or offer for sale at the Restaurant alcoholic beverages.

(viii) Unless given express authority in writing by Franchisor, Franchisee will not (1) have or permit the placement of video, electronic, mechanical, or similar games or devices, or provide other forms of entertainment, at the Restaurant; or (2) sell non-menu items other than merchandise available for counter sales as specified by Franchisor from time to time.

(ix) Franchisee will neither make nor permit any variance in menu items or menu design from that required by Franchisor from time to time, except upon the prior written consent of Franchisor.

(x) Franchisor will have the right to enter and inspect the Site, with or without notice, for the purpose of ascertaining whether Franchisee is operating the Restaurant in accordance with the terms of this Agreement and the Manuals. Inspections will be conducted during normal business hours but in a manner that will not unreasonably interfere with Franchisee's business operations. Franchisor will notify Franchisee of any deficiencies detected during any such inspection, and Franchisee will diligently correct any such deficiencies. Upon notification by Franchisor that any Equipment and Furnishings or supplies do not meet the specifications, standards and requirements of Franchisor, Franchisee will immediately desist and refrain from further use thereof.

(xi) Franchisee is to conduct its business in an ethical and business-like manner in keeping with the image of the Restaurant as a family restaurant.

c. Days and Hours of Operation. Franchisee will remain open for business, at a minimum, from 9:00 a.m. -10:00 p.m., Monday through Saturday and 10:00 a.m. -9:00 p.m., Sunday, except New Year's Day, Easter, Thanksgiving, Christmas, and periods when Franchisee is required by law to be closed. Franchisor recognizes that considerations peculiar to the Site may make it desirable to alter the aforesaid hours of operation, and Franchisor will not unreasonably withhold its consent to a requested modification of the aforesaid hours of operation. Franchisor reserves the right to modify and change the hours of operation, and Franchisee consents thereto and agrees to comply with same.

d. Managers. Franchisee must have a trained management staff that will work full time in active management of the operation of the Restaurant. Managers must demonstrate the ability to manage the Restaurant operations to the System Standards.

e. Variation of Standards. Because complete uniformity under varying conditions may be impossible or impractical, Franchisor reserves the right to vary the standards for any franchisee, based upon the peculiarities of a particular site or circumstance, density of population, business potential, population of trade area, existing business practices or any other conditions which Franchisor deems to have a significant effect on the successful operation of such franchisee's business. Such deviation to standards might include: the pricing of items (to the extent allowed by applicable law), a varying menu and recommended hours of operation.

7. FEES AND CHARGES.

a. Initial Franchise Fee. Upon execution of this Agreement, Franchisee shall make a one-time, non-refundable payment to Franchisor in the amount of $25,000. This is fully earned by us, when Franchisee signs this Agreement.

b. Royalty Fee. As a royalty fee (the "Royalty Fee"), a sum equal to the greater of 5% of the Gross Sales of the Restaurant or $400 shall be payable by Franchisee to Franchisor each week ending the preceding Sunday, by pre-authorized bank draft as described below. As used in this Agreement, "Gross Sales" means all revenue that Franchisee derives from operating the Restaurant, including the Virtual Kitchen Program if applicable, without regard to the type of product, the nature or location of its preparation or delivery, the method of ordering, the method of payment or the type of customer, without reserve or deduction for inability or failure to collect, and will include all revenues from any source whatsoever arising out of or connected to the operation of the Restaurant, but excludes all federal, state, and municipal sales, use, or service taxes collected from customers and paid to the appropriate taxing authority.

c. All Other Fees. Franchisee shall pay to Franchisor, Franchisor's affiliates, or Franchisor's designees all other fees, charges and expenses as set forth in this Agreement, the Manuals and/or Franchisor's standards and specifications.

d. Debit Authorization. Prior to opening the Restaurant, Franchisee agrees to sign and deliver to franchisor the documents Franchisor requires to authorize Franchisor and its affiliates to debit Franchisee's business checking or other account automatically (the "EFTA") for the Royalty, Fund contributions, and other amounts due under this Agreement. Franchisor will debit Franchisee's EFTA for the Royalty and Fund contributions on Monday of each week on account of the previous week's Gross Sales. Franchisor and its affiliates (or other authorized parties) will debit the EFTA for other amounts Franchisee owes Franchisor or its affiliates on the day Franchisor specifies. Franchisee agrees to deposit funds into the EFTA to cover Franchisor's and its affiliates' withdrawals and to report Franchisee's Gross Sales as Franchisor requires. If Franchisee fails to report the Restaurant's Gross Sales, Franchisor may debit the EFTA for 120% of the last Royalty and Fund contribution that Franchisor debits. If the amounts Franchisor debits from Franchisee's EFTA are less than the amounts Franchisee actually owes Franchisor (once Franchisor has determined the Restaurant's actual Gross Sales), Franchisor will debit the EFTA for the balance on the day Franchisor specifies. If the amounts Franchisor debits exceed the amounts Franchisee actually owes Franchisor, Franchisor will credit the excess against the amounts due during the following week. Franchisor may require Franchisee to pay any amounts due to Franchisor and its affiliates under this Agreement (or otherwise) other than by automatic debit (*e.g.*, by check or wire transfer) whenever Franchisor deems appropriate, and Franchisee must comply with Franchisor's payment instructions.

e. Interest. All amounts which Franchisee owes Franchisor for any reason, will bear interest accruing as of their original due date at 1.5% per month or the highest commercial contract interest rate the law allows, whichever is less, in addition to any other remedies or amounts incurred by Franchisor, in the event funds are insufficient to satisfy the payments due. Franchisor may debit the EFTA automatically for interest. Franchisee acknowledges that this Subsection is not Franchisor's agreement to accept any payments after they are due or Franchisor's commitment to extend credit to, or otherwise finance Franchisee's operation of, the Restaurant.

8. TRAINING.

a. Initial Training. Before the Restaurant opens, Franchisee (or if Franchisee is an entity, a principal of Franchisee designated by Franchisee and approved by Franchisor) and Franchisee's designated manager approved by Franchisor shall attend and successfully complete Franchisor's initial training program. Such training shall be held at Franchisor's corporate office, in the HOT HARRY'S® university classroom or such other location as designated by Franchisor. Franchisor will determine the training period necessary to adequately train said employees and will determine when said employees have satisfactorily completed training. Franchisor may periodically require a reasonable refresher or retraining period. Although Franchisor provides initial training for no additional fee for two people, Franchisee agrees to pay for all travel and living expenses that Franchisee, its designated manager and employees incur, and for Franchisee's employees' wages and workers' compensation insurance, during training. Franchisee agrees to replace any manager who Franchisor believes is not qualified or suitable to hold that position and to pay Franchisor's then current fee for training a replacement manager. If Franchisor determines that Franchisee or its designated manager cannot satisfactorily complete initial training, Franchisor may terminate this Agreement. If Franchisee hires a new manager during the Term, each must satisfactorily complete, within the timeframe Franchisor specifies, Franchisor's then current initial training program at Franchisee's cost.

b. Ongoing and Other Training and Guidance. Franchisor may require Franchisee or its designated manager and any person in a management or other position that Franchisor determines, to attend and complete satisfactorily any additional or special guidance, assistance, or training Franchisor requires in its sole discretion, and Franchisee agrees to pay Franchisor's then applicable charges, including Franchisor's personnel's per diem charges, wages and travel, hotel, and living expenses. Franchisee understands and agrees that any specific ongoing training or advice Franchisor provides does not create an obligation (whether by course of dealing or otherwise) to continue providing that specific training or advice, all of which Franchisor may discontinue and modify from time to time. Additionally, Franchisor may, in its sole discretion, require one of Franchisee's representatives (whom Franchisor approves) to attend an annual meeting of all franchisees at a location Franchisor designates, in which case Franchisee agrees to pay all costs to attend.

c. Operations Manual. Franchisor shall loan to Franchisee, or make available to Franchisee for the Term, Franchisor's operations manual, which may include audio, video, computer software, other Electronic Media, and/or written materials (the "Manuals"). The Manuals contains Franchisor's System Standards and information on Franchisee's other obligations under this Agreement. Franchisor may modify the Manuals periodically to reflect changes in System Standards. Franchisee agrees to keep copies of, or access codes to and other information for, the Manuals current and in a secure location. If there is a dispute over the Manuals' content, Franchisor's master version controls. Franchisee agrees that the Manuals' content is confidential and that Franchisee will not disclose the Manuals to any person other than Restaurant employees who need to know its contents to perform their duties. Franchisee may not at any time copy, duplicate, record, or otherwise reproduce any part of the Manuals (except as Franchisor allows for training and operating purposes). If Franchisor chooses to give Franchisee a printed copy of the Manuals, Franchisor may charge Franchisee a reasonable fee for the printed copy.

9. ADVERTISING.

a. Grand Opening. Franchisee agrees to spend a reasonable amount, but at least $5,000, on promotion and advertising in connection with the opening of the Restaurant and in compliance with the Franchisor's guidelines.

b. Local Marketing. In addition to Franchisee's Fund contribution (described below), Franchisee agrees to spend at least 2% of the Gross Sales of the Restaurant during each calendar quarter, or fraction thereof, as applicable, for such types of local advertising and marketing as is approved by Franchisor. At Franchisor's request, Franchisee shall send to Franchisor, in the manner Franchisor prescribes, an accounting, reports and other verification, as required by Franchisor, of Franchisee's expenditures for advertising, marketing and promotion of the Restaurant. Franchisee's local advertising, marketing, and promotion must follow Franchisor's guidelines. At a minimum, Franchisee agrees to advertise in the classified or yellow pages of the local telephone directory under the listing of "Restaurants," and "Catering," using the Marks and using advertising materials approved by Franchisor. (Franchisor may arrange for block adds in the classified or yellow pages of the local telephone directory and Franchisee will contribute to the costs of such applicable block adds in lieu of individual listings.) Samples of all local advertising and marketing materials not prepared by Franchisor or previously approved by Franchisor will be submitted to Franchisor for written approval prior to their use. If written disapproval is not received by Franchisee within 30 days of the date of receipt by Franchisor of such materials, then Franchisor will be deemed to have approved such materials. In all cases, Franchisee agrees that its advertising, promotion, research, and marketing will be completely clear, factual, and not misleading and conform to both the highest standards of ethical advertising and marketing and the advertising and marketing policies that Franchisor prescribes from time to time. If Franchisee fails to comply with these obligations, Franchisor may require Franchisee to pay the 2% of the Restaurant's weekly Gross Sales to Franchisor. Franchisor may determine how best to spend that amount, including, but not limited to, depositing it into the Fund.

c. Marketing Fund. Recognizing the value of national and regional marketing and advertising and the importance of standardizing such programs to further the national and regional goodwill and public image of the Restaurants Franchisor deems appropriate, Franchisor agrees to pay to the Franchisor's advertising program (the "Fund") the weekly amounts that Franchisee proscribes from time to time, not to exceed 2% of the weekly Gross Sales of the Restaurant. Payment of Fund contributions shall be in the same time and same manner as the Royalty.

Franchisor will direct all activities that the Fund finances, with sole control over the creative concepts, graphics, materials, communication media, and endorsements used and their geographic, market, and media placement and allocation. The Fund may pay for preparing and producing video, audio, and written materials and electronic media; developing, implementing, operating, and maintaining a System website and/or related strategies; administering national, regional, multi-regional, and local marketing and advertising programs, including, without limitation, purchasing media advertising, conducting direct mail and other direct marketing campaigns, doing on line advertising and marketing, conducting research and other marketing tactics as appropriate, and using advertising, promotion, marketing, and research agencies and other advisors to provide assistance; and supporting public relations, market research, customer satisfaction surveys, and other advertising, promotion, marketing, and research activities.

Franchisor will account for the Fund separately from its other monies and not use the Fund for any of its general operating expenses. However, Franchisor may use the Fund to pay the reasonable salaries and benefits of personnel who manage and administer the Fund; the Fund's other administrative costs; travel expenses of personnel while they are on Fund business; meeting costs; overhead relating to Fund business; and other expenses that Franchisor incurs in activities reasonably related to administering and directing the Fund and its programs, including, without limitation, conducting market research, public relations, preparing advertising, promotion, and marketing materials, and collecting and accounting for Fund contributions.

The Fund will not be Franchisor's asset but is not a trust. Franchisor has a contractual obligation to hold all Fund contributions for the benefit of the contributors and to use contributions for the purposes described in this Subsection. Franchisor does not owe any fiduciary obligation to Franchisee for administering the Fund or any other reason. The Fund may spend in any fiscal year more or less than the total Fund contributions in that year, borrow from Franchisor or others (paying reasonable interest) to cover deficits, or invest any surplus for future use. Franchisor will use all interest earned on Fund contributions to pay costs before using the Fund's other assets.

Franchisor will prepare, at the Fund's expense, an annual, unaudited statement of Fund collections and expenses and give Franchisee a copy of the statement upon written request. Franchisor may have the Fund audited annually, at the Fund's expense, by an independent certified public accountant Franchisor selects. Franchisor may incorporate the Fund or operate it through a separate entity whenever Franchisor deems appropriate. The successor entity will have all of the rights and duties specified in this Subsection.

