FRANCHISE DISCLOSURE DOCUMENT

NIRCHI’S PIZZA, INC.
947 Hill Avenue Endicott, New York 13760
(607) 754-4266
http://www.nirchis.com

The franchise offered by Nirchi’s Pizza, Inc. (“Franchisor”) is the right to use the Nirchi’s Pizza System and the Nirchi’s registered trademark in connection with Nirchi’s Pizzeria.

Franchisor offers a Franchise Agreement covering a single restaurant but does not offer an Area Franchise Agreement.

The total investment necessary to begin operation of a Nirchi’s Pizza franchise can range from $392,000 to $810,500. This includes $25,000 that must be paid to the franchisor or affiliate.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Patricia Nirchi at 311 Exchange Street, Endwell, New York and (607) 760-5477.

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

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “A Consumer’s Guide to Buying a Franchise,” which can help you understand how to use this disclosure document is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, D.C. 20580. You can also visit the FTC’s home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising. There may also be laws on franchising in your state. Ask your state agencies about them.

This registered disclosure document does not knowingly omit any material fact or contain any untrue statement of a material fact.

Issuance Date: February 3, 2024

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.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit A includes financial statements. Review these statements carefully.
Is the franchise system stable, growing, or shrinking?	Item 20 summarizes the recent history of the number of company-owned and franchised outlets.
Will my business be the only Nirchi's Pizza 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 Nirchi's Pizza franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising Generally

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

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

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

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

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

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

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

Some States Require Registration

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

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. THE FRANCHISE AGREEMENT REQUIRES YOU TO RESOLVE DISPUTES WITH US BY ARBITRATION ONLY IN ENDICOTT, NEW YORK. OUT-OF- STATE ARBITRATION MAY FORCE YOU TO ACCEPT A LESS FAVORABLE SETTLEMENT FOR DISPUTES. IT MAY ALSO COST YOU MORE TO ARBITRATE WITH US IN ENDICOTT, NEW YORK THAN IN YOUR OWN STATE.

2. THE FRANCHISE AGREEMENT STATES THAT NEW YORK LAW GOVERNS THE AGREEMENT, AND THIS LAW MAY NOT PROVIDE THE SAME PROTECTIONS AND BENEFITS AS LOCAL LAW. YOU MAY WANT TO COMPARE THESE LAWS.

3. THERE MAY BE OTHER RISKS CONCERNING THIS FRANCHISE.

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.

NEW YORK

1. The following information is added to the cover page of the Franchise Disclosure Document:

> **THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

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

3. The following is added to the end of the "Summary" sections of Item 17(c), titled "**Requirements for franchisee to renew or extend**," and Item 17(m), entitled "**Conditions for franchisor approval of transfer**":

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

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 upon the franchisee by Article 33 of the General Business Law of the State of New York.

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Item 1: The Franchisor and any Parents, Predecessors, and Affiliates

Nirchi's Pizza, Inc. ("Franchisor") is a New York corporation doing business under the name NIRCHI'S. (NIRCHI'S is a registered trademark registered with the Trademark Division of the United States Bureau of Patents and Licenses.) Franchisor maintains its principal business address at 947 Hill Avenue, Endicott, New York 13760. The name and address of the registered agent for Nirchi's Pizza, Inc. to receive service of process in this state is the Secretary of State, 99 Washington Ave, Albany, New York 11231. Franchisor does not employ a franchise sales agent in the State of New York.

The sole predecessor of Franchisor was Nirchi & Son's Grocery, a partnership formed in Endicott, New York in 1967 between partners Frank N. Nirchi and Rocco J. Nirchi. The principal business address of Nirchi & Son's Grocery was 811 Pine Street, Endicott, New York 13760. In 1982 all of the assets of Nirchi & Son's Grocery were transferred to the newly formed corporation, Nirchi's Pizza, Inc.

Franchisor has conducted a pizzeria business of the type to be operated by the Franchisee since 1982, when Rocco J. Nirchi, a director, President, and former sole shareholder of Franchisor, opened the first NIRCHI'S pizzeria in Endicott, New York.

Nirchi & Son's Grocery conducted a retail grocery business and at no time conducted a pizzeria business of the type to be operated by the Franchisee.

Franchisor first offered a franchise in a NIRCHI'S pizzeria in 1987, as described **in** Part XX of this prospectus, "Information Regarding Franchises of the Franchisor". Franchisor has never offered franchises in any other line of business.

At no time did Nirchi & Son's Grocery ever offer franchises for a pizzeria business or franchises for any other type of business.

A NIRCHI'S franchise authorizes the Franchisee to operate a pizzeria business offering a uniform limited menu featuring pizza prepared in accordance with the Franchisor's specifications and such other items as may be determined by the Franchisor under the Franchise Agreement.

The services and products of NIRCHI'S are sold primarily to the general public interested in a pizzeria. NIRCHI'S **will** be in competition with other businesses providing similar pizza products and services, including a large number of national and regional pizza concerns and local restaurants. The business operations of the franchise offered is subject to any regulation or laws enforced by any applicable state or federal department or regulatory agency involved in monitoring public health and safety in the preparation and serving of food products.

Item 2: Business Experience

Name and Title	Employers and Occupations During the Past Five Years and Related Information
Patricia A. Nirchi, Chairman ofBoard of Directors, President, Treasurer, and Sole Shareholder	Mrs. Nirchi has been a Director and Treasurer since September 22, 1982, and Secretary/ Treasurer since February 1, 1991. Upon the death of her husband, Rocco J. Nirchi, she assumed the role of President. Until February of 2019 she owned and managed "NIRCHI'S ON THE AVENUE," a sit-down restaurant at 215 Washington Avenue, Endicott, New York.

Item 3: Litigation

No litigation is required to be disclosed in this item.

Item 4: Bankruptcy

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

Item 5: Initial Fees

The Franchisee of a NIRCHI'S pizzeria is required to pay a Franchise Fee of $25,000.00 due upon the signing of the Unit Franchise Agreement, and this fee is not refundable under any circumstances. An identical initial franchise fee is charged in connection with each franchise agreement.

Item 6: Other Fees

None of the following fees and payments are refundable:

Item 6 Table
OTHER FEES

Type of Fee	Amount	Due Date	Remarks
Royalties	6% of gross sales	Weekly on the 3rd day of each week based on the sales of the previous week	"Gross sales" includes all sums charged for goods, merchandise or services sold at or from the franchised pizzeria, unless exempted by Franchisor, and excludes any federal, state, county or city tax, excise tax, or other similar taxes collected by Franchisee from customers based upon sales, any returns, uncollected checks, fees charged for credit card sales, employee discounts, meals served to employees, lottery sales, sales of cigarettes, sales of newspapers and other non-food items, and gross sales of any sublease or concessionaires. This fee is payable only to Franchisor.
Advertising, sales promotion and public relations	Variable, but not to exceed 2% of gross sales each month	Monthly on the 10th day of each month for expenses incurred	Franchisor, after consulting with its franchisees, in its sole discretion shall determine the amount of money to be spent each month for advertising, sales

		in the previous month	promotion and public relations in the market areas of all the franchised NIRCHI'S pizzerias. The expenses for the advertising, sale promotion, and public relations shall be assessed in equal amounts against all NIRCHI'S pizzerias, including those owned by franchisees and by Franchisor. This fee is payable only to Franchisor.
Interest	Maximum rate allowed by New York law		Any royalty and advertising and sales promotion contribution not paid when due shall bear interest at the maximum rate allowed by New York law.
Attorney's fees	Variable based on fees billed by attorney		In any arbitration to enforce the terms of the Franchise Agreement, the prevailing party shall be paid by the other party all costs, including reasonable attorney's fees, incurred as a result of the arbitration.
Audits	If more than 5% discrepancy in gross sales upon audit – full cost of audit		Franchisee agrees that Franchisor or its representatives, at Franchisor's expense, shall, at all reasonable times, have the right to examine or audit the books or accounts of Franchisee at least once annually. In the event a discrepancy is found between reported gross sales and actual gross sales which exceeds 5%, Franchisee shall reimburse Franchisor for all costs of the audit reasonably incurred. This fee is payable only to Franchisor.
Indemnity	Variable based on amount of claim, damages etc.		See Note 1
Taxes	Variable based on amount of tax assessed	When due	Franchisee shall pay when due all taxes levied or assessed in connection with the possession, ownership or operation of the franchised pizzeria. In the event of any dispute in good faith by Franchisee as to his liability for a tax assessed against him, Franchisee may contest the validity or the amount of the tax in accordance with procedures of the taxing authority; however Franchisee shall not permit a tax sale or seizure against the premises or equipment.
Modifications for nonstandard buildings	Variable based on condition of building	Prior to opening franchise	Franchisor will provide its specifications to Franchisee for franchise location including furnishing, décor, layout and signs, together with advice and consultation. Modifications for nonstandard buildings, whether required by local

			zoning or building laws or otherwise, must be approved in writing by Franchisor and paid for by Franchisee.
Assignment fee	$10,000		Used to pay for the costs and expenses incurred by Franchisor in connection with the transfer. This fee is payable only to Franchisor.
Lien for damage caused by default	Variable depending on damages sustained by Franchisor		In the event of termination of the Franchise Agreement for any default of Franchisee, any damage suffered by Franchisor shall be a lien in favor of Franchisor against the personal property, machinery, fixtures and equipment owned by Franchisee on the premises at the time of such default.

NOTES TO TABLE:

1. Franchisee is responsible for all losses, damages and contractual liabilities to third persons, all claims for damages to property and all claims for personal injury, illness or death that arise from or in connection with Franchisee's ownership or operation of the franchised pizzeria. Franchisee agrees to defend and indemnify Franchisor and its subsidiaries against any such claims, losses, obligations, expenses, liabilities, debts or damages unless resulting from the negligence of Franchisor or defects in goods manufactured by Franchisor. Franchisor shall notify Franchisee of any claims, and Franchisee shall be given the opportunity to assume the defense of the matter. If Franchisee fails to assume the defense, Franchisor may defend the action in the manner it deems appropriate, and Franchisee shall pay to Franchisor all costs, including attorney's fees, incurred by Franchisor in effecting such defense, in addition to any sum which Franchisor may pay by reason of any settlement or judgment against Franchisor. Franchisor's right to indemnify under the Franchise Agreement shall arise notwithstanding that joint or concurrent liability may be imposed on Franchisor by statute, ordinance, regulation or other law.

Item 7: Estimated Initial Investment (See Note 2)

YOUR ESTIMATED INITIAL INVESTMENT

Type of Expenditure	**Amount**	**Method of Payment**	**When Due**	**To Whom**
Initial franchise fee (See Note 3)	$25,000	Certified bank check	Upon the signing of the Unit Franchise Agreement	Franchisor
Training and Hiring (See Note 4)	$2,500 - $5,000		Prior to opening franchise and continuing thereafter as necessary	Third party vendor
Real property (See Note 5)	$250,000 - $500,000			Third party seller
Equipment, fixtures, fixed assets, construction, remodeling, leasehold improvements, decorating costs (See Note 6)	$100,000 - $250,000		Prior to opening franchise and continuing thereafter as necessary	Third party vendor
Inventory to begin operating	$5,000 - $20,000		Prior to opening franchise	Third party vendor (Franchisor only requires Franchisee to purchase from Franchisor a proprietary seasoning product used in preparation of NIRCHI'S pizza sauce.)
Estimated Working Capital	$8,000		Prior to opening franchise and continuing thereafter	
Insurance	$1,500 - $2,500		Pre-paid prior to opening franchise and continuing thereafter	Insurance Company
Total Estimated Initial Investment	$392,000 - $810,500			

NOTES TO TABLE:

1. Except in the case of the Franchise Fee, which is payable to Franchisor, and the proprietary seasoning product used in preparation of NIRCH1'S pizza sauce, which must be purchased from Franchisor and is described in part VIII of this prospectus, the initial investment listed above is payable to the various lessors, vendors and government agencies with whom the Franchisee will be doing business. The amounts of such payments, the dates on which such amounts are due, payment schedules and refundability of any such payments are dependent upon the terms of the various contracts between such lessors, vendors, government agencies and the Franchisee.
2. Franchisor does not finance any part of the Franchisee's initial investment.
3. This fee is non-refundable.

4. Franchisee must attend and successfully complete a training program lasting a minimum of four weeks at an already-franchised pizzeria. Accommodations and travel expenses during this period will be solely the responsibility of the Franchisee. Franchisee shall train all his employees at his expense in accordance with the training standards of Franchisor and shall staff the franchised pizzeria at all times during the term of the Franchise Agreement with sufficient number of trained employees. Training of employees by Franchisee shall take place at the site of the Franchisee's franchised pizzeria rather than at facilities owned or operated by Franchisor.
5. If the Franchisee does not already own suitable space for a pizzeria, the outlet space must be purchased or leased. Franchisor estimates that a suitable building size is approximately fifty feet by forty feet and that a suitable lot will have a frontage of about 130 feet and be about 140 feet deep. This includes space for parking. The exact requirements can be affected by local zoning and building codes; these should be checked carefully by Franchisee. Factors for Franchisee to consider in selecting a location include, among others, the volume of pedestrian and automobile traffic passing the location and whether the location is in a mall or is an individual building. The cost of purchasing land will vary, depending upon location and other factors, and cannot be accurately projected by Franchisor. If the Franchisee leases, the initial investment will, of course, be less. The estimated cost of land and building above includes the estimated costs of modifications for nonstandard buildings and repairs, improvements, and alterations to buildings which Franchisee may be required to make to commence operations.
6. The equipment and furnishings purchased will vary greatly, depending upon size, seating capacity, and the Franchisee's decor preferences. Franchisor does not intend to require a standard interior decor style, but prefers that each outlet reflect the location, market, and tastes of the Franchisee within certain parameters prescribed and approved by Franchisor. The estimated cost of equipment and furnishings above includes the estimated cost of the sign or signs identifying the franchised pizzeria as a NIRCHI'S pizzeria.