Franchisor intends the Fund to maximize recognition of the Marks and patronage of HOT HARRY'S® Restaurants. Although Franchisor will try to use the Fund to develop advertising, and marketing materials and programs, and to execute advertising, marketing, and research activities, that will benefit all HOT HARRY'S® Restaurants, Franchisor need not ensure that Fund expenditures in or affecting any geographic area are proportionate or equivalent to Fund contributions by HOT HARRY'S® Restaurants operating in that geographic area or that any HOT HARRY'S® Restaurants benefit directly or in proportion to its Fund contributions from the development of advertising, and marketing materials or the execution of advertising, marketing, and research activities. While the Fund will not be used to develop materials and programs intended principally for the solicitation of franchises, such materials and programs may reference the availability of franchises and related information.

Franchisor has the right, but no obligation, to use collection agents and institute legal proceedings at the Fund's expense to collect Fund contributions. Franchisor also may forgive, waive, settle, and compromise all claims by or against the Fund. Except as expressly provided in this Subsection, Franchisor assumes no direct or indirect liability or obligation to Franchisee for collecting amounts due to, maintaining, directing, or administering the Fund.

Franchisor may at any time defer or reduce contributions of a HOT HARRY'S® Restaurant franchisee and, upon 30 days' prior written notice to Franchisee, reduce or suspend Fund contributions and operations for one or more periods of any length and terminate (and, if terminated, reinstate) the Fund. If Franchisor terminates the Fund, Franchisor will distribute all unspent monies to Franchisor's franchisees, and to Franchisor and its affiliates, in proportion to their, and Franchisor's, respective Fund contributions during the preceding 12 month period.

d. General Obligations. Franchisee agrees to use the Marks and advertise in accordance with the provisions of this Agreement and the Manuals. Franchisee agrees to notify Franchisor of any infringing use of the Marks by others of which Franchisee becomes aware. To the extent required by Franchisor, Franchisee agrees to issue and honor gift certificates, coupons, and gift and loyalty cards and administer customer loyalty and similar programs. Franchisor may hold all monies paid by customers for gift and loyalty cards until the gift and loyalty cards are used by customers for purchases (at which time the honoring HOT HARRY'S® Restaurant Franchisor's will receive the then standard reimbursement amount in compliance with Franchisor's then current gift and loyalty card policies and procedures). To the extent allowed by applicable law, Franchisor may keep any monies that are not used by customers or deposit unclaimed monies without restriction whatsoever.

10. MAINTENANCE AND RENOVATION OF PREMISES, EQUIPMENT.

a. Restaurant Condition. Franchisee will keep and maintain the Site and the Equipment in a good, clean, attractive, and safe condition, in good repair and optimum working condition. The interior of the Restaurant building and the exterior painted portion of said building will be repainted at least once every three years during the Term in accordance with Franchisor's then current, standard color schemes and standards or within said three year period, if deemed necessary by Franchisor.

b. Signs. Franchisee will not attach or exhibit any signs, displays or posters on or to the exterior or interior of the Restaurant building, other than signs, posters or displays supplied, required or authorized in writing by Franchisor, nor will it permit others to do so. Franchisee will conspicuously display at the Restaurant a sign provided by Franchisor which indicates the franchisor/franchisee relationship between the Parties. Franchisee will also display a sign, if requested by Franchisor, indicating the availability of additional HOT HARRY'S® Restaurant franchises.

c. Remodeling. Franchisor, at any time after the fifth (5^{th}) anniversary of the Effective Date, will have the right to require Franchisee to perform such remodeling, repairs, replacements, and redecoration, in and upon the building, interior and exterior, as well as the Equipment, which Franchisor from time to time deems necessary and practical to bring such building and Equipment up to the then current standards of Franchisor. Within six months after delivery of notice to comply with the obligations of this Subsection, Franchisee will promptly commence, complete and pay for all renovations, as well as refurbishing and/or replacement of Equipment as will be reasonably required by Franchisor.

d. Technology. Franchisee may be required, in the future, to purchase computer hardware and software, telecommunications equipment, and related types of electronic commerce items in order to be in conformance with the requirements of Franchisor's then current System Standards.

11. SUPPLIES, FOOD PRODUCTS, RECIPE ITEMS, AND UNIFORMS.

a. Supplies. Franchisee will use only such food products, flavorings, dressings, sauces, food additives, condiments, beverages, paper and plastic goods, service items, and other supplies which conform to the specifications and standards of Franchisor and the System then in effect from time to time and purchased from designated or approved sources. Franchisor always has the right to approve or disapprove in advance all items to be sold by the Restaurant. Franchisor may withdraw its approval of previously authorized items. Upon notification by Franchisor that any of the aforementioned products do not meet or continue to meet the specifications, standards and requirements of Franchisor and the System, Franchisee will immediately cease using and purchasing such nonqualifying products. Franchisor will have the right to approve all supplies, menus, and paper products displaying its Marks. Franchisor has the absolute right to limit the suppliers with whom Franchisee may deal.

b. Trade Secret Products. Suppliers of products that are prepared under specified recipes, standards, and procedures and use high quality ingredients including proprietary items (collectively, "HOT HARRY'S® Trade Secret Products") will be limited to Franchisor, its affiliates, and/or other specified exclusive sources, and Franchisee must acquire such HOT HARRY'S® Trade Secret Products during the Term only from Franchisor, its affiliates, and/or the other specified exclusive sources at the prices that Franchisor or they decide to charge. (Franchisor restricts Franchisee's sources of HOT HARRY'S® Trade Secret Products in order to protect Franchisor's trade secrets, assure quality, assure a reliable supply of products that meet Franchisor's standards, achieve better terms of purchase and delivery service, control usage of the Marks by third parties, and monitor the manufacture, packaging, processing, and sale of such items.)

12. BOOKS, RECORDS AND BOOKKEEPING SYSTEM.

a. Reporting. Franchisee agrees to establish and maintain at its own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements and formats Franchisor prescribes from time to time. Franchisor will furnish to Franchisee, in its Manuals, information as to requirements for preparing financial statements, as well as cost control, inventory control and other procedures, and Franchisee will adhere to such requirements and procedures. Franchisee agrees to give Franchisor in the manner and format Franchisor prescribes from time to time:

1) reports of the Restaurant's weekly Gross Sales;

2) within 15 days after the end of each quarter, profit and loss statements and balance sheets, and certain other requested information, such as labor and food costs; and

3) within 90 days after the close of Franchisee's fiscal year, annual financial statements, the accuracy of which statements will be certified by an independent certified public accountant acceptable to Franchisor, including an annual financial statement as to Gross Sales. In addition, annually within 90 days after the close of Franchisee's fiscal year, Franchisee will submit a copy of Franchisee's federal and state income tax returns to Franchisor.

b. Books and Records. Franchisee will maintain and keep at the Site true and accurate records, books and data, which will reflect all particulars relating to the business done and expenditures, specifically including advertising and marketing expenditures, and receipts of the operation. Franchisee will use a point of sale system which accumulate sales on a tape by consecutive transaction number, the same not to have resetting devices, and will retain all supporting documents, including, but not limited to, point of sale system tapes, payroll records, payroll tax returns, time cards, production reports, sales invoices, bank statements, deposit receipts, canceled checks, paid invoices, and a true and complete copy of the annual inventory of the value of the stock on hand, for a period of not less than the three most recent fiscal years. Franchisor, in its sole reasonable discretion, may require Franchisee to maintain another system, through the Internet or otherwise, for its records, books and data.

c. Inspections and Audits. Franchisor may at any time during Franchisee's business hours, and without prior notice to Franchisee, examine Franchisee's Restaurant and the Restaurant's business, bookkeeping, and accounting records, sales and income tax records and returns, and other records. Franchisee agrees to cooperate fully with Franchisor's representatives and independent accountants in any examination. Franchisee will pay Franchisor's audit fees, charges and expenses with respect to any audit which reveals an understatement of Gross Sales for any reporting period on the part of Franchisee in excess of 3% as well as any applicable interest due thereon.

13. HOLD HARMLESS AND INSURANCE.

a. Indemnification. Franchisee shall protect, defend, save, and indemnify Franchisor and all of its past, present and future shareholders, direct and indirect parent companies, subsidiaries, affiliates, associates, officers, directors, employees, agents, attorneys, and designees (the "Indemnified Parties") and hold them harmless from and against any and all actions, causes of action, suits, proceedings, fines, penalties, charges, costs and expenses, including, but not limited to, attorneys' fees, court costs, losses, debts, liabilities, damages, claims, and demands of every kind or nature on account of any actual or alleged loss, injury or damage to any person or business entity, or to any property resulting from, arising directly or indirectly out of or connected with the Restaurant's operation, the business Franchisee conducts under this Agreement, or Franchisee's breach of this Agreement, including, without limitation, those alleged to be caused by the Indemnified Party's negligence or willful misconduct, unless (and then only to the extent that) the claims, obligations, or damages are determined to have been caused solely by the Indemnified Party's negligence or willful misconduct in a final, unappealable ruling issued by a court or arbitrator with competent jurisdiction.

b. Insurance. Franchisee agrees to procure and maintain during the term of this Agreement policies of insurance in the types, amounts, terms and conditions Franchisor requires from time to time for the Restaurant. As of the Effective Date, Franchisee must obtain certain insurance underwritten by an insurance company with an A.M. Best's rating of not less than A-VII, including builders' risk insurance (when and, as applicable), fire and extended coverage insurance covering the Restaurant, public liability insurance, workers' compensation insurance, unemployment compensation insurance, business interruption insurance, comprehensive general liability insurance, including personal injury, bodily injury and products liability insurance, and any other forms of insurance which Franchisor may determine. Franchisee agrees to procure a minimum of $1,000,000 coverage for each of the public liability, comprehensive general liability and products liability policies. Franchisee agrees to procure coverage in such amounts and having the deductibles as from time to time specified by Franchisor either in the Manuals or in other written directives, and to procure such insurance from insurance companies which are reputable, creditworthy and in good standing with the insurance commissioner of the state or states in which each of Franchisee's Restaurant is located. All such policies of insurance will name Franchisor as an additional named insured and will contain an endorsement requiring the insured and insurer to give Franchisor 30 days advance written notice before any termination or cancellation of such policy will be effective, which notice will specify the reason for the pending termination or cancellation. Franchisee will promptly deliver certificates of all insurance to Franchisor.

14. OWNERSHIP AND USE OF TRADEMARKS, TRADE SECRETS AND OTHER INTELLECTUAL PROPERTY.

a. Ownership and Goodwill of the Marks. Franchisee's right to use the Marks is derived only from this Agreement and is limited to Franchisee's operation of the Restaurant in compliance with this Agreement and all System Standards Franchisor prescribes during the Term. Franchisee's unauthorized use of the Marks is a breach of this Agreement and infringes Franchisor's and rights in the Marks. Franchisee acknowledges and agrees that Franchisee's use of the Marks and any goodwill established by that use are exclusively for Franchisor's benefit and that this Agreement does not confer any goodwill or other interests in the Marks upon Franchisee (other than the right to operate the Restaurant in compliance with this Agreement). All provisions of this Agreement relating to the Marks apply to any additional proprietary trade and service marks Franchisor authorize Franchisee to use. Franchisee may not at any time during or after the Term contest or assist any other person in contesting the validity, or Franchisor's ownership, of the Marks.

b. Limitations on Franchisee's Use Of Marks. Franchisee agrees to use the Marks as the Restaurant's sole identification, except that Franchisor must identify itself as its independent owner and operator in the manner Franchisor prescribes. Franchisee may not use any Mark (1) as part of any corporate or legal business name, (2) with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos Franchisor licenses to Franchisee), (3) in selling any unauthorized services or products, (4) as part of any domain name, homepage or electronic address, or (5) in any other manner Franchisor has not expressly authorized in writing. If Franchisor discovers Franchisee's unauthorized use of the Marks, Franchisor may require Franchisee to destroy (with no reimbursement from Franchisor) all offending items reflecting the unauthorized use. Franchisee may not use any Mark in advertising the transfer, sale, or other disposition of the Restaurant or an ownership interest in Franchisee without Franchisor's prior written consent, which Franchisor will not unreasonably withhold. Franchisee agrees to display the Marks prominently as Franchisor prescribes at the Restaurant and on apparel, forms, advertising, supplies, and other materials Franchisor designates. Franchisee agrees to give the notices of trade and service mark registrations that Franchisor specifies and to obtain any fictitious or assumed name registrations required under applicable law.

c. Notification of Infringements and Claims. Franchisee agrees to notify Franchisor immediately of any apparent infringement or challenge to Franchisee's use of any Mark or of any person's claim of any rights in any Mark or any confusingly similar trademark, and not to communicate with any person other than Franchisor and its attorneys, and Franchisee's attorneys, regarding any infringement, challenge, or claim. Franchisor may take the action it deems appropriate (including no action) and control exclusively any litigation, U.S. Patent and Trademark Office proceeding, or other administrative proceeding arising from any infringement, challenge, or claim or otherwise concerning any Mark. Franchisee agrees to sign any documents and take any other reasonable action that, in the opinion of Franchisor and its attorneys, are necessary or advisable to protect and maintain Franchisor's interests in any litigation or Patent and Trademark Office or other proceeding or otherwise to protect and maintain Franchisor's interests in the Marks. Franchisor will reimburse Franchisee the costs for taking any requested action.

d. Discontinuance of Use of Marks. If it becomes advisable at any time in Franchisor's opinion for Franchisor and/or Franchisee to modify, discontinue using, and/or replace any Mark and/or to use one or more additional, substitute, or replacement trade or service marks together with or instead of any previously designated Mark, Franchisee agrees to comply with Franchisor's directions within a reasonable time after Franchisor delivers notice to Franchisee. Franchisor need not reimburse Franchisee's direct expenses for changing the Restaurant's signs, for Franchisee's lost revenue due to any modified or discontinued Mark, or for Franchisee's expenses in promoting a modified or substitute trademark or service mark. Franchisor's rights in this Subsection apply to any and all of the Marks (and any portion of any Mark) that this Agreement authorizes Franchisee to use. Franchisor may exercise these rights at any time and for any reason, business or otherwise, Franchisor thinks best. Franchisee acknowledges both Franchisor's right to take this action and Franchisee's obligation to comply with Franchisor's directions.

e. Ideas. All ideas, concepts, techniques, or materials relating to a HOT HARRY'S® Restaurant, whether or not protectable intellectual property and whether created by or for Franchisee or Franchisee's owners or employees, must be promptly disclosed to Franchisor and will be deemed to be Franchisor's sole and exclusive property, part of the System, and works made-for-hire for Franchisor. To the extent any item does not qualify as a "work made-for-hire" for Franchisor, by this paragraph Franchisee assigns ownership of that item, and all related rights to that item, to Franchisor and agrees to take whatever action (including signing assignment or other documents) Franchisor requests to evidence Franchisor's ownership or to help Franchisor obtain intellectual property rights in the item.