Item 8: Restrictions on Sources of Products and Services

There is only one item of supplies or inventory which the Franchisee is obligated to purchase, which is purchased from one of Franchisor's franchisees (listed below), who makes and packages said item: a proprietary seasoning product that is added to tomato sauce to make the NIRCHI'S pizza sauce which must be used by Franchisee in making all pizza products. In regard to that product:

i. Franchisor estimates that 700 to 1000 packets will be purchased annually at $3.00 per packet, costing Franchisee between $2,100.00 to $3,000.00. This cost is approximately 0.4% - 0.5% of the Franchisee's Total Estimated Initial Investment to establish and operate a Nirchi's Pizzeria.

ii. Franchisee must purchase the product from the franchised pizzeria located at 701 Taft Avenue, Endicott, NY 13760 (the "Taft Ave Pizzeria").

iii. The Taft Ave Pizzeria is currently the only approved supplier of said product. Franchisee may not contract with alternative suppliers.

iv. Franchisor, in its sole discretion, grants and revokes approval of suppliers of said product based on its judgment as to the quality of the product and the ability of the supplier to produce the product within such levels of quality. Franchisor will personally notify a supplier of any revocation of approval to supply said product.

v. Franchisor does not derive a profit or other material consideration on the sale of each packet. No officer of Franchisor owns any interest in the supplier of the seasoning packets.

v. As of 2015, Franchisor's total revenue was $347,417, of which Franchisor derived no revenue from the sale of said product to its franchisees.

vi. There are no purchasing or distributing cooperatives for said product.

vii. Franchisor does not negotiate purchase agreements with suppliers for the benefit of franchisees.

viii. Franchisor does not provide material benefits, other than allowing Franchisee to continue the operation of the franchised business, based on Franchisee's purchase of said product.

ix. Other than the initial acquisition of equipment, Franchisor is not aware of any differences in the cost of purchases and leases while establishing the business, and the continued operation of the business.

Item 9: Franchisee's Obligations

FRANCHISEE'S OBLIGATIONS

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

	Obligation	**Section in Agreement**	**Disclosure document item**
a.	Site selection and acquisition/lease	Section 4.A Section 6	Item 6 Item 7
b.	Pre-opening purchases/leases	Section 4.B. Section 4.D. Section 4.C-1	Item 7 Item 7 Item 7, Item 8
c.	Site development and other pre-opening requirements	Section 5	Item 7, Item 11
d.	Initial and ongoing training.	Section 7	Item 7, Item 11
e.	Opening	Not Applicable	Not Applicable
f.	Fees	Section 2 Section 8.A Section 8.B Section 9.0 Section 14.A.2,c Section 16.A.4	Item 5 Item 6 Item 6 Item 6 Item 6 Item 6

g.	Compliance with standards and policies/operating manual	Section 4	Item 8
h.	Trademarks and proprietary information	Section 10.A	Item 12 Item 13
i.	Restrictions on products/services offered	Section 4.C-1 Section 4.E Section 4.F	Item 8
j.	Warranty and customer service requirements	Not Applicable	Not Applicable
k.	Territorial development and sales quota	Not Applicable	Not Applicable
l.	Ongoing product/service purchases	Section 4.C-1	Item 8
m.	Maintenance, appearance and remodeling requirements	Section 4D Section 5	Not Applicable
n.	Insurance	Section 12A	Item 7
o.	Advertising	Section 8.B	Item 6, Item 11
p.	Indemnification	Section 12.0	Item 6
q.	Owner's participation/ management/staffing	Section 3	Item 15
r.	Records and Reports	Section 8A	Item
s.	Inspection and Audits	Section 4.1 Section 8	Item 6 Item 6, Item 11
t.	Transfer	Section 14	Item 17
u.	Renewal	Section 1	Item 17
v.	Post-termination obligations	Section 16B	Item 17
w.	Non-competition covenants	Section 11	Item 17
x.	Dispute Resolution	Section 16A	Item 17

Item 10: Financing

We do not offer direct or indirect financing. We do not guarantee your note, lease or obligation. No payments will be received by Franchisor from any person offering financing to a prospective franchisee, nor will any payment be received by Franchisor from any person arranging from financing for a prospective franchisee.

Item 11: Franchisor's Assistance, Advertising, Computer Systems, and Training.

EXCEPT AS LISTED BELOW, NIRCHI'S PIZZA, INC. IS NOT REQUIRED TO PROVIDE YOU WITH ANY ASSISTANCE.

(1) Prior to the opening, Franchisor will assist in:

i. Locating a suitable site (see pages 5 and 11 of Franchise Agreement) and obtaining suitable equipment (page 7) and signs (page 7).

(A) Franchisor does not generally own the premises in which Franchisee will operate.

(B) There are no specific methods used by Franchisor to select the location for the Franchisee's business. The selection of such location is the responsibility of Franchisee; however, Franchisor must approve the location chosen by Franchisee.

(C) The major criterion which Franchisor uses to determine whether to approve a location is whether it appears that Franchisee will be able to operate a franchised pizzeria profitably at this location, given the economic variables associated with the location. These economic factors principally include the cost of the location to Franchisee and the traffic count. (Major costs of the location include items such as rent or mortgage payments, cost of architectural plans, and renovation costs.) Excessive cost of location or a low traffic count can mean that Franchisee is not likely to generate enough revenues to cover his costs. This is the principal reason why Franchisor might disapprove of a location selected by Franchisee. In such a situation, Franchisor will explain the reasons for the rejection of the site; and Franchisee will have the opportunity to propose other sites for consideration by Franchisor.

ii. Specifications for franchise location, including furnishings, decor, layout and signs, together with advice and consultation concerning same.

(A) Franchisor does not provide any of these items directly, nor does Franchisor deliver or install these items.

iii. Franchisor will provide the following supervision, assistance and services prior to or in connection with the operation of the franchised pizzeria (see page 10 of Franchise Agreement regarding all items described below):

(A) Pre-opening and opening supervision and assistance by personnel of Franchisor at Franchisee’s premises.

(B) Franchisor's standards, specifications, procedures and methods of operating a NIRCHI'S pizzeria.