15. TRANSFERS AND RIGHT OF FIRST REFUSAL.

a. Transfers. Franchisee will neither sell, assign, transfer, sublicense, subfranchise, nor encumber this Agreement, the franchise granted herein, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur by will, by operation of law or otherwise, without the prior written consent of Franchisor in accordance with this Section.

b. Entity Franchisees. If Franchisee is a corporation, partnership, unincorporated association, or a similar entity, the terms of this Article will apply to any merger and to any sale, resale, pledge, assignment, transfer, or encumbrance of the voting stock of, or ownership interest in, Franchisee which would, alone or together with other related, previous, simultaneous, or proposed transfers, whenever made or however effected, result in a change in beneficial ownership of 20% or more of the voting stock or other ownership interest in Franchisee, whether by operation of law or otherwise. As used in this Article the term "Franchisee" will be deemed to include, without limitation, the person or persons who control Franchisee as disclosed to Franchisor in writing upon the execution of this Agreement, in the form set forth as Schedule B hereto and incorporated by reference herein. Each of Franchisee's owners (each a "Guarantor") will execute a Personal Guarantees, in the form attached to this Agreement, undertaking personally to be bound, jointly and severally, by all provisions of this Agreement and any ancillary agreements between Franchisee and Franchisor.

c. Right of First Refusal. If Franchisee receives from a third party, and desires to accept, a bona fide written offer to purchase its business, this franchise, the Restaurant, and other rights and obligations arising under this Agreement, then Franchisor will have the option, exercisable within 30 days after written notice and receipt of a copy of such offer and other information as required in this Section, to purchase the Restaurant, including Franchisee's right to occupy and use the Restaurant, on the same terms and conditions as offered by said third party. In order that Franchisor may have information sufficient to enable it to determine whether to exercise its option, Franchisee will deliver to Franchisor audited financial statements as of the end of Franchisee's most recent fiscal year, if not yet in Franchisor's possession, and such other information about the business and operations of Franchisee as Franchisee has provided to such third party or as Franchisor may reasonably request. If Franchisor does not exercise its option, Franchisee may, within 60 days from the expiration of the option, sell, assign, and transfer its business, the Restaurant, and other interests under this Agreement to said third party, provided Franchisor has consented in writing to such transfer and assignment as required by this Article. Any material change in the terms of the offer prior to closing of the sale to such third party or any sale to such third party closing more than 60 days after the expiration of Franchisor's option will constitute a new offer, subject to the same rights of first refusal of Franchisor as in the case of an initial offer. Failure by Franchisor to exercise the option afforded by this Section. will not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Article with respect to the proposed transfer.

d. Death or Disability. In the event of the death, disability or permanent incapacity of Franchisee (or appointment of a conservator or guardian of the person or estate of Franchisee, or if Franchisee is a corporation or general or limited partnership, then upon the dissolution or liquidation of the Franchisee or the death, insanity, permanent disability of a principal officer or general partner of Franchisee), Franchisor will not unreasonably withhold its consent to the transfer of all of the interest of Franchisee to his or her spouse, heirs, relatives, or successors, whether such transfer is made by will or by operation of law, provided that the requirements of Section 15.e. have been met. In the event that Franchisee's spouse, heirs or relatives do not obtain the consent of Franchisor as prescribed herein, the personal representative of Franchisee will have a reasonable time to dispose of Franchisee's interest under this Agreement, which disposition will be subject to all the terms and conditions for transfers under this Agreement.

e. Transfers. If Franchisee (and its owners) are in substantial compliance with this Agreement, then, Franchisor will approve a transfer that meets all of the requirements in this Section. A non-controlling ownership interest in Franchisee and its owners (determined as of the date on which the proposed transfer will occur) may be transferred if the proposed transferee and its direct and indirect owners (if the transferee is an entity) are of good character, otherwise meet Franchisor's then applicable standards for franchisees, and sign Franchisor's required form of the Personal Guarantee. If the proposed transfer is of this Agreement or a controlling ownership interest in Franchisee or in an entity that owns a controlling ownership interest in Franchisee, or is one of a series of transfers (regardless of the time period over which these transfers take place) that in the aggregate transfer this Agreement or a controlling ownership interest in Franchisee or in an entity that owns a controlling ownership interest in Franchisee, then all of the following conditions must be met before or concurrently with the transfer's effective date:

(i) the transferee shall (if the transfer is of this Agreement), or Franchisee shall (if the transfer is of a controlling ownership interest in Franchisee or in an entity that owns a controlling ownership interest in Franchisee), sign Franchisor's then current form of Franchise Agreement and related documents, any and all of the provisions of which may differ materially from any and all of those contained in this Agreement, including the Royalty and Fund contributions, provided, however, that the term of the new Franchise Agreement signed will be equal to the term of a new HOT HARRY'S® Restaurant franchise;

(ii) all ascertained or liquidated debts of Franchisee to Franchisor are paid;

(iii) all other ascertained or liquidated debts of Franchisee are paid or adequate provision has been made therefore;

(iv) no default, or event that with or without the passage of time or notice would constitute a default, by Franchisee has occurred under this Agreement or any written agreement between Franchisor and Franchisee;

(v) Transferee satisfactorily completes the training required of new franchisees prior to the date of transfer;

(vi) Franchisee satisfies Franchisor that Transferee meets all the requirements of Franchisor for new franchise owners;

(vii) Transferee complies with Franchisor's requirements for new franchisees as of the date of transfer;

(viii) Franchisee (and, if applicable, Franchisee's transferring owners) sign a general release in a form satisfactory to Franchisor, releasing any and all claims against Franchisor;

(ix) Franchisee or Transferee pays to Franchisor a transfer fee in the amount of 50% of the initial franchise fee in effect at the time of the transfer.; and

(x) Franchisee or Transferee remodel or refurbish the Restaurant to Franchisor's then current requirements and specifications for HOT HARRY'S® Restaurant within the time Franchisor specifies.

f. Franchisor's Discretion. Franchisee and Franchisor agree and acknowledge that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique terms of their purchase contracts with Franchisee and Franchisor's exercise of its right to withhold consent to a transfer will not constitute improper or unlawful conduct. A reasonable determination by Franchisor of any of the following, without limitation, shall constitute grounds for withholding consent to a transfer:

(i) Transferee lacks appropriate experience, credit history or net worth;

(ii) Transferee has a conflict of interest with Franchisor; or

(iii) Franchisee's sale price is so excessive in the judgment of Franchisor as to jeopardize the continued economic viability of the franchise.

g. Wholly-Owned Entity. Franchisee may assign its interest under this Agreement to a corporation previously approved in writing by Franchisor and in which Franchisee will own and continue to own, legally and beneficially, at least 100% of the issued and outstanding stock of said corporation. If the rights of Franchisee are assigned to a corporation, the original Franchisee, or if Franchisee is a corporation, partnership or other business association, the persons who control Franchisee as disclosed to Franchisor in Schedule B, will, throughout the term of this Agreement, each act as a principal operating officer and director or partner, as the case may be, of such corporation, partnership or other business association. The entity must expressly assume all of Franchisee's obligations under this Agreement. Franchisee will remain liable under this Agreement as if the transfer to the entity had not occurred.

h. Securities. In the event Franchisee, or its successor and/or assigns, is a corporation or partnership, the restrictions of this Agreement will be reflected or referenced in the articles of incorporation, or other certificates of ownership will carry the following legend:

> "The transfer of these securities is subject to the terms and conditions of HOT HARRY'S FRESH BURRITOS, INC. Franchise Agreement(s) executed thereunder. Copies of said Agreements are available at the principal executive offices of HOT HARRY'S FRESH BURRITOS, Inc. at 37 North Street, Pittsfield, Massachusetts 01201."

i. Reasonableness of Restrictions. Franchisee acknowledges and agrees that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Franchise, the Marks, the System and the reputation and image of the Restaurants. Any assignment or transfer permitted by this Article will not be effective until Franchisor receives a completely executed copy of all transfer documents.

16. DEFAULT AND TERMINATION.

a. Franchisor may terminate this Agreement, effective upon delivery of written notice of termination to Franchisee, if:

(i) Franchisee, any of its owners or any Guarantor, is adjudicated a bankrupt, becomes insolvent, or has a receiver (permanent or temporary) of its property or any part thereof appointed by a court of competent authority, makes a general assignment for the benefit of its creditors, or has a final judgment which remains unsatisfied of record for 30 days or longer (unless a supersedes bond is filed), or execution is levied against Franchisee's, any of its owners or Guarantors' business or property, or has a suit to foreclose any lien or mortgage against the Site or Equipment instituted against it or any of its owners or Guarantor that is not dismissed within 60 days; provided, however, that if any of the preceding actions are taken by or against Franchisee, any of its owners or Guarantor and result in the closing of the Restaurant, such closing shall be an event of default hereunder even if such action is appealed or dismissed;

(ii) Franchisee violates any health, safety, or sanitation law, ordinance, or regulation, or operate the Restaurant in an unsafe manner, and do not begin to cure the violation immediately after delivery of notice from Franchisor or any other party and correct the violation within the timeframe mandated by law;

(iii) Franchisee violates any law, ordinance, rule, or regulation of a governmental agency (other than a health, safety, or sanitation law) in connection with the operation of the Restaurant, and permits the same to go uncorrected after notification thereof;

(iv) Franchisee loses the right to occupy the Site or defaults on any lease or sublease or loses its right to the possession of the Site; provided, however, that if the loss of possession is attributable to the proper governmental exercise of eminent domain, or if the Site is damaged or destroyed by a disaster of such nature that it cannot be reasonably restored, then Franchisee may relocate, within 120 days, to other site approved by Franchisor for the balance of the term hereof;

(v) Franchisee misuses the Marks, the Manuals or the System or otherwise materially impairs the goodwill associated therewith or Franchisor's rights therein, or uses, at the Restaurant, any names, Marks, systems, insignia, or symbols not authorized by Franchisor and does not correct the default within 10 days after Franchisor delivers written notice to Franchisee;

(vi) Franchisee fails to remit any payments when due to Franchisor;

(vii) Franchisee fails to submit to Franchisor any financial or other information required under this Agreement;

(viii) Franchisee fails to locate, and sign a Lease for, an acceptable Site within six months after the Effective Date, Franchisee fails to open the Restaurant for business within 12 months after the Effective Date or Franchisee construct or opens the Restaurant for business before the Restaurant meets Franchisor's standards and specifications;

(ix) Franchisee fails to construct, maintain, add to, or remodel the Restaurant or to equip the facility in accordance with the Plans and Specifications;

(x) Franchisee fails to operate the Restaurant in accordance with the Manuals or other governing documents of Franchisor, fails to conform to the specifications and standards of Franchisor, fails in any other way to maintain Franchisor's standards of quality in appearance and service in the operation of the Restaurant, or fails to maintain the quality image of a Restaurant or its image as a family-oriented restaurant and said failure continues for more than 10 days after notification, or Franchisee commits defaults under this Agreement on three or more separate occasions (with or without cure) within any 12 consecutive month period;

(xi) Franchisee fails to obtain Franchisor's prior approval or consent, written or oral, when such is required by this Agreement;

(xii) Franchisee, any of its owners or any Guarantor is involved in any activity detrimental to the goodwill and quality image of the Restaurant as a family restaurant, including, without limitation, being convicted under any law providing for criminal penalties;

(xiii) Franchisee or any of its owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or Franchisee or any of its owners otherwise violate any such law, ordinance, or regulation;

(xiv) Franchisee attempts an improper transfer of the franchise; or

(xv) Franchisee (or any of its owners) fails to comply with any other provision of this Agreement or any System Standard and does not correct the failure within 30 days after Franchisor delivers written notice of the failure to Franchisee.

b. No Right to Cure. Unless otherwise specified, Franchisee shall have no right to cure any default. No express or implied waiver by Franchisor of any default hereunder in any way may be, or be construed to be, a waiver of any future or subsequent default.

c. Notice. If any applicable law or rule of any jurisdiction requires a greater prior notice of the termination of this Agreement, or the election not to renew this Agreement, or the taking of some other action with respect to such termination or election not to renew than is required in this Agreement, or in any other way or manner changes the required provisions of this Agreement, the prior notice or other action required by such law or rule shall be substituted for the notice or other requirements contained in this Agreement.

d. Post Term Obligations. Upon termination, cancellation or expiration of this Agreement, or upon the expiration of the term hereof, Franchisee agrees as follows:

(i) Franchisee shall within 15 days' pay to Franchisor the full amount of all sums due under this Agreement, including, without limitation, all damages, costs, expenses, and reasonable attorney's fees incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other equitable relief for the enforcement of any provision of this Agreement, which obligation will give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all personal property (including, without limitation, inventory, signs, furniture, fixtures, equipment, and supplies) owned or used by Franchisee in connection with the Restaurant at the time of default.

(ii) Franchisee shall cease using and desist from, directly or indirectly, at any time or in any manner identifying any business as a current or former HOT HARRY'S® Restaurant or as one of Franchisor's current or former franchisees; using any Mark, any colorable imitation of a Mark, or other indicia of a HOT HARRY'S® Restaurant in any manner or for any purpose; or using for any purpose any trade name, trade or service mark, or other commercial symbol that indicates or suggests a connection or association with Franchisor;

(iii) Franchisee will cease using any Confidential Information including, without limitation, secret recipes, formulas, or other trade secrets disclosed to it under or pursuant to this Agreement or any paper or plastic goods, emblems, signs, displays, or other property on which Franchisor's name or trade names are imprinted, or any of the Marks or any confusing simulation thereof. Franchisee will not otherwise use or duplicate the System or any portion thereof or assist others in doing so. Franchisee will immediately remove from the Site all signs, emblems and displays identifying it as associated with Franchisor or the System and will cease any and all use of the Marks, including in any telephone listing. It will cease to use and will return to Franchisor the Manuals and all other manuals, the Plans and Specifications, designs, records, data samples, models, programs, handbooks, and drawings, and all copies thereof, concerning Franchisor's operations, the System or the Marks.

(iv) Within 30 days of cancellation or expiration of this Agreement, Franchisee will change the color scheme and the decor of the Site and will make or cause to be made such changes in its signs, buildings and structures as Franchisor reasonably directs so as to effectively distinguish the same from its former appearance and from any other Restaurant, and if Franchisee fails or refuses to comply herewith, then Franchisor will have the right to enter upon the Site without being guilty of trespass or any other tort for the purpose of making or causing to be made such changes at the expense of the Franchisee, which expenses Franchisee will pay upon demand.

(v) Franchisee will immediately cease to hold itself out in any way as a franchisee of Franchisor or do anything that would indicate any relationship between it and Franchisor.

(vi) All rights, claims and indebtedness which may accrue to Franchisor prior to termination, cancellation or expiration of this Agreement will survive termination, cancellation or expiration and be enforceable.

(vii) Franchisee will maintain all books, records and reports required pursuant to this Agreement for a period of not less than one year after termination of the Agreement and will allow Franchisor to make final inspection and audit of its books, records and reports within said one year period for the purpose of verifying that all fees and other appropriate amounts have been paid as required.

(viii) Franchisee will complete all accounting prior to closing the Restaurant and pay any balance due to suppliers.

e. Right to Purchase. Upon termination or expiration of this Agreement, Franchisor will have, at its sole and absolute option, the right to purchase any leasehold estate or fee interest of Franchisee at the Site, together with all tangible Equipment of Franchisee (excluding, without limitation, goodwill), by giving Franchisee written notice of Franchisor's intent to exercise its option at any time within 30 days after the effective date of termination or expiration. The price of such sale and purchase will be lesser of (a) the fair market value, or (b) 50% of Franchisee's original investment, exclusive of supplies, inventory and costs for professional services, and to purchase any or all supplies and inventory of the Franchisee at the lesser of (a) Franchisee's cost, or (b) fair market value. If agreement cannot be reached within 10 days after written notice of Franchisor's election to purchase, then the fair market value of the assets will be determined by one or more Qualified Appraisers, selected under the procedures in this Article ("Qualified Appraisers"). If the fair market value of the Restaurant is to be determined by Qualified Appraisers, Franchisee shall have the opportunity to appoint one Qualified Appraiser at his, her, or its own expense, within five days following the expiration of the 10-day period within which the Parties could not mutually agree on the fair market value. Franchisor shall have the opportunity to appoint one Qualified Appraiser at its own expense, within five days following the expiration of the 10-day period within which the Parties could not mutually agree on the fair market value. If either of the Parties shall fail to appoint a Qualified Appraiser within this five day period, the other Qualified Appraiser shall unilaterally establish the fair market value of the Restaurant by a written opinion. If two Qualified Appraisers shall have been appointed within this five- day period, these two Qualified Appraisers shall establish the fair market value of the Restaurant in a single written opinion agreed to by both of them. If these two Qualified Appraisers cannot agree on the fair market value of the Restaurant within 10 days of the appointment of the later of them, they shall each prepare an independent appraisal, and the average of the fair market value determined under these two appraisals shall be the price to be paid by Franchisor. Closing of the sale will be within 90 days of the Qualified Appraiser(s) determination of the fair market value at the place and on the date and time selected by Franchisor by written notice to Franchisee. Franchisor shall have the option of not purchasing the Restaurant upon review of the proposed purchase price. If Franchisor elects to exercise any option to purchaser herein provided, it shall have the right to set off all amounts due from Franchisee, and the cost of the appraisal, if any, against payment therefor.

f. Telephone. Franchisee acknowledges that there shall be substantial confusion among the public if, after the termination of this Agreement, Franchisee continues to use the telephone number listed in and telephone directory under the Marks or some other name confusingly similar thereto. Accordingly, effective upon the expiration or termination of this Agreement for any reason whatsoever, Franchisee shall direct the telephone company servicing Franchisee to disconnect the telephone number listed under the Marks in the then current telephone directory, or transfer such number to Franchisor or to such person and location as Franchisor directs. If Franchisee fails to promptly so direct the telephone company in accordance with Franchisor's instructions, Franchisee hereby irrevocably appoint Franchisor as attorney-in-fact to direct the telephone company to make such transfer. Franchisee understands and agrees that notwithstanding any billing arrangements with any telephone company or yellow pages directory company, Franchisor shall be deemed for purposes hereof to be the subscriber of such telephone numbers, with full authority to instruct the applicable telephone or yellow pages directory company as to the use and disposition of telephone listings and numbers. Franchisee hereby agrees to release, indemnify and hold such companies harmless from any damages or loss on account of following Franchisor's said instructions.

17. NON-COMPETITION AND CONFIDENTIALITY.

a. Non-Competition. Neither Franchisee, any of its owners or any Guarantor will without Franchisor's prior written consent:

(i) At no time during the Term, nor for a two year period beginning on the effective date of expiration or termination of this Agreement, have any interest, direct or indirect, in the ownership or operation of a Competitive Business within three miles of the Site or any HOT HARRY'S® Restaurant.

(ii) At any time, during the term of this Agreement or thereafter, use, in connection with the operation of any other restaurant or other food store wherever located, any of the Marks, the Manuals or the System, or cause to permit any such facility to look like, copy or imitate to any extent any Restaurant operated or to be operated in a manner tending to have such effect.

(iii) The term "Competitive Business" means (i) any business engaged in the production or sale at retail of any burritos or other California-Mexican cuisine or (ii) any business granting franchises or licenses to others to operate the type of business specified herein (other than a HOT HARRY'S® Restaurant operated under a Franchise Agreement with Franchisor).

(iv) Franchisee and its owners expressly acknowledges that they possess skills and abilities of a general nature and have other opportunities for exploiting these skills. Consequently, Franchisor's enforcing the covenants made in this Subsection will not deprive Franchisee or its owners of their personal goodwill or ability to earn a living.

b. Confidential Information. Franchisor possess (and will continue to develop and acquire) certain confidential information, some of which constitutes trade secrets under applicable law (the "Confidential Information"), relating to developing and operating HOT HARRY'S® Restaurants, including (without limitation): the Manuals, recipes, cooking methods, preparation of menu items, drawings, architectural plans, suppliers, equipment, product costs, accounting methods, including both paper and electronic spreadsheets, or advertising which may be communicated to Franchisee or of which Franchisee may be apprised by virtue of Franchisee's operation under the terms of this Agreement. Any and all information, knowledge, know-how, techniques and other data which Franchisor designates as confidential shall be deemed Confidential Information for purposes of this Agreement. Franchisee shall divulge such Confidential Information only to such of its employees as must have access to it in order to operate the Restaurant. Franchisee will at all times treat as confidential the Manuals and any other manuals or materials designated as Confidential Information by Franchisor. Franchisee further acknowledges that the unauthorized use or disclosure of such Confidential Information will cause incalculable and irreparable injury to Franchisor.

c. Confidentiality Agreements. Franchisee will cause any person who is actively involved in the ownership, management or operation of the business of Franchisee pursuant to this Agreement at the time of his employment, but not later than at the time of completion of his training course, to enter into a confidentiality and noncompetition agreement in the form required by Franchisor, which agreement will insure to the benefit of and be enforceable by Franchisor. Franchisor reserves the right to require all of

Franchisee's managers, at the outset of the training of any manager, to execute a non-competition and confidentiality agreement providing to Franchisor the right to specific performance.

d. Business at the Site. Franchisee further covenants that for a period of two years commencing on the effective date of termination, cancellation or expiration of this Agreement assignment hereof by Franchisee, or sale of the franchised business by Franchisee, Franchisee will not, either directly or indirectly (or through any of the persons listed on the attached Schedule B or any of the Guarantors), for itself or through, on behalf of, or in conjunction with any person, partnership or corporation, own, engage in, be employed by, divert customers to, advise, assist, invest in, franchise, make loans to, or have any other interest in any restaurant or other food service business located at the Site, or within 25 miles of the Site or any other HOT HARRY'S® Restaurant.

e. Non-Compete. Franchisee hereby agrees not to employ or seek to employ any person who is at the time, or who within the last 12 months has been employed by Franchisor or another franchisee of Franchisor without the express written consent of the Franchisor.

18. REPRESENTATIONS AND WARRANTIES OF FRANCHISEE.

a. Authority. Franchisee hereby represents and warrants that if Franchisee is a corporation, it is duly organized and validly existing under the laws of the state of its incorporation, and is qualified or will promptly become qualified, to do business in the state in which the Restaurant is located. Franchisee further represents and warrants that this Agreement is legal, valid and binding on it and warrants that Franchisee has full power, right and authority to enter into this Agreement and to perform its obligations under this Agreement, and that the execution, delivery and performance of this Agreement by Franchisee has been duly and effectively authorized by all requisite corporate or other action. Franchisee further represents and warrants that Franchisee is authorized by its creating instruments to enter into this Agreement, and that the persons executing this Agreement on behalf of Franchisee have full power, right and authority to enter into this Agreement and to obligate Franchisee hereunder.

b. Valid Agreement. Franchisee hereby represents and warrants that the execution, delivery and performance of this Agreement will not violate any judicial decree or court or other order, or any agreements of Franchisee, its owners or Guarantors with any persons or entities, whether written or oral; and that entering into this Agreement is not an infringement upon the proprietary rights of other persons or entities.

c. Taxes. Franchisee agrees to promptly pay when due all taxes, accounts, liabilities, and indebtedness of any kind incurred in the operation of the Restaurant.

d. Participation. If Franchisee is an individual, he or she agrees to be actively and directly involved in the operation of the Restaurant. If Franchisee is a corporation or other business association, at least one equity owner who maintains at least a 20% equity interest in such association is required to be actively and directly involved in the operation of the Restaurant.

e. Independent Contractors. Franchisor and Franchisee are and will be independent contractors. Franchisee is not, and will not represent nor hold itself out as, an agent, legal representative, partner, subsidiary, joint venturer, or employee of Franchisor. Franchisee will have no right or power to, nor will, bind or obligate Franchisor in any way, manner or thing whatsoever, nor represent that it has any right to do so. In all public records, in its relationship with other persons and on letterheads and business forms, Franchisee shall indicate its independent ownership of the Restaurant, and that it is only a franchisee of Franchisor. Franchisee shall also conspicuously display in the Restaurant a sign provided by Franchisor which indicates the franchisor/franchisee relationship between the Parties.