(C) Such merchandising, marketing and advertising data and advice as may be developed from time to time by Franchisor and deemed by it to be helpful in the operation of a NIRCHI'S pizzeria.

(D) Communication of new developments, techniques and improvements of Franchisor in food preparation, equipment, food products, packaging and pizzeria management, which are relevant to the operation of a NIRCHI'S pizzeria.

(2) Normally, a Franchise Agreement will be signed before a specific site for the pizzeria is designated. When a specific site is not designated, a trade area will be specified in the Franchise Agreement. Where no location is designated, it is estimated that a specific site can be designated within 30 days. The typical length of time between the signing of the Franchise Agreement (and simultaneous payment of the Franchise Fee) and the opening of Franchisee's business is estimated to be approximately 3 to 4 months.

At any time prior to the opening of the pizzeria, the Franchisor will instruct the Franchisee as to the management of the business. This will be accomplished during an initial training program lasting a minimum of four weeks and taking place at both a franchised pizzeria at least four weeks prior to opening of Franchisee's pizzeria. Franchisee must attend this initial training program. Franchisee's employees may attend this initial training program. This initial training program is only conducted once prior to opening of the Franchisee's pizzeria. Franchisor has the option but not the obligation to extend the training program beyond the four-week period if in Franchisor's judgment this is advisable to provide adequate training for a particular franchisee. Franchisee must complete the initial training program to Franchisor's satisfaction.

Representatives of Franchisor with multiple years' experience in the food service industry and in working with and managing other Nirchi's pizzerias will direct the training program. Training takes the form of actual on-the-job training at a pre-existing franchised location. Franchisor may also provide supervision and continuing training at Franchisee's pizzeria once it opens. Franchisor's representatives have multiple years' experience in the food service industry, the length of which varies from person to person. There is no charge to Franchisee for the initial training. Franchisee will be responsible for all personal, traveling and living expenses incurred when participating in this program. If necessary, Franchisee or Franchisee's employees will be responsible for all travel and living expenses of any of Franchisee's employees attending the initial training. Franchisor will be responsible for the personal traveling and living expenses of Franchisor's representatives.

To help ensure that Franchisee receives adequate time and attention from Franchisor's training representatives, Franchisor will not engage in the offer or sale of another franchise during Franchisee's minimum four-week training period.

(3) The Table of Contents for the Operations Manual is attached hereto as Exhibit E; The Table shows the total number of pages and the number of pages dedicated to each subject.

Item 11 Table

TRAINING PROGRAM

TRAINING PROGRAM			
Subject	Hours of Classroom Training	Hours of On-The-Job Training	Location
Preparation of foods	0	64	The franchised pizzeria owned by Franchisee
Operation and maintenance of equipment	0	8	
Sanitation	0	16	
Financial controls	0	16	
Marketing techniques	0	8	
Deployment of labor	0	16	
Advertising methods			
Quality standards	0	16	
Operational controls	0	8	
TOTAL:	0	160	

Other services which may be provided by Franchisor during operation of the franchised pizzeria including such initial and continuing services as on-going assistance by Franchisor's representatives, further refinement of products and equipment, recommending accounting and business procedures which Franchisor believes may be of value, and scheduling and holding from time to time meetings and seminars for the advancement and dissemination of its methods in processing and marketing approved products. These services may be provided by Franchisor, but Franchisor is not bound by the agreement to do so. Although not so bound by the Franchise Agreement, Franchisor may provide, in addition to advisory services, periodic visits by one of the Franchisor's representatives and/or outside independent consultants who will consult with the Franchisee on the operation of the restaurant.

(4) Advertising related to the franchise will be conducted by Franchisor. Franchisor will use local media outlets such as radio, television, and printed materials to advertise the NIRCHI’s pizzeria business.

Franchisor, after consulting with its franchisees, in its sole discretion shall determine the amount of money to be spent each month for advertising, sales promotion and public relations in the market areas of all the franchised NIRCHI'S pizzerias.

The total amount that must be paid by each franchised pizzeria for advertising, sales promotion, and public relations for each month will not exceed two percent of the pizzeria's gross sales for each month. Franchisee is required to pay Franchisor by the tenth day of each month the per-franchise assessment for expenses incurred in the previous month multiplied by the number of franchised pizzerias owned by Franchisee. The expenses for the advertising, sale promotion, and public relations shall be assessed in equal amounts against all NIRCHI'S pizzerias, including those owned by franchisees and any owned by Franchisor.

Advertising expenses are not independently audited and financial statements regarding such expenses are not regularly made available to Franchisees in the normal course of business, but can be provided upon request. If not all advertising funds are spent in the fiscal year in which they accrue, the funds are used for advertising purposes in the following year. Franchisor does not use any advertising funds to solicit new franchise sales.

In an average fiscal year, advertising funds were used as indicated in the following table:

Advertising	Type	Percent
Television	Media Placement	58.57%
Radio	Media Placement	4.94%
Social Media - Facebook	Production	1.74%
Billboard	Media Placement	2.41%
Local Bulletins	Media Placement	3.08%
Telephone Book & Webpage	Production – Media Placement	18.20%
Newspaper	Production – Media Placement	11.06%
		100.00%

Franchisee may expend such additional amounts as it may desire for advertising as long as the content there of is approved in advance in writing by Franchisor. Franchisee is not required to participate in a local or regional advertising cooperative.

(5) Franchisor does not require that Franchisee buy or use electronic cash registers or computer systems, but does generally require that as equipment becomes obsolete or inoperable, Franchisee will replace such items with equipment that meets Franchisor's standards. If Franchisor determines that additional or substitute equipment is needed because of a change in menu items or methods of preparation and service, or for any other reason, Franchisee will purchase and install the new equipment. The cost of any such equipment depends on Franchisee's particular contracts with vendors of said equipment.

(6) Franchisor or its representatives, at Franchisor's expense, shall, at all reasonable times, have the right to examine or audit the books or accounts of Franchisee at least once annually, whether such books and accounts are in written or electronic format.

(7) Table of Contents to the Operating Manual:

Item 12: Territory

(1) An **exclusive area or territory is** granted to Franchisee consisting of a radius of 5 miles from the franchisee's outlet or such lesser radius that includes a population of 15,000 residents. Continuation of Franchisee's territorial exclusivity does not depend on achieving any particular sales volume, market penetration or other contingency. Franchisor has not (and may not) establish in the future another franchisee permitted to use Franchisor's trade name or trademark within the area or territory in which Franchisee's pizzeria outlet is located or establish any company-owned location selling similar products or services under the NIRCHI's trademark or a different trade name or trademark.

(2) Franchisee will not be offered any option, right of first refusal, or similar right to acquire additional franchises.

(3) Any relocation of Franchisee's outlet or the establishment of additional franchised outlets shall be discussed between Franchisor and Franchisee.