19. MISCELLANEOUS -GENERAL PROVISIONS.

a. Injunctive Relief and Attorney's Fees. Franchisor, at its option, may seek and obtain from a court of competent jurisdiction, an injunction restraining any breach or threatened breach by Franchisee of any restrictive covenant without proof of any actual damages sustained or the posting of any bond. In the event it becomes necessary for Franchisor to enforce its rights under this Agreement, including, but not limited to, the collection of any sums due it or the securing of an injunction against Franchisee, Franchisee will be liable for all costs of any such enforcement, including a reasonable attorney's fee for all services rendered by suit or otherwise.

b. Arbitration, Governing Law and Forum Selection. This Agreement and all transactions contemplated by this Agreement shall be governed by, and construed and enforced with the internal laws of the State of Massachusetts without regard to principles of conflicts of law. Franchisor and Franchisee shall resolve any controversy between them or their affiliates and relating (i) to this Agreement (including any claim that any part of this Agreement is invalid, illegal or otherwise void or voidable), or (ii) to the Parties' business activities conducted as a result of this Agreement by final and binding arbitration in Berkshire County, Massachusetts, in accordance with the Rules for Commercial Arbitration of the American Arbitration Association then in effect. Such arbitration shall be conducted by a single arbitrator who shall have at least 10 years' experience in commercial litigation matters. The prevailing Party shall have the right to enter the award of the arbitrator in any court having jurisdiction over one or more of the Parties or their assets. Except for matters that are the subject of arbitration as set forth above, the Parties acknowledge that a substantial portion of negotiations, anticipated performance and execution of this Agreement occurred or will occur in Berkshire County, Massachusetts, and that, therefore, without limiting the jurisdiction or venue of any other federal or state courts, each of the Parties irrevocably and unconditionally (i) agrees that any suit, action or legal proceeding arising out of or relating to this Agreement may be brought in the courts of record of the State of Massachusetts in Berkshire County or the federal district court serving Berkshire County, Massachusetts; (ii) consents to the jurisdiction of these courts in any suit, action or proceeding; (iii) waives any objection which it may have to the laying of venue of any such suit, action or proceeding in these courts; and (iv) agrees that service of any court paper may be effected on such Party by mail, at the address provided in this Agreement, or in any other manner authorized by the applicable laws or court rules of the State of Massachusetts. Franchisor and Franchisee agrees that arbitration, and any other proceeding if applicable, will be conducted on an individual, not a class-wide, basis and that an arbitration or other proceeding between Franchisor and its affiliates, and Franchisor and its respective owners, officers, directors, agents, and/or employees, and Franchisee (and/or Franchisee's owners, guarantors, affiliates, and/or employees) may not be consolidated or joined with any other arbitration or other proceeding between Franchisor and any other person. Despite Franchisor's and Franchisee's agreement to arbitrate, Franchisor and Franchisee each have the right in a proper case to seek temporary restraining orders and temporary or preliminary injunctive relief from a court of competent jurisdiction; provided, however, that Franchisor and Franchisee must contemporaneously submit the dispute for arbitration on the merits as provided in this Subsection.

c. Waiver of Exemplary Damages and Jury Trial. **EXCEPT FRANCHISEE'S OBLIGATION TO INDEMNIFY UNDER SUBSECTION 13.A., AND EXCEPT FOR EXEMPLARY, PUNITIVE, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AVAILABLE TO EITHER PARTY UNDER FEDERAL LAW, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS) WAIVE TO THE FULLEST EXTENT**

PERMITTED BY LAW ANY RIGHT TO OR CLAIM FOR ANY EXEMPLARY, PUNITIVE, TREBLE, AND OTHER FORMS OF MULTIPLE DAMAGES AGAINST THE OTHER AND AGREE THAT, IN THE EVENT OF A DISPUTE BETWEEN FRANCHISOR AND FRANCHISEE, THE PARTY MAKING A CLAIM WILL BE LIMITED TO EQUITABLE RELIEF AND TO RECOVERY OF ANY ACTUAL DAMAGES IT SUSTAINS. FRANCHISOR AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF US.

d. Limitation of Claims. Except for Franchisee's indemnification obligations under Subsection 13.a. and except for claims arising from Franchisee's non-payment or underpayment of amounts Franchisee owes Franchisor, any and all claims arising out of or relating to this Agreement or Franchisor's relationship with Franchisee will be barred unless a legal proceeding (in the required or permitted forum) is commenced within 18 months from the date on which the party asserting the claim knew or should have known of the facts giving rise to the claims.

e. Severability: Interpretation. If any provision of this Agreement or the application of any provision to any person or to any circumstance will be determined to be invalid or unenforceable, then such determination will not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, all of which other provisions will remain in full force and effect. It is the intention of Franchisor and Franchisee that if any provision of this Agreement is susceptible to two or more constructions, one of which would render the provision enforceable and the other or others of which would render the provision unenforceable, then the provision will have the meaning which renders it enforceable. The Parties acknowledge that they were in an equal bargaining position at the time of execution of this Agreement. Accordingly, no provision of this Agreement is to be more strictly construed against its drafter than any other Party. In the event any covenant contained in this Agreement is held to be invalid, illegal or unenforceable because of the duration of such covenant, the geographic area covered thereby or otherwise, the Parties agree that the court making such determination shall have the power to reduce the duration, the area and/or other provisions(s) of any such covenant to the maximum permissible and to include as much of its nature and scope as will render it enforceable, and, in its reduced form, said covenant shall be valid, legal and enforceable.

f. Waiver. The failure of either Party to exercise any power given it under this Agreement or to insist upon strict compliance by either Party with its obligations hereunder will not, and no custom or practice of the Parties at variance with the terms of this Agreement will constitute a waiver of either Party's right to demand exact compliance with the terms hereof.

g. Time. Time is of the essence in this Agreement.

h. Survival of Covenants. The covenants and agreements made by Franchisee under this Agreement will be perpetual and will survive the expiration, cancellation or termination of this Agreement.

i. Notices. All notices under this Agreement will be in writing and will be deemed duly delivered on the date personally delivered, the day following delivery to an overnight courier, so long as the sending Party retains a receipt thereof, or three days after delivery by registered or certified mail, postage prepaid, addressed:

(i) If to Franchisor at: 37 North Street, Pittsfield, Massachusetts 01201 Attention: President, Samir Abdallah;

(ii) If to Franchisee at:_________________________, with a copy to: __________________________; or at such other address(es) as Franchisor or Franchisee specify by notice to the other Party or parties from time to time. Notices given as aforesaid will be deemed duly received on the date of actual receipt.

j. Entire Agreement. The preambles and exhibits are a part of this Agreement which, together with the System Standards contained in the Manuals (which may be periodically modified, as provided in this Agreement), constitutes Franchisor's and Franchisee's entire agreement, and there are no other oral or written understandings or agreements between Franchisor and Franchisee, and, except as provided in Franchisor's Franchise Disclosure Document, no oral or written representations by Franchisor, relating to the subject matter of this Agreement, the franchise relationship, or the Restaurant (any understandings or agreements reached by Franchisee and Franchisor, or any representations made by Franchisor, before this Agreement are superseded by this Agreement). Franchisee may not rely on any alleged oral or written understandings, agreements, or representations not contained in this Agreement (except for representations contained in Franchisor's Franchise Disclosure Document). Franchisor may rely on the representations Franchisee made in Franchisee's franchise application materials and any representations document or similar questionnaire Franchisee and/or Franchisee's owners signed before signing this Agreement to confirm and acknowledge Franchisee's understanding of the risks of entering into this Agreement and the absence of any improper or misleading statements made by Franchisor. Any policies that Franchisor adopts and implements from time to time to guide Franchisor in its decision-making are subject to change, are not a part of this Agreement, and are not binding on Franchisor. Except as expressly provided in this Agreement, nothing in this Agreement is intended or deemed to confer any rights or remedies upon any person or legal entity not a party to this Agreement.

k. Joint and Several Obligations. If Franchisee consists of more than one person, their liability and obligations under this Agreement will be joint and several.

l. Counterparts, Paragraph Titles, Pronouns. This Agreement may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. The paragraph headings in this Agreement are for convenience of reference only, and will not be deemed to alter or affect any provision thereof. Each pronoun used herein will be deemed to include all genders.

m. Employment Decisions. Franchisee is solely responsible for its employees, all acts of its employees and all employment related decisions such as decisions concerning wages, benefits, hours of work, scheduling, hiring, firing, discipline, training, supervision, recordkeeping, and all other terms and conditions of employment.

n. Security. Franchisee is solely responsible for implementing and maintaining security measures at the Restaurant adequate to protect its employees, customers and all others who may be on or within the Restaurant premises.

o. No Agreement Until Executed By All Parties. This Agreement is not effective until authorized representatives of all Parties sign the document.

p. Compliance with Anti-Terrorism Laws. Franchisee and its owners agree to comply, and to assist Franchisor to the fullest extent possible in Franchisor's efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, Franchisee and its owners certify, represent, and warrant that none of Franchisee's property or interests is subject to being blocked under, and that

Franchisee and its owners 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 Franchisee or its owners, or any blocking of Franchisee or its owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

q. Force Majeure. If either Franchisor or Franchisee is delayed in performing any obligation under this Agreement by any cause reasonably beyond its control when such cause would affect any person or entity similarly situated, including, without limitation, war, civil disorder, catastrophic weather, power outage, acts of God and/or labor strikes unassociated with Franchisee or Franchisor (collectively, "Force Majeure"), then the time period for performing such obligation shall be extended by a period of time equal to the period of delay. Notwithstanding the immediately foregoing sentence, any delay resulting from Force Majeure shall not excuse Franchisee's payment of any fee, charge, amount, and/or any other monetary or financial obligation to Franchisor under this Agreement, including, without limitation, the payment of the Royalty Fee and Fund contributions, and the non-performance of any obligation under this Agreement due to Force Majeure shall not be extended or otherwise excused for more than six months.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the Parties hereto have duly executed this Agreement as of the date first set forth above.

FRANCHISOR: HOT HARRY'S FRESH BURRITOS, INC. DATE:

____

____

Witness

Hot Harry's Fresh Burritos, Inc.

37 North Street

Pittsfield, Massachusetts 01201

FRANCHISEE:

DATE:

____

____

Witness

Name Address

SCHEDULE A
PERSONAL GUARANTEES

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by HOT HARRY'S FRESH BURRITOS, INC. ("us," "we," or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement (including extensions) and afterward as provided in the Agreement, that ______________________________ ("Franchisee") will punctually pay and perform each and every undertaking, agreement, and covenant set forth in the Agreement (including any amendments or modifications of the Agreement) and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement (including any amendments or modifications of the Agreement), including (i) monetary obligations, (ii) obligations to take or refrain from taking specific actions and to engage or refrain from engaging in specific activities, including, but not limited to, the non-competition, confidentiality, and transfer requirements, and (iii) the enforcement and other provisions in the Agreement.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several, both with Franchisee and among other guarantors; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; (4) this liability will not be diminished, relieved, or otherwise affected by any extension of time, credit, or other indulgence that we may from time to time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance or the compromise or release of any claims (including the release of other guarantors), none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during and after the term of the Agreement (including extensions) for so long as any performance is or might be owed under the Agreement by Franchisee or its owners and for so long as we have any cause of action against Franchisee or its owners; and (5) this Guaranty will continue in full force and effect for (and as to) any extension or modification of the Agreement and despite the transfer of any interest in the Agreement or Franchisee, and each of the undersigned waives notice of any and all renewals, extensions, modifications, amendments, or transfers.

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation that any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty; and (ii) acceptance and notice of acceptance by us of his or her undertakings under this Guaranty, notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices to which he or she may be entitled.

If we are required to enforce this Guaranty in a legal proceeding and prevail in such proceeding, we shall be entitled to reimbursement of our costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', 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 the undersigned to comply with this Guaranty, the undersigned shall reimburse us for any of the above-listed costs and expenses we incur even if we do not commence a legal proceeding.

IN WITNESS WHEREOF, each of the undersigned has affixed his or her signature on the same day and year as the Agreement was executed.

GUARANTOR(S):

____________________________ ____________________________

Witness Name

Address

____________________________ ____________________________

Witness Name

Address

SCHEDULE B

ACKNOWLEDGMENT REGARDING CONTROLLING PERSONS

Franchisee hereby acknowledges that Franchisee is a (check one):

partnership joint venture corporation

or other business form -please specify

In accordance with the requirements of the Franchise Agreement attached hereto, Franchisee hereby warrants and represents that the following persons own, either legally or beneficially, voting control of Franchisee:

Type of Ownership Percentage of

Name (Legal or Beneficial) Interest Owned

Franchisee hereby acknowledges that Franchisor is relying on these representations as a material basis for entering into this Franchise Agreement, and that the information set forth above is true and correct.