(4) Franchisor reserves the right to establish company-owned outlets using the NIRCHI'S trademark at locations selected within the sole discretion of Franchisor which will not be established within a five-mile radius of Franchisee's location, except where over 15,000 people reside within that five-mile radius in **which** event Franchisor will not establish in additional company-owned outlet with a radius of Franchisee's location which includes 15,000 people.

(5) As Franchisor does not operate a Nirchi's pizzeria location, Franchisor will not solicit or accept orders from consumers inside the Franchisee's territory. As such:

i. Franchisor does not use or reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other directing marketing sales, to make sales within the Franchisee's territory using the Franchisor's principal **trademarks.**

ii. **Franchisor** does not use or reserve the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other directing marketing, to **make sales** within the Franchisee's territory of products or services under trademarks different from the ones the Franchisee will use under the franchise agreement.

iii. Franchisor does not need to pay any compensation for soliciting or accepting orders from inside the Franchisee's territory.

Item 13: Trademarks

(1) The trademark "NIRCHI'S" will be licensed to Franchisee. The "NIRCHI'S" trademark is registered with the U.S. Patent and Trademark Office, Registration No. 1,643,767, filed on May 7, 1991 on the principal register, and is incontestable. The foregoing registration is owned by Franchisor. The trademark has been renewed and Franchisor has filed all necessary affidavits to affect such renewal. There are no other trademarks, service marks, trade names, logotypes or commercial symbols to be licensed to Franchisee, other than the trademark "NIRCHI'S".

(2) There is no pending interference, opposition, or cancellation proceeding nor any material litigation involving such trademark or its use in the United States. There are no agreements which limit the rights of Franchisor to use or license the use of the trademark "NIRCHI'S" in any manner material to the franchise. There are no superior rights or infringing uses actually known to Franchisor which could materially affect Franchisee's use of the trademark "NIRCHI'S" in the United States.

(3) <u>Trademark Infringement:</u> The Franchisor is obligated by the franchise agreement to protect any or all rights which the Franchisee has to use such trademark or to protect Franchisee against claims of infringement or unfair competition with respect to the same. Franchisee shall immediately notify Franchisor of all infringements or imitations of the NIRCI IPS marks, which come to his attention or challenges to Franchisee's use of the NIRCHI'S marks, and Franchisor shall take appropriate action to prevent such infringements or challenges. Franchisor retains the sole right to control any administrative proceedings

or litigation involving the "NIRCHI'S" trademark. Franchisee agrees to cooperate in the prosecution of any action to prevent the infringement, imitation, illegal use or misuse of the NIRCHI'S name and products and agrees to be named as a party in any such action if so requested by Franchisor. Franchisor agrees to bear the legal expenses incident to Franchisee's participation in such action, except for the cost of Franchisee's personal legal counsel if Franchisee elects to be represented by counsel of his own choosing.

(4) If Franchisor requires Franchisee to discontinue using the "NIRCHI'S" trademark, then:

i. Franchisee shall have no right to any compensation under the Franchise Agreement,

ii. Franchisee must not identify itself is a Nirchi's pizzeria franchisee, publicly identify itself as a former Nirchi's pizzeria franchisee, or use any Nirchi's trade secrets, products, operating procedures, promotional materials, or any mark similar to the "NIRCHI'S" trademark, and

iii. must immediately return to Franchisor all items, products and materials containing trade secrets, pizzeria operating instructions or business practices of Franchisor.

Item 14: Patents, Copyright, and Proprietary Information.

Franchisor owns no rights in, or licenses to, any patents or copyrights which are material to the franchise. Franchisor has no pending patent applications material to the franchise. However, Franchisor does own all proprietary rights to the NIRCHI'S Pizzeria System. recipes for pizza, pizza sauce, and other NIRCHI'S food products, and the confidential operating manual, all of which Franchisee agrees to treat as confidential.

Item 15: Obligation to Participate in the Actual Operation of the Franchise Business.

(1) As stated in the Franchise Agreement, Franchisor requires all individuals who have any interest in the franchised pizzeria, whether directly, beneficially, or contingently, to be named in and be a party to the Franchise Agreement. If Franchisee consists of more than one individual, the group must include an operating partner who, throughout the term of the agreement, lives in the locality of the franchised pizzeria. The operating partner must have a minimum 51% unencumbered equity ownership (including profits) and a minimum 51% controlling interest through any voting apparatus in the franchised pizzeria.

(2) Whether Franchisee is a single individual or a group with an operating partner as described above, the single individual or operating partner must devote his full time and best efforts to the day-

to-day operation of the franchised pizzeria with no operational or management commitments in other businesses (except other NIRCHI'S pizzeria franchises).

(3) Personal "on-premises" supervision of the Franchisee is not required regardless of whether Franchisee is an individual or a business entity. There are no limits on whom Franchisee can hire as an on-premises supervisor, except that such person should be legally able to hold such position. An "on-premises" is not required to complete Franchisor's initial training program; Franchisee is responsible for training such individual. Franchisor does not require that Franchisee place any restrictions on any supervisor.

(4) Under the Franchise Agreement, Franchisee (and any partners or stockholders of Franchisee, if applicable) is obligated to:

i. Keep the terms of the Franchise Agreement confidential;

ii. Not reproduce, copy or exhibit, nor permit anyone else to reproduce, copy or exhibit, any confidential or proprietary information received from Franchisor;

iii. Have no interest in, nor engage in the operation of, any restaurant business which is the same or as or similar to Nirchi's pizzerias during the term of the Franchise Agreement (except for another Nirchi's Pizzeria franchise);

iv. For three years after the end of the Franchise Agreement, have no interest in, nor engage in the operation of, any restaurant business which is the same as or similar to Nirchi's pizzerias within twenty-five miles of any Nirchi's pizzeria that was owned or operated by Franchisee.

Item 16: Restrictions on What the Franchisee May Sell.

(1) Under the terms of the Franchise Agreement, Franchisee must serve all menu items which Franchisor may deem appropriate to take fullest advantage of the potential market and achieve standardization in the NIRCHI'S Pizzeria System. Franchisee may not serve any items which are not authorized and approved by Franchisor in writing. Franchisee must adhere to all specifications and standards prescribed by Franchisor as to ingredients, methods of preparation and service, weight and dimensions of products served, and standards of cleanliness, health and sanitation. All food, drink and other items must be served and sold in packaging that meets Franchisor's specifications.

(2) The menu items and other specifications and standards described above which are required by Franchisor are subject to change in the sole discretion of Franchisor, and Franchisee **is** required to comply with all such changes.

(3) Franchisee is not permitted to sell alcoholic beverages at the **franchised pizzeria** without Franchisor's written consent. Telephone booths, newspaper racks, jukeboxes, cigarettes, gum and candy machines, games, rides, or any other vending machines will not be installed on the premises without the prior written approval of Franchisor.

(4) Franchisee shall determine the hours that the franchised pizzeria shall be open and closed during the year. However, such hours must be approved in writing by Franchisor.

(5) Franchisor imposes no restriction or condition which limits the customers to whom Franchisee may sell goods or services.

Item 17: Renewal, Termination, Transfer, and Dispute Resolution.

Item 17 Table:

THE FRANCHISE RELATIONSHIP

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

	Provision	**Section in Franchise or Other Agreement**	**Summary**
a.	Length of the franchise term	Section 1	The initial term is five years. The franchise may be terminated earlier if (among other things) the Franchisee loses possession or the right to possession of all or a significant part of the franchised outlet through lease termination or mortgage foreclosure.
b.	Renewal or extension of the term	Section 1	Six additional five year terms
c.	Requirements for Franchisee to renew or extend	Section 1	Not be in default of the franchise agreement. “Renewal” means to continue the franchise relationship for up to six additional terms of five years each. Franchisees will not

			be asked to sign a contract with materially different terms and conditions than their original contract.
d.	Termination by Franchisee	Section 6	If the building in which the franchised pizzeria is located is substantially destroyed by fire or other casualty so that Franchisee would have to reconstruct the building to continue operating the franchise Franchisor will consent to Termination of the Franchisee Agreement by Franchisee in lieu of Franchisee reconstructing the building.
e.	Termination by Franchisor without cause		Not Applicable.
f.	Termination by Franchisor with cause	Section 16	If an act of default occurs and Franchisee fails to cure the default after written notice from Franchisee within 10 days of monetary defaults or 30 days of non-monetary defaults, the cure period specified (or such longer period provided by applicable law or rule) Franchisor may terminate the franchise license. Franchisee may dispute defaults by arbitration.
g.	"Cause" defined –curable defaults	Section 16	(1) Failure to maintain and operate within the standards mid specifications as to service, cleanliness, health and sanitation. (2) Knowingly sell any product not conforming to Franchise specifications. (3) Fail to sell products designed by Franchisor, or sell products not approved by Franchisor. (4) Failure to pay any royalty, or advertising and sales promotion contribution. (5) Failure to submit any required financial statement or submitting an understated or false financial information. (6) Cease occupation of the premises except as the result of eminent domain or mortgage foreclosure or other cause not under Franchisee's control. (7) Admit in writing inability to pay debts as they mature or make an assignment for the benefit of creditors, or appointment of a receiver. (8) A final judgment remains unsatisfied for thirty days. (9) A levy of execution is made on the franchise license or property used in the franchise. (10) Conviction of an indictable offense punishable by a term of imprisonment in excess of one year. (11) Use of confidential information for other tan purpose given. (12) Denying Franchisor the right to inspect the pizzeria or books. (13) Conduct deleterious to or reflecting unfavorably on Nirchi's Pizzeria System. (14) Failure to maintain a responsible credit rating.

			(15) Assignment or transfer of interest of Franchisee in violation of the Franchise Agreement. (16) Entry into a management agreement or consulting arrangement without consent of Franchisor. (17) Failure to restore the building after damage or destruction. (18) Submissions of a franchise application or capitalization plan containing any false or misleading statements or omissions. (19) Repeated breaches of provisions of the Franchise. (20) The acquisition of an interest in a restaurant business in violation of part 11 of the Franchise Agreement. (21) Failure by Franchisee to comply with any other provision of the Agreement.
h.	"Cause" defined – non-curable defaults	Section 16	(1) Stops operating for more than seven days, except when due to casualty or other causes beyond the control of Franchisee. (2) Files for or a creditor files a petition seeking bankruptcy.
i.	Franchisee's obligations on termination/nonrenewal	Section 16	(1) Discontinue using the Nirchi's Pizzeria System. (2) Stop identifying as Nirchi's pizzeria franchisee or former franchisee. (3) Stop using any secrets, products, operating procedures, promotional material or any mark confusingly to Nirchi's. (4) Return to Franchisor all items, products, and materials containing trade secrets, pizzeria operating instructions or business practices. (5) Allow Franchisor to purchase all usable products, paper goods, containers and printed menus bearing Nirchi's trade name at Franchisee's cost, and to purchase the restaurant equipment, furniture, fixtures and signs at fair market value unless Franchisee can sell them to a third-party at a price in excess of appraised fair market value. (6) Remove or change signs and building features identifying Nirchi's Pizzeria.
j.	Assignment of of contract by Franchisor	Section 14	Franchisor can sell its interest in the license and agreement without Franchisee's consent to a buyer able to perform its obligations.
k.	"Transfer" by Franchisee – defined	Section 14	Includes among other things to sell, assign or transfer the franchise or any right or interest in the license granted, or permit any such assignment or transfer to occur directly, indirectly or contingently by agreement or operation of law.
l.	Franchisor approval of transfer by Franchisee	Section 14	Franchisor must approve of any transfer by Franchisee.

m.	Conditions of Franchisor approval of transfer	Section 14	(1) If to a corporation, limited liability company, limited partnership or other entity in which he owns the same ownership interest: a. Will not relieve Franchisee of personal liability. b. Any subsequent transfer or issuance of shares of the assignee corporation will be subject to Franchisor's approval. c. The assignee entity shall not engage in any business activity other than that which is directly related to the operation of franchised Nirchi's pizzerias. d. Franchisee (operating partner if Franchisee consists of more than one person) must remain the owner of not less than 51% of the outstanding ownership interest. e. The Articles of Incorporation and By-Laws or management agreement or partnership agreement must reflect that the ownership interest is restricted and may be issued or transferred only with the written consent of Franchisor. f. All certificates of ownership shall include a specified legend. (2) If to a third-party after Franchisor does not exercise first refusal option: a. All obligations of Franchisee to Franchisor must be satisfied at the time of transfer. b. The purchaser must complete and be approved through Franchisor's standard franchisee selection process. c. The prospective purchaser must satisfactorily complete any training programs required by Franchisor for new franchisees. d. Franchisor must approve the terms and conditions in the contract of sale which affect the sufficiency of cash flow from the business after payment of debt service necessary for reinvestment in the business for refinishing maintaining and remodeling the premises. e. Franchisee seller shall remain personally liable to Franchisor for royalty and advertising payments unless: i. The contract of sale provides that the royalty advertising payments must be paid to Franchisor by the assignee before installment payments of purchase price will be paid to Franchisee. ii. The assignee remains current in all financial obligations to Franchisor while making payments to seller, or for twenty-four months, whichever is longer. f. Franchisor shall be paid an assignment fee of Ten Thousand Dollars for the costs and expenses incurred by Franchisor in connection with the transfer, except for assignments of only a portion of the ownership interest or transfer for estate