Franchisee:

Dated: __________

____________________________ ____________________________

Witness Name

Address

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT B
LIST OF STATE AGENCIES

List of State Administrators

California
Department of Financial Protection and Innovation
320 West 4th Street Suite 750
Los Angeles, CA 90013

651 Bannon Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut
Connecticut Banking Commissioner
Department of Banking
Securities & Business Investments Division
260 Constitution Plaza
Hartford, CT 06103

Florida
Division of Consumer Services
Attn: Business Opportunities
2005 Apalachee Parkway
Tallahassee, FL 32399

Hawaii
Commissioner of Securities
Dept of Commerce & Consumer Affairs
Business Registration Division
335 Merchant St, Room 203
Honolulu, HI 96813

Illinois
Office of the Attorney General
Franchise Bureau
500 South Second Street
Springfield, IL 62706

Indiana
Indiana Secretary of State
Indiana Securities Division
Franchise Section
302 W. Washington Street Room E-111
Indianapolis, IN 46204

Kentucky
Office of the Attorney General
Consumer Protection Division
Attn: Business Opportunity
1024 Capital Center Drive
Frankfort, KY 40601

Maine
Department of Professional and Financial Regulations
Bureau of Banking
Securities Division
121 Statehouse Station
Augusta, ME 04333

Maryland
Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of the Attorney General
Consumer Protection Division
Antitrust and Franchise Unit
670 Law Building
PO Box 30213
Lansing, MI 48909

Minnesota
Minnesota Department of Commerce
Securities Unit
85 7th Place East, Suite 280
St. Paul, MN 55101

Nebraska
Nebraska Department of Banking and Finance
Commerce Court
1230 O Street, Suite 400, Lincoln, NE 68509

New York
NYS Department of Law
Investor Protection Bureau
28 Liberty St., 21st Floor
New York, NY 10005
212-416-8222

North Carolina
Secretary of State
Securities Division
300 North Salisbury Street, Suite 100
Raleigh, NC 27603

North Dakota
Securities Department
600 East Boulevard Avenue, State Capitol
Fourteenth Floor Dept 414
Bismarck, ND 58505-0510
Phone 701-328-4712

List of State Administrators (continued)

Rhode Island
Department of Business Registration
Division of Securities
233 Richmond Street Suite 232
Providence, RI 02903

South Carolina
Office of the Secretary of State
1205 Pendleton Street
Edgar Brown Building, Suite 525
Columbia, SC 29201

South Dakota
Franchise Office
Division of Securities
910 E. Sioux Avenue
Pierre, SD 57501

Texas
Office of the Secretary of State
Statutory Document Section
1019 Brazos Street
Austin, TX 78701

Utah
Utah Department of Commerce
Division of Consumer Protection
160 East Three Hundred South
PO Box 146704
Salt Lake City, UT 84114

Virginia
State Corporation Commission
Division of Securities and Retail Franchising
1300 E. Main Street, 9th Floor
Richmond, VA 23219

Washington
Department of Financial Institutions
Securities Division
P.O. Box 41200
Olympia, WA 98504
360-902-8700

Wisconsin
Franchise Office
Wisconsin Securities Commission
PO Box 1768
Madison, WI 53701

Agents for Service of Process

Hot Harry's Fresh Burritos, Inc.
37 North Street Pittsfield, Massachusetts 01201
Attn: Samir Abdallah, CEO

California
Department of Financial Protection and Innovation
320 West 4th Street, Suite 750
Los Angeles, CA 90013

651 Bannon Street, Suite 300
Sacramento, CA 95811
866-275-2677

Connecticut
Banking Commissioner
Department of Banking
Securities and Business Investment Division
260 Constitution Plaza
Hartford, CT 06103

Hawaii
Commissioner of Securities
Department of Commerce & Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, HI 96813

Illinois
Illinois Attorney General
500 South Second Street
Springfield, IL 62706

Maryland
Maryland Securities Commissioner
200 St. Paul Place
Baltimore, MD 21202

Michigan
Michigan Department of Commerce
Corporation and Securities Bureau
6546 Mercantile Way
Lansing, MI 48910

Minnesota
Commissioner of Commerce of Minnesota
Department of Commerce
85 7th Place East, Suite 280
St. Paul, MN 55101

New York
Secretary of the State of New York
99 Washington Avenue
Albany, NY 12231

North Dakota
North Dakota Securities Department
Securities Commissioner
600 East Boulevard Avenue, State Capitol
Fifth Floor, Department 414
Bismarck, ND 58505
701-328-4712

Rhode Island
Director of Department of Business Regulation
233 Richmond Street, Suite 232
Providence, RI 02903

South Dakota
Director, Division of Securities
Department of Commerce and Regulation
445 East Capitol Avenue
Pierre, SD 57501

Virginia
Clerk of the State Corporation Commission
1300 East Main Street, 1st Floor
Richmond, VA 23219

Washington
Securities Administrator
Washington Department of Financial
Institutions
150 Israel Road SW
Tumwater, WA 98501

Wisconsin
Wisconsin Commissioner of Securities
345 W Washington Avenue
Madison, WI 53703

FRANCHISE DISCLOSURE DOCUMENT

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FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT D
FINANCIAL STATEMENTS

Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
3535 Firewheel Dr, STE D120, Flower Mound, TX 75028
Cell: 214-200-5434
Mmetwally@metwallycpa.com

CONSENT

Metwally CPA PLLC consents to the use in the Franchise Disclosure Document issued by Hot Harry's Fresh Burritos, Inc. ("Franchisor") on April 03, 2026, as it may be amended, of our report dated April 03, 2026, relating to the financial statements of Franchisor for the year ending December 31, 2025.

Metwally CPA PLLC
Metwally CPA PLLC
April 03, 2026

Hot Harry's Fresh Burritos, Inc.

Independent Auditor's Report
And
Financial Statements
December 31, 2025 and 2024

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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
3535 Firewheel Dr, STE D120, Flower Mound, Texas 75028
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Stockholders of
Hot Harry's Fresh Burritos, Inc.

Opinion

We have audited the accompanying financial statements of Hot Harry's Fresh Burritos, Inc. (the Company), which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of operations, stockholders' equity, and cash flows for the years 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 the Company. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern within one year after the date that 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 it 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 the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Metwally CPA PLLC

Metwally CPA PLLC
Flower Mound, Texas
April 03, 2026

Hot Harry's Fresh Burritos, Inc.
Balance Sheets
December 31, 2025 and 2024

	2025	2024
ASSETS		
Current Assets		
Cash and cash equivalents	$ 135,362	$ 97,534
Accounts receivable	1,914	4,450
Inventory	7,115	10,378
Prepaid expenses	8,507	8,276
Total Current Assets	**152,898**	**120,638**
Non-Current Assets		
Operating lease right-of-use assets	15,871	19,839
Total Non-Current Assets	**15,871**	**19,839**
Total Assets	**$ 168,769**	**$ 140,477**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 3,481	$ 4,826
Operating lease liabilities - current portion	3,949	3,761
Deferred revenue, current portion	350	350
Due to related parties	1,200	1,200
Total Current Liabilities	**8,980**	**10,137**
Long-Term Liabilities		
Operating lease liabilities - net of current portion	13,072	17,021
Deferred revenue, net of current portion	2,100	2,450
Total Long-Term Liabilities	**15,172**	**19,471**
Total Liabilities	**24,152**	**29,607**
Stockholders' Equity		
Common stock - $0.12 par value		
1,000 shares authorized, 666 shares issued and outstanding	83	83
Additional paid-in capital	1,201	1,201
Retained earnings	143,333	109,586
Total Stockholders' Equity	**144,617**	**110,870**
Total Liabilities and Stockholders' Equity	**$ 168,769**	**$ 140,477**

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Statements of Operations
Years Ended December 31, 2025 and 2024

	2025	2024
Revenues		
Royalties	$ 71,474	$ 62,894
Marketing fees	29,809	28,410
Sales rebates	24,151	16,702
Sauce sales	14,763	17,587
Initial franchise fees	350	350
Total Revenues	**140,547**	**125,943**
Operating Expenses		
Marketing and advertising	30,609	36,035
General and administrative	20,773	25,228
Legal and professional	19,815	14,101
Insurance	14,353	14,770
Total Operating Expenses	**85,550**	**90,133**
Operating Income / (Loss)	**54,997**	**35,810**
Other Income (Expense)		
Interest expense	(1,250)	(1,218)
Net Income / (Loss)	**$ 53,747**	**$ 34,592**

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Statements of Stockholders' Equity
Years Ended December 31, 2025 and 2024

	Common Stock - $0.12 Par Value		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance At December 31, 2023	**666**	**$ 83**	**$ 1,201**	**$ 94,995**	**$ 96,278**
Net income (loss)	-	-	-	34,592	34,592
Stockholder's distribution	-	-	-	(20,000)	(20,000)
Balance At December 31, 2024	**666**	**$ 83**	**$ 1,201**	**$ 109,587**	**$ 110,870**
Net income (loss)	-	-	-	53,747	53,747
Stockholder's distribution	-	-	-	(20,000)	(20,000)
Balance At December 31, 2025	**666**	**$ 83**	**$ 1,201**	**$ 143,334**	**$ 144,617**

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Statements of Cash Flows
Years Ended December 31, 2025 and 2024

	2025	2024
Cash Flows From Operating Activities:		
Net income	$ 53,747	$ 34,592
Adjustments to reconcile net income to net cash provided by operating activities:		
Amortization of operating lease right-of-use assets	3,968	3,968
Change in assets and liabilities:		
Accounts receivable	2,536	580
Inventory	3,263	(5,823)
Other assets	(230)	589
Accounts payable and accrued liabilities	(1,345)	(2,758)
Due to related parties	-	1,200
Deferred revenue	(350)	(350)
Operating lease liabilities	(3,761)	(3,583)
Net Cash Provided by (Used In) Operating Activities	**57,828**	**28,415**
Investing Activities		
Net Cash Provided by (Used In) Investing Activities	-	-
Financing Activities		
Stockholders' distributions	(20,000)	(20,000)
Net Cash Flows Provided By (Used In) Financing Activities	**(20,000)**	**(20,000)**
Net Change In Cash And Cash Equivalents During The Year	**37,828**	**8,415**
Cash and cash equivalents - beginning of the year	97,534	89,119
Cash And Cash Equivalents - End of The Year	**$ 135,362**	**$ 97,534**
Supplementary Information		
State taxes paid	$ 2,102	$ 3,671

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Notes To Financial Statements
December 31, 2025 and 2024

1. COMPANY AND NATURE OF OPERATIONS

Hot Harry's Fresh Burritos, Inc. (the Company) was established in Massachusetts on January 20, 2005. The Company offers to the qualified individuals the right to operate a fast casual restaurant business that offers fresh burritos and other California-Mexican cuisine using made-from-scratch homemade recipes and fresh ingredients under the "HOT HARRY'S" mark. The Company collects franchise fees, royalties, and marketing fees from its franchisees. Licenses are generally granted for ten-years periods and are renewable for two five-year periods. The Company offers individual unit franchises and area development franchises for the development of multiple units within a designated territory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Accounts Receivable

Accounts Receivable arise primarily from Royalty income and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The measurement and recognition of credit losses involve the use of judgement. The management's assessment of expected credit losses includes consideration of current and expected economic conditions, market and industry factors affecting the Company's customers (including their financial condition), the aging of account balances, historical credit loss experience, customer concentration, and customer creditworthiness. Management evaluates its experience with historical losses and then applies this historical loss ratio to financial assets with similar characteristics. The Company's historical loss ratio or its determination of risk pools may be adjusted for changes in customer, economy, market, or other circumstances. The Company may also establish an allowance for credit losses for specific receivables when it is probable that the receivable will not be collected, and the loss can be reasonably estimated. Amounts are written off against the allowance when they are considered to be uncollectible, and reversal of previously reserved amounts are recognized if a specifically reserved item is settled for an amount exceeding the previous estimate.

As of December 31, 2025 and 2024 the allowance for credit losses is considered immaterial and accordingly, no allowance for credit losses has been recorded.

D. Inventory

Inventory is recorded at the lower of, cost or net realizable value, using the First-in First-out method.

E. Federal Income Taxes

The Company has elected to be taxed for U.S. Federal, and to the extent applicable, U.S. State purposes under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, federal income tax liabilities relating to the Company's profits are the stockholders' responsibility; therefore, no provision has been made for federal income taxes.

F. Use of Estimates

The preparation of the Company's financial statements 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 financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

G. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

H. Advertising and Marketing

Advertising and marketing costs are charged to operations in the year incurred.

I. Lease

Effective January 1, 2022, the Company adopted, with modified retrospective application, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASC 842). The amended guidance requires lessees, at the commencement date, to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to record a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. In July 2018, the FASB issued ASU 2018-11, Leases, Targeted Improvements, which gave companies the option of applying the new standard at the adoption date, rather than retrospectively to the earliest period presented in the financial statements. The Company elected the package of practical expedients permitted under the new standard, which among other things, allowed the Company to carry forward the historical lease classification. The Company also elected the practical expedient to not recognize a lease liability and ROU asset for short-term leases less than 12 months. The Company chose the option to apply the new standard at the adoption date, and therefore is not required to restate the financial statements for prior periods, nor are the Company required to provide the disclosures required by the new standard for prior periods. Upon adoption, the Company recognized an approximate $27,775 ROU asset, and an approximate $27,775 lease liability. The adoption of the new standard did not have a material impact on the cash flows or the results of operations. The Company expanded the financial statements disclosures to comply with the requirements of the new standard.

J. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay weekly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 5 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Gross Sales Rebates

The Company receives vendor rebates primarily from referring franchisees to beverage and food vendors. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.
Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

K. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements. See Note 6.

In June 2016, the FASB issued ASU No. 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurements of Credit Losses on Financial Instruments. ASU 2016-13, along with subsequent clarifications and improvements (collectively, ASC 326), replaces the incurred loss impairment methodology in prior U.S. GAAP with a methodology that instead reflects a current estimate of all expected credit losses on financial assets, including receivables. ASC 326 requires that the Company measure and recognize expected credit losses at the time the asset is recorded, while considering a broader range of information to estimate credit losses including country specific macroeconomic conditions that correlate with historical loss experience, delinquency trends and aging behavior of receivables, among others. ASC 326 is effective for the Company since inception. There was no impact on the Company's financial statements as a result of the implementation of this standard.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2025 and 2024, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents. As of December 31, 2025 and 2024 the Company had approximately $135,362 and $97,534, respectively, in cash in their operating bank account.

4. ACCOUNTS RECEIVABLE

As of December 31, 2025 and 2024, accounts receivable consists of the following:

	2025	2024
Royalties' receivable	$ 1,914	$ 4,450

5. INVENTORY

As of December 31, 2025 and 2024, the Inventory consists of the following:

	2025	2024
Sauce inventory	$ 7,115	$ 10,378

6. LEASE

The Company leases property under non-cancellable long-term operating leases. The Company is generally required to pay real estate taxes and other costs for the leased facilities.
Right-of-use lease assets and lease liabilities are recognized as of the commencement date based on the present value of the remaining lease payments over the lease term, we are reasonably certain to exercise. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense is included within general and administrative expenses. Leases were as follows.