			planning purposes or to members of Franchisee's family in which events only Franchisor's reasonable legal and accounting fees need be paid. g. Franchisee seller executes a general release of Franchisor in a form satisfactory to Franchisor so that the non-waiver provisions of GBL 687.4 and 687.5 be satisfied.
n.	Franchisor's right of first refusal to acquire Franchisee's business	Section 15	Franchisor has a right of first refusal at the same price and terms of any offer to Franchisee.
o.	Franchisor's option to purchase franchisee's business	Section 14	If Franchisee dies, leaving no heir who is qualified to own and operate the franchise, and if Franchisee's estate is unable to find a qualified buyer within twelve months, Franchisor has an option to purchase the franchised pizzeria at fair market value.
p.	Death or disability of Franchisee	Section 14	In the event of the death of Franchisee, or if the Franchise Agreement has been assigned to a corporation, the death of a stockholder, Franchisor shall consent to a transfer of the decedent's interest of shares of stock to the decedent's heirs subject to certain listed conditions (see page 21). There are no similar provisions relating to disability.
q.	Non-competition covenants during the term of the franchise	Section 11	Franchisee must not operate any restaurant business similar to Nirchi's pizzerias.
r.	Non-competition covenants after the franchise is terminated or expires	Section 11	For three years after termination of Agreement franchisee must not operate any restaurant business similar to Nirchi's pizzerias within twenty miles of any Nirchi's pizzeria that was owned or operated by Franchise.
s.	Modification of the Agreement	Section 17	By Franchisor only with the written agreement of Franchisee. However, Franchisor can make unilateral changes in its Operating Manual in any way that would not unreasonably increase Franchisee's obligations or place an unreasonable economic burden on Franchisee's operations.
t.	Integration/merger clause	Not applicable	Not applicable
u.	Dispute resolution by arbitration or mediation	Section 16	Disputes regarding any default will be settled by arbitration

v.	Choice of forum	Not applicable	Not applicable.
w.	Choice of law	Section 17	New York State law applies.

Item 18: Public Figures.

Franchisor does not use a public figure in the name or symbol of the franchise or the endorsement or recommendation of the franchise by a public figure in advertisement and, thus, pays no compensation or other benefit to a public figure.

Item 19: Financial Performance Representations.

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

(2) We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Patricia Nirchi, 947 Hill Avenue, Endicott, New York 13760, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20: Outlets and Franchisee Information.

Table No. 1

System-wide Outlet summary

For years 2020 to 2022

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2020		6	0
	2021	6	6	0
	2022	6	6	0
Company-Owned	2020	0	0	0
	2021	0	0	0
	2022	0	0	0
Total Outlets	**2020**	**6**	**6**	**0**
	2021	**6**	**6**	**0**
	2022	**6**	**6**	**0**

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)

2019 to 2021

Column 1 **State**	**Column 2** **Year**	**Column 3** **Number of Transfers**
New York	2020	0
	2021	0
	2022	0
Total	2020	0
	2021	0
	2022	0

Table No. 3
Status of Franchised Outlets
For years 2020 to 2022

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Terminations	Col. 6 Non-Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of Year
NY	2020	**6**	**0**	**0**	**0**	**0**	**0**	**6**
	2021	**6**	**0**	**0**	**0**	**0**	**0**	**6**
	2022	**6**	**1**	**1**	**0**	**0**	**0**	**6**
Total Outlets	2020	**6**	**0**	**0**	**0**	**0**	**0**	**6**
	2021	**6**	**0**	**0**	**0**	**0**	**0**	**6**
	2022	**6**	**1**	**1**	**0**	**0**	**0**	**6**

Table No. 4

Status of Company-Owned Outlets

For years 2020 to 2022

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired by Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at the End of the Year
NY	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0
Total Outlets	2020	0	0	0	0	0	0
	2021	0	0	0	0	0	0
	2022	0	0	0	0	0	0

Table No. 5

Projected Openings As Of December 31, 2023

Column 1	**Column 2**	**Column 3**	**Column 4**
State	Franchise Agreements Signed by Outlet But Outlet Not Opened	Projected New Franchised Outlet in The Next Fiscal year	Projected New Company-Owned Outlet in the Next Fiscal Year
NY	0	0	0
Total	0	0	0

(1) The Franchise Agreement limits the Franchisee's ability to discuss the business of the franchise system. Specifically, all materials loaned or otherwise made available to Franchisee and all disclosures made to Franchisee and not to the general public, including any standards and specifications of NIRCHI'S pizzeria operation, are trade secrets and must be kept confidential by Franchisee. In some instances, current and former franchisees sign provisions restricting their ability to speak openly about their experience with NIRCHI'S. You may wish to speak with current and former franchisees, but be aware that not all such franchisees will be able to communicate with you.

(2) The franchisee names, addresses and telephone numbers of all franchises which existed under franchise agreements with Franchisor as of December 31, 2020 are listed below:

i. John Marshall:

(A) Nirchi's Pizza, 954 Front Street, Binghamton, **New** York 13905, telephone (607) 722-6331; and

(B) Nirchi's Pizza, 219 Main Street, Binghamton, New York 13905, telephone (607) 231-6561

ii. DelSanto Enterprises, Inc.

(A) Nirchi's Pizza, 3916 Vestal Parkway East, Vestal, New York 13850, telephone (607) 729-5131

iii. Benjamin Fiore:

(A) Nirchi's Pizza, 1023 Conklin Road, Conklin, New York, telephone (607) 775-3822

iv. Cieri Enterprises, Inc.:

(A) 701 Taft Avenue, Endicott, New York 13760, telephone (607) 786-9978.

v. John Hanrahan

(A) 166 Water Street, Binghamton, New York 13902, telephone (607) 723-8474

(3) The name and last known home address and telephone number of every franchisee who has had an outlet terminated, canceled, not renewed, or otherwise voluntarily or involuntarily ceased to do business under the franchise agreement during the most recently completed fiscal year or who has not communicated with the Franchisor within 10 weeks of the application date:

John Marshall
954 Front Street
Binghamton, NY 13905

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

(5) No Franchisee has signed a confidentiality clause during the last three fiscal years.

Item 21: Financial Statements.

The financial statements of Franchisor, which include the Balance Sheet as of December 31, 2022, 2021 & 2020, and the Related Statements of Income and Retained Earnings and Cash Flows, for the years ended December 31, 2022, 2021 & 2020, as audited and prepared by Franchisor's auditor on March 3, 2023, are attached as Exhibit A. The Corporation’s fiscal year ends on December 31st..

Item 22: Contracts.

A copy of the Franchise Agreement is attached as Exhibit B. There are no other contracts or agreements provided by Franchisor which must be signed by Franchisee in connection with the purchase of the franchise.

Item 23: Receipts.

Issuance Date: February 3, 2024. Receipt is attached hereto.

Exhibit A

Financial Statements of Nirchi's Pizza, Inc.