	2025	2024
Operating lease expenses under ASC 842, Leases		
General and administrative	$ 3,968	$ 3,968

The leases recorded on the balance sheet consist of the following:

	2025	2024
Assets		
ROU Assets	$ 15,871	$ 19,839
Liabilities		
Lease liabilities, current portion	3,949	3,761
Lease liabilities, net of current portion	13,072	17,021
	$ 17,021	**$ 20,782**

	2025	2024
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 4,800	$ 4,800
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	$ 3,968	$ 3,968
Remaining lease term	48 months	60 months
Discount rate (1)	5%	5%

- The discount rate used for existing operating leases upon adoption of Topic 842 was established based on the risk-free rates treasury note 5 years term as of January 1, 2025 as the lease didn't provide an implicit rate, the Company uses its risk-free rate.

Future lease obligations for leases that have commenced were as follows as of December 31:

	Lease
FY 2026	$ 4,800
FY 2027	4,800
FY 2028	4,800
FY 2029	4,800
Total lease payments	**19,200**
Less: Interest	(2,179)
Present value of lease liabilities	**$ 17,021**

As of December 31, 2025, the term and discount rate for the Company's leases were 4 years and 5%, respectively.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2025	2024
Revenue recognized over time	$ 350	$ 350
Revenue recognized at a point in time	140,197	125,593
Total Revenue	**$ 140,547**	**$ 125,943**

Contract Balances

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2025 and 2024, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2025	2024
Beginning balance	$ 2,800	$ 3,150
Additional deferred revenue	-	-
Revenue recognized – additional deferred revenue	(350)	(350)
Deferred revenue	**2,450**	**2,800**
Less: current maturities	(350)	(350)
Deferred revenue, net of current maturities	**$ 2,100**	**$ 2,450**

8. RELATED PARTY TRANSACTIONS

During the years ended December 31, 2025 and 2024, the Company paid $3,600 and $3,600, respectively, to an entity owned by the Company's stockholder for the lease of a property. As of December 31, 2025 and 2024, the Company has a balance due to related party in the amount of $1,200 and $1,200, respectively, related to the lease of the property.

9. ADVERTISING AND MARKETING

Advertising and marketing costs for the years ended December 31, 2025 and 2024, were $30,609 and $36,035, respectively. These costs were expensed as incurred.

10. STOCKHOLDER'S EQUITY

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 1000 shares with $0.12 par value, 666 shares issued and outstanding. On December 31, 2025 and 2024 the Company had $1,201 and $1,201 in additional paid in capital, respectively.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 03, 2026, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

METWALLY CPA PLLC

Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
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CONSENT

Metwally CPA PLLC consents to the use in the Franchise Disclosure Document issued by Hot Harry's Fresh Burritos, Inc. ("Franchisor") on March 06, 2025, as it may be amended, of our report dated March 04, 2025, relating to the financial statements of Franchisor for the year ending December 31, 2024.

Metwally CPA PLLC
Metwally CPA PLLC
March 06, 2025

Hot Harry's Fresh Burritos, Inc.

Independent Auditor's Report
And
Financial Statements
December 31, 2024 and 2023

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Metwally CPA PLLC
CERTIFIED PUBLIC ACCOUNTANT
1312 Norwood Dr STE 100, Bedford, Texas 76022
Cell: 214-200-5434 (Mohamed Metwally) Mmetwally@metwallycpa.com

Independent Auditor's Report

To the Stockholders of
Hot Harry's Fresh Burritos, Inc.

Opinion

We have audited the accompanying financial statements of Hot Harry's Fresh Burritos, Inc. (the Company), which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of operations, stockholders' equity, and cash flows for the years 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 Hot Harry's Fresh Burritos, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 Hot Harry's Fresh Burritos, Inc. and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Hot Harry's Fresh Burritos, 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 it 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 Hot Harry's Fresh Burritos, 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 Hot Harry's Fresh Burritos, 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.

Metwally CPA PLLC

Metwally CPA PLLC
Bedford, Texas
March 04, 2025

Hot Harry's Fresh Burritos, Inc.
Balance Sheets
December 31, 2024 and 2023

	2024	2023
ASSETS		
Current Assets		
Cash and cash equivalents	$ 97,534	$ 89,119
Accounts receivable	4,450	5,030
Inventory	10,378	4,555
Other assets	8,276	8,866
Total Current Assets	**120,639**	**107,570**
Non-Current Assets		
Operating lease right-of-use assets	19,839	23,807
Total Non-Current Assets	**19,839**	**23,807**
Total Assets	**$ 140,478**	**$ 131,377**
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	$ 4,826	$ 7,584
Operating lease liabilities - current portion	3,761	3,582
Deferred revenue, current portion	350	350
Due to related parties	1,200	-
Total Current Liabilities	**10,137**	**11,516**
Long-Term Liabilities		
Operating lease liabilities - net of current portion	17,021	20,782
Deferred revenue, net of current portion	2,450	2,800
Total Long-Term Liabilities	**19,471**	**23,582**
Total Liabilities	**29,607**	**35,098**
Stockholders' Equity		
Common stock - $0.12 par value		
1,000 shares authorized, 666 shares issued and outstanding	83	83
Additional paid-in capital	1,201	1,201
Retained earnings	109,586	94,995
Total Stockholders' Equity	**110,870**	**96,279**
Total Liabilities and Stockholders' Equity	**$ 140,478**	**$ 131,377**

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Statements of Operations
Years Ended December 31, 2024 and 2023

	2024	2023
Revenues		
Royalties	$ 62,894	$ 58,188
Marketing fees	28,410	26,045
Sauce sales	17,587	8,752
Sales rebates	16,702	25,811
Initial franchise fees	350	1,850
Other income	-	4,410
Total Revenues	**125,943**	**125,056**
Operating Expenses		
Advertising and marketing	36,035	25,871
General and administrative	25,228	25,859
Insurance	14,770	10,506
Legal and professional	14,101	13,442
Depreciation	-	672
Total Operating Expenses	**90,134**	**76,350**
Operating Income / (Loss)	**35,810**	**48,706**
Other Income (Expense)		
Interest expense	(1,218)	(1,682)
Net Income / (Loss)	**$ 34,592**	**$ 47,024**

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Statements of Stockholders' Equity
Years Ended December 31, 2024 and 2023

	Common Stock - $0.12 Par Value		Additional Paid-In Capital	Retained Earnings	Total Stockholders' Equity
	Shares	Amount			
Balance At December 31, 2022, (Restated)	**666**	**$ 83**	**$ 1,201**	**$ 57,971**	**$ 59,255**
Net income (loss)	-	-	-	47,024	47,024
Stockholder's distribution	-	-	-	(10,000)	(10,000)
Balance At December 31, 2023	**666**	**$ 83**	**$ 1,201**	**$ 94,995**	**$ 96,279**
Net income (loss)	-	-	-	34,592	34,592
Stockholder's distribution	-	-	-	(20,000)	(20,000)
Balance At December 31, 2024	**666**	**$ 83**	**$ 1,201**	**$ 109,587**	**$ 110,870**

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Statements of Cash Flows
Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities:		
Net income	$ 34,592	$ 47,024
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	385	1,229
Change in assets and liabilities:		
Accounts receivable	580	6,225
Inventory	(5,823)	43
Other assets	589	(8,866)
Accounts payable and accrued liabilities	(2,758)	(3,438)
Due to related parties	1,200	(4,110)
Deferred revenue	(350)	3,150
Net Cash Provided by (Used In) Operating Activities	**28,415**	**41,257**
Investing Activities		
Net Cash Provided by (Used In) Investing Activities	**-**	**-**
Financing Activities		
Stockholders' distributions	(20,000)	(10,000)
Payments on long term debt	-	(19,446)
Net Cash Flows Provided By (Used In) Financing Activities	**(20,000)**	**(29,446)**
Net Change In Cash And Cash Equivalents During The Year	**8,415**	**11,811**
Cash and cash equivalents - beginning of the year	89,119	77,308
Cash And Cash Equivalents - End of The Year	**$ 97,534**	**$ 89,119**
Supplementary Information		
Interest	-	293
Taxes	$ 3,671	$ 7,403

The accompanying notes are an integral part of the financial statements.

Hot Harry's Fresh Burritos, Inc.
Notes To Financial Statements
December 31, 2024 and 2023

1. COMPANY AND NATURE OF OPERATIONS

Hot Harry's Fresh Burritos, Inc. (the Company) was established in Massachusetts on January 20, 2005. The Company offers to the qualified individuals the right to operate a fast casual restaurant business that offers fresh burritos and other California-Mexican cuisine using made-from-scratch homemade recipes and fresh ingredients under the "HOT HARRY'S" mark. The Company collects franchise fees, royalties, and marketing fees from its franchisees. Licenses are generally granted for ten-years periods and are renewable for two five-year periods. The Company offers individual unit franchises and area development franchises for the development of multiple units within a designated territory.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

This summary of significant accounting policies is presented to assist the reader in understanding and evaluating the Company's financial statements. The financial statements and notes are representations of the Company's management, which is responsible for their integrity and objectivity. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of financial statements.

A. Basis of Accounting

The Company's financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America ("GAAP").

B. Cash and Cash Equivalents

For purposes of the Statement of cash flows, cash equivalents include bank accounts and cash in transit for bank deposits with maturities of three months or less to be cash equivalents.

C. Accounts Receivable

Accounts Receivable arise primarily from Franchise Fee income and Royalty income and are carried at their estimated collectible amounts, net of any estimated allowances for doubtful accounts. The Company assesses the collectability of all receivables on an ongoing basis by considering its expected historical loss experience, current economic conditions, and other relevant factors. The Company has determined that no allowance for doubtful accounts was necessary on December 31, 2024 and 2023.

D. Inventory

Inventory is recorded at the lower of cost and net realizable value, using the First-in First-out method.

E. Property and Equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed primarily using the straight-line method over the estimated useful lives of the assets, which range from 3 to 5 years.

F. Debt

The Company accounts for debt as current if the debt is due within one year of the balance sheet date or is cancelable or callable. The Company accounts for debt as noncurrent if the obligation does not expire or is due within one year.

G. Federal Income Taxes

The Company has elected to be taxed for U.S. Federal, and to the extent applicable, U.S. State purposes under the provisions of Subchapter S of the Internal Revenue Code. Accordingly, federal income tax liabilities relating to the Company's profits are the stockholders' responsibility; therefore, no provision has been made for federal income taxes.

H. Use of Estimates

The preparation of our Company's financial statements 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 our financial statements and the reported amounts of revenues, costs, and expenses during the reporting period. Actual results could differ significantly from those estimates. It is at least reasonably possible that a change in the estimates will occur in the near term.

I. Concentration of Credit Risk

The Company maintains cash and cash equivalents with major financial institutions. At various times during the year, the total amount on deposit might exceed the $250,000 limit insured by the Federal Deposit Insurance Corporation (FDIC). The Company believes that it mitigates credit risk by depositing cash with financial institutions having high credit ratings.

J. Advertising Costs

Advertising and marketing costs are charged to operations in the year incurred.

K. Lease

Effective January 1, 2022, the Company adopted, with modified retrospective application, Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) No. 2016-02, "Leases (Topic 842)" (ASC 842). The amended guidance requires lessees, at the commencement date, to recognize a lease liability, which is a lessee's obligation to make lease payments arising from a lease, measured on a discounted basis, and to record a right-of-use ("ROU") asset, which is an asset that represents the lessee's right to use, or control the use of, a specified asset for the lease term. In July 2018, the FASB issued ASU 2018-11, Leases, Targeted Improvements, which gave companies the option of applying the new standard at the adoption date, rather than retrospectively to the earliest period presented in the financial statements. The Company elected the package of practical expedients permitted under the new standard, which among other things, allowed the Company to carry forward the historical lease classification. The Company also elected the practical expedient to not recognize a lease liability and ROU asset for short-term leases less than 12 months. The Company chose the option to apply the new standard at the adoption date, and therefore is not required to restate the financial statements for prior periods, nor are the Company required to provide the disclosures required by the new standard for prior periods. Upon adoption, the Company recognized an approximate $27,775 ROU asset, and an approximate $27,775 lease liability. The adoption of the new standard did not have a material impact on the cash flows or the results of operations. The Company expanded the financial statements disclosures to comply with the requirements of the new standard.

L. Revenue Recognition

Revenue is recognized in accordance with ASC Topic 606, Revenue from Contracts with Customers. The Company adopted ASU 2021-02 Franchisors - Revenue from Contracts with Customers (Subtopic 952-606) effective with the application of ASC Topic 606. The ASU provides a practical expedient to ASU2014-09 Revenue from contracts with Customers (Topic 606). The new guidance allows franchisors to simplify the application of the guidance about identifying performance obligations for franchisors that perform pre-opening services by allowing a franchisor to account for pre-opening services as distinct if they are consistent with those included in a predefined list of pre-opening services.

Franchise Fees

The franchise arrangement between the Company and each franchise owner is documented in the form of a franchise agreement and, in select cases, a development agreement. The franchise arrangement requires the Company as franchisor to perform various activities to support the brand and does not involve the direct transfer of goods and services to the franchise owner as a customer. Activities performed by the Company before opening are distinguished from the franchise license. Therefore, the Company recognizes franchise fees as two performance obligations. The nature of the Company's promise in granting the franchise license is to provide the franchise owner with access to the brand's intellectual property over the term of the franchise arrangement.

The transaction price in a standard franchise arrangement consists of (a) franchise/development fees; (b) Marketing, brand development and royalties Fees and (c) IT Fees; (d) Annual Conference Fees. The Company utilize ASC 606 five-steps revenue recognition model as follows:

- Identify the contract with the customer.
- Identify the performance obligation in the contract.
- Determine the transaction price.
- Allocate the transaction price to the performance obligations.
- Recognize revenue when (or as) each performance obligation is satisfied.

The terms of the Company's franchise agreement will be as follows:

- The Company will grant the right to use the Company name, trademark, and system in the franchisee's franchise development business.
- The franchisee is obligated to pay a non-refundable initial franchise fee.
- The franchisee is obligated to pay weekly royalties, marketing, IT, and annual conference fees. Certain other fees are also outlined in the agreement.

Franchise revenues are recognized by the Company from the following different sources: The Company recognizes franchise fees as two (2) performance obligations. The first, pre-opening services, including access to manuals, assistance in site selection, and initial training, have been determined to be distinct services offered to franchisees. Pre-opening services are earned over a period using an input method of completion based on costs incurred for each franchisee at the end of each year.

The second, access to the franchise license, has been determined to be distinct. The amount allocated to the franchise license is earned over time as performance obligations are satisfied due to the continuous transfer of control to the franchisee. Franchise and development fees are paid in advance of the franchise opening, typically when entering into a new franchise or development agreement. Fees allocated to the franchise license are recognized as revenue on a straight-line basis over the term of each respective franchise agreement. Initial franchise agreement terms are typically 10 years while successive agreement terms are typically 5 years.

Variable Considerations

Franchise agreements contain variable considerations in the form of royalty fees and brand development (advertising). These fees are based on franchisee sales and are recorded as revenue and recognized as these services are delivered because the variable payment relates specifically to the performance obligation of using the license. The Company collects funds from franchisees to manage the brand level advertising, marketing, and development program. The fee is based on a percentage of the gross sales less any amount paid towards sales tax, payable weekly.

Gross Sales Rebates

The Company receives vendor rebates primarily from referring franchisees to beverage and food vendors. These rebates are generally covered by binding agreements, which are signed agreements between various vendors and the Company. Under ASC 606, the Company's performance obligation for vendor rebates is satisfied upon the sale of a vendor's product through the Company's franchisees. As such, revenue is estimated and recorded upon receipt of franchisee sales information from the vendor.

Contract Assets and Liabilities

The Company incurs costs that are directly attributable to obtaining a contract, for example, commission fees, broker fees, and referral fees. Under ASC 606, costs that are directly associated with obtaining a contract are to be capitalized and recognized over the term of the agreement. Capitalized costs are included in deferred expenses on the accompanying balance sheet. As such, direct franchise license costs are recognized over the franchise and renewal term, which is the performance obligation, and is typically the franchise agreement's term. If a customer is terminated, the remaining deferred expense will be recognized as expenses.

Deferred revenue consists of the remaining initial franchise fees to be amortized over the life of the franchise agreements. Deferred revenue is a result of the collection of the initial franchise fee at the time of the signing of the franchise agreement and will fluctuate each year based on the number of franchise agreements signed.

M. Reclassification

Certain reclassifications have been made to the 2023 financial statement in order to confirm the 2024 presentation. There were no changes to previously reported stockholders' equity or net income as a result of the reclassifications.

N. Recent Accounting Pronouncements

FASB ASU No. 2016-02 – Leases (Topic 842) is effective for the calendar year 2022. The standard requires lessees to recognize right-of-use assets and liabilities for most leases with terms longer than twelve months. The Company has evaluated the impact of this standard on its financial statements. See Note 9.

3. CASH AND CASH EQUIVALENTS

The Company maintains its cash balance in U.S. noninterest-bearing transaction accounts which are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. On December 31, 2024 and 2023, the Company's cash balance didn't exceed the FDIC insurance limits.

The Company considers all cash in the bank and investments in highly liquid debt instruments with maturities of three months or less to be cash equivalents.

The Company has approximately $97,534 and $89,119 in cash at their operating bank account as of December 31, 2024, and 2023, respectively.

4. ACCOUNTS RECEIVABLE

As of December 31, 2024 and 2023, accounts receivable consists of the following:

	2024	2023
Royalties' receivable	$ 4,450	$ 5,030

5. INVENTORY

As of December 31, 2024 and 2023, the Inventory consists of the following:

	2024	2023
Sauce Inventory	$ 10,378	$ 4,555

6. PROPERTY AND EQUIPMENT

Property and equipment as of December 31, 2024 and 2023 consist of the following:

	2024	2023
Furniture and equipment	$ 1,612	$ 1,612
Total Cost	**1,612**	**1,612**
Accumulated depreciation	(1,612)	(1,612)
Net Book Value	**$ -**	**$ -**

Depreciation expenses for the years ended December 31, 2024 and 2023 were $0 and $672, respectively.

7. REVENUE FROM CONTRACTS WITH CUSTOMERS

Disaggregation of Revenue

Information regarding revenues disaggregated by the timing of when goods and services are transferred consist of the following for the years ended December 31:

	2024	2023
Revenue recognized over time	$ 350	$ 1,850
Revenue recognized at a point in time	125,593	123,206
Total Revenue	**$ 125,943**	**$ 125,056**

Contract Balances

The following table provides information about the change in the franchise contract liability balances during the years ended December 31, 2024 and 2023, respectively. Franchise contract liability is included in deferred revenue on the accompanying balance sheets.

	2024	2023
Beginning balance	$ 3,150	$ -
Additional deferred revenue	-	5,000
Revenue recognized – additional deferred revenue	(350)	(1,850)
Deferred revenue	**2,800**	**3,150**
Less: current maturities	(350)	(350)
Deferred revenue, net of current maturities	**$ 2,450**	**$ 2,800**

8. RELATED PARTY TRANSACTIONS

The Company is listed as a guarantor guaranteeing two loans in the amount of $109,277 and $268,691 to related parties' entities which have the same two officers. The Company's officers are also the officers of Burrito Grande, Inc. (dba Hot Harry's Fresh Burritos) and SWAM, LLC. Burrito Grande, Inc. has a loan listed for approximately $109,277 due on November 02, 2027 with 6% interest rate per annum, and SWAM, LLC has a loan for approximately $268,691 due on November 02, 0240 with interest rate 4.5% per annum. Both loans were extended to 2024. In the event of defaulting, the Company will be liable for repayment of the loans. As of December 31, 2023, these loans are fully paid.

During the years ended December 31, 2024, and 2023, the Company paid $3,600 and $4,800, respectively, to an entity owned by the Company's stockholder for the lease of a property. As of December 31, 2024 and 2023, the Company has a balance due to related party in the amount of $1,200 and $0, respectively, related to the lease of the property.

9. LEASE

Hot Harry's Fresh Burritos, Inc. leases property under non-cancellable long-term operating leases. The Company is generally required to pay real estate taxes and other costs for the leased facilities.

Right-of-use lease assets and lease liabilities are recognized as of the commencement date based on the present value of the remaining lease payments over the lease term, we are reasonably certain to exercise. The Company's leases do not contain any material residual value guarantees or material restrictive covenants.

Operating lease expense is included within general and administrative expenses. Leases were as follows.

	2024	2023
Operating lease expenses under ASC 842, Leases		
General and administrative	$ 3,968	$ 3,968

The leases recorded on the balance sheet consist of the following:

	2024	2023
Assets		
ROU Assets	$ 19,839	$ 23,807
Liabilities		
Lease liabilities, current portion	3,761	3,582
Lease liabilities, net of current portion	17,021	20,782
	$ 20,781	**$ 24,364**

	2024	2023
Cash paid for amounts included in the measurement of lease liabilities:		
Operating cash flows from operating leases	$ 4,800	$ 4,800
ROU assets obtained in exchange for lease liabilities in non-cash transactions:		
Operating lease assets obtained in exchange for operating lease liabilities	$ 3,968	$ 3,968
Remaining lease term	60 months	72 months
Discount rate (1)	5%	5%

- The discount rate used for existing operating leases upon adoption of Topic 842 was established based on the risk-free rates treasury note 5 years term as of January 1, 2023 as the lease didn't provide an implicit rate, the Company uses its risk-free rate.

Future lease obligations for leases that have commenced were as follows as of December 31:

	Lease
FY 2025	$ 4,800
FY 2026	4,800
FY 2027	4,800
FY 2028	4,800
FY 2029	4,800
Total lease payments	**24,000**
Less: Interest	(3,219)
Present value of lease liabilities	**$ 20,781**

As of December 31, 2024, the term and discount rate for the Company's leases were 5 years and 5%, respectively.

10. DEBT

On November 7, 2018, Hot Harry's Fresh Burritos, Inc. obtained $80,000 from one of its officers with interest rate of 6% to be repaid over 60 installments at $1,549. The officer borrowed the funds from a bank, then loaned the funds to the Company. The balance was fully paid in 2023.

11. ADVERTISING AND MARKETING

Advertising and marketing costs for the years ended December 31, 2024, and 2023, were $36,035 and $25,871, respectively. These costs were expensed as incurred.

12. STOCKHOLDER'S EQUITY

Under the articles of incorporation, the total number of common shares of stock that the Corporation shall have authority to issue is 1000 shares with $0.12 par value, 666 shares issued and outstanding. On December 31, 2024, and 2023 the Company had $1,201 and $1,201 in additional paid in capital, respectively.

13. SUBSEQUENT EVENTS

Management has evaluated subsequent events through March 04, 2025, which is the date the financial statements were available to be issued. The Company did not have any material recognizable subsequent events that would require adjustment to, or disclosure in, the financial statements.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT E
LIST OF FRANCHISEES

FRANCHISEES AS OF DECEMBER 31, 2025			
State	Business Address	Franchisee	Phone Number
Massachusetts	403 Main St Dalton, Massachusetts 01226	Amore Management, Inc.	(315) 383-9721
New York	596 Columbia Tpke, #6 East Greenbush, New York 12144	Sheetal at BAPS Corp.	(518) 477-5500

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT F
LIST OF FRANCHISEES
THAT HAVE LEFT THE SYSTEM

There are no franchisees to report.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT G
STATE SPECIFIC ADDITIONAL DISCLOSURES

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 SERVICES 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 CAN NOT 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:
With the exception of what is stated 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, which are significant in the context of the number of franchisees and the size, nature, or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10-year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: violation of a franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State, or Canadian franchise, securities, antitrust, trade regulation, or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of 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; it being the intent of this proviso that the non-waiver 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 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 earlier of the first personal meeting, 10 business days before the execution of the franchise or other agreement, or the payment of any consideration that relates to the franchise relationship.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT H
STATE EFFECTIVE DATES

State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the 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:

Effective Dates	
California	
Hawaii	
Illinois	
Indiana	
Maryland	
Michigan	
Minnesota	
New York	
North Dakota	
Rhode Island	
South Dakota	
Virginia	
Washington	
Wisconsin	

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.

FRANCHISE DISCLOSURE DOCUMENT

EXHIBIT I
RECEIPTS

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Hot Harry's Fresh Burritos, Inc. offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Hot Harry's Fresh Burritos, Inc. does not deliver this Disclosure Document on time of if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

Issuance Date of this Disclosure Document: April 3, 2026

Our sales agents for this offering are:
Name(s): Samir Abdallah
Address: 37 North Street, Pittsfield, Massachusetts 01201
Telephone Number: (413) 315-4444

The following individual and/or individuals are also sales agents for this offering:
☐ [Other:]____

I have received a disclosure document dated April 3, 2026, that contained the following Exhibits:

A. Franchise Agreement	F. List of Franchisees Who Have Left the System
B. List of State Agencies	G. State Specific Additional Disclosures
C. Operations Manual Table of Contents	H. State Effective Dates
D. Financial Statements	I. Receipts
E. List of Franchisees	

PROSPECTIVE FRANCHISEE:

____
DATE RECEIVED (Must be Completed)

____
Authorized Signature

____
Name and Title (please print)

RECEIPT

This Disclosure Document summarizes certain provisions of the Franchise Agreement and other information in plain language. Read this Disclosure Document and all the agreements carefully.

If Hot Harry's Fresh Burritos, Inc. offers you a franchise, we must provide this Disclosure Document to you 14 calendar days before you sign a binding agreement with, or make a payment to, us or an affiliate of ours in connection with the proposed franchise sale.

New York and Rhode Island require that we give you this document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreements or the payment of any consideration that relates to the franchise relationship. Michigan requires that we give you this Disclosure Document at least 10 business days before the signing of any binding franchise or other agreement, or the payment of any consideration, whichever occurs first.

If Hot Harry's Fresh Burritos, 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the applicable state administrator identified in Exhibit A of this Disclosure Document. We authorize the respective state agencies identified in Exhibit B of this Disclosure Document to receive service of process for us in the particular state.

Issuance Date of this Disclosure Document: April 3, 2026

Our sales agents for this offering are:
Name(s): Samir Abdallah
Address: 37 North Street, Pittsfield, Massachusetts 01201
Telephone Number: (413) 315-4444

The following individual and/or individuals are also sales agents for this offering:
- ☐ [Other:]____

I have received a disclosure document dated April 3, 2026, that contained the following Exhibits:

A. Franchise Agreement
B. List of State Agencies
C. Operations Manual Table of Contents
D. Financial Statements
E. List of Franchisees
F. List of Franchisees Who Have Left the System
G. State Specific Additional Disclosures
H. State Effective Dates
I. Receipts

PROSPECTIVE FRANCHISEE:

______________________________	______________________________
DATE RECEIVED (Must be Completed)	Authorized Signature
	______________________________
	Name and Title (please print)