Frank Pinkowski CPA
Certified Public Accountant
1109 Monroe Street
Endicott, NY 13760
Telephone: (315) 405-6001
Fax: (607) 754-7569

NIRCHI'S PIZZA INC.

ATTACHMENT TO FRANCHISE OFFERING PROSPECTUS

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANT

By my signature below I consent to the use of the attached audited financial statements for the years ended December 31, 2023, 2022, and 2021, as they appear in the attached franchise offering prospectus of Nirchi's Pizza Inc. filed with the New York State Department of Law.

Francis J Pinkowski Jr.

Francis J. Pinkowski Jr.
Frank Pinkowski, CPA

Dated: March 25, 2024

1109 Monroe Street,
Endicott, NY 13760

Frank Pinkowski CPA
Certified Public Accountant
1109 Monroe Street
Endicott, NY 13760
Telephone: (315) 405-6001
Fax: (607) 754-7569

INDEPENDENT AUDITORS REPORT

Management
Nirchi's Pizza, Inc.

Opinion

I have audited the accompanying financial statements of Nirchi's Pizza, Inc., which comprise the Balance Sheet as of December 31, 2023, 2022, & 2021, and the Related Statements of Income and Retained Earnings, and Cash Flows for the years ended December 31, 2023, 2022, & 2021 and the related notes to the financial statements.

In my opinion, the accompanying financial present fairly, in all material respects, the financial position of Nirchi's Pizza, Inc. as of December 31, 2023, 2022, & 2021, and the results of their operations and cash flows for the years ended, December 31, 2023, 2022, & 2021, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

The audit was conducted in accordance with generally accepted auditing standards of the United States of America (GAAS). The auditor's responsibilities under GAAS are outlined further described in the section "Auditor's Responsibilities for the Audit of the Financial Statements". The auditor is required to be independent of the entity under audit and to meet the other ethical responsibilities, in accordance with the relevant ethical requirements relating to the audit.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my 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. This includes 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 Nirchi's Pizza, Inc's ability to continue as a going concern for 12 months beyond when the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

The objective of the auditor is 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 the auditor's opinion.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, the auditor's responsibilities are to:

a. Exercise professional judgement and maintain professional skepticism throughout the audit
b. 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 the risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
c. 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 entity's internal control. Accordingly, no such opinion is expressed.
d. 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.
e. Conclude whether, in the auditor's judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Nirchi's Pizza, Inc's ability to continue as a going concern for a reasonable period of time.

I am 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 I identified during the audit.

Francis J. Pinkowski Jr.

Francis J. Pinkowski Jr.
Frank Pinkowski, CPA

1109 Monroe Street,
Endicott, NY 13760

Dated: March 25, 2024

NIRCHI'S PIZZA, INC
Balance Sheet
December 31, 2023, 2022, & 2021
Exhibit A

ASSETS

	12/31/2023	12/31/2022	12/31/2021
CURRENT ASSETS			
Cash in Bank	$ 391,698	$ 407,423	$ 324,840
PTET Refund	$ 4,796	$ 1,914	$ -
TOTAL CURRENT ASSETS	**$ 396,495**	**$ 409,337**	**$ 324,840**
FIXED ASSETS			
Fixed Assets @ Cost - Note 2	$ 82,748	$ 94,035	$ 94,035
Less: Accumulated			
Depreciation to Date	$ (58,320)	$ (94,035)	$ (94,035)
TOTAL FIXED ASSETS-NET	$ 24,428	$ -	$ -
TOTAL ASSETS	**$ 420,923**	**$ 409,337**	**$ 324,840**

NIRCHI'S PIZZA, INC
Balance Sheet
December 31, 2023, 2022, & 2021
Exhibit A

LIABILITIES AND STOCKHOLDER'S EQUITY

	12/31/2023	12/31/2022	12/31/2021
CURRENT LIABILITIES			
Accounts Payable	$ 51,825	$ 45,362	$ 44,458
Vehicle Loan	$ 12,928	$ -	$ -
TOTAL CURRENT LIABILITIES	**$ 64,753**	**$ 45,362**	**$ 44,458**
LONG TERM LIABILITIES			
Vehicle Loan	$ 36,869	$ -	$ -
TOTAL LIABILITIES	$ 101,622	$ 45,362	$ 44,458
STOCKHOLDER'S EQUITY			
Capital Stock	$ 10,000	$ 10,000	$ 10,000
Treasury Stock	$ (11,460)	$ (11,460)	$ (11,460)
Retained Earnings	$ 320,761	$ 365,435	$ 281,842
TOTAL STOCKHOLDER'S EQUITY	**$ 319,301**	**$ 363,975**	**$ 280,382**
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	**$ 420,923**	**$ 409,337**	**$ 324,840**

NIRCHI'S PIZZA INC.
Statement of Income and Retained Earnings
For the Years Ending December 31, 2023, 2022, & 2021
Exhibit B

	12/31/2023	12/31/2022	12/31/2021
Franchise Fees	$ 522,312	$ 481,525	$ 485,582
Gift Card Receipts	$ 14,632	$ 15,034	$ 16,070
Franchise Costs/Advertising	$ 85,412	$ 68,503	$ 53,829
GROSS PROFIT	**$ 451,532**	**$ 428,056**	**$ 447,823**
OPERATING EXPENSES			
Officer's Salary/Payroll Taxes	$ 60,145	$ 51,000	$ 50,610
Auto Expenses	$ 10,807	$ 3,940	$ 10,266
Rents-Note 3	$ 9,600	$ 9,600	$ 9,600
Insurance	$ 15,593	$ 13,547	$ 11,872
Telephone & Utilities	$ 7,691	$ 8,547	$ 4,070
Office Expenses	$ 1,169	$ 5,661	$ 4,604
Legal & Accounting	$ 48,110	$ 37,498	$ 35,181
Repairs & Maintenance	$ 2,280	$ 1,158	$ 627
Depreciation	$ 46,583	$ -	$ 33,767
All Other Expenses	$ 20,446	$ 3,915	$ 15,389
TOTAL OPERATING EXPENSES	**$ 222,422**	**$ 134,867**	**$ 175,986**
NET INCOME (LOSS) FROM OPERATIONS	$ 229,110	$ 293,189	$ 271,837
Provision for Income Taxes See Note 4	$ 19,334	$ 20,086	$ -
Interest Income	$ 29	$ 33	$ 30
Proceeds from Sale of Assets	$ 25,000	$ -	$ -
NET INCOME TRANSFERRED TO RETAINED EARNINGS	$ 234,805	$ 273,136	$ 271,867
Retained Earnings			
Beginning of Year	$ 365,435	$ 281,842	$ 305,639
Shareholder Distribution	$ (279,479)	$ (189,543)	$ (295,664)
Net Income	$ 234,805	$ 273,136	$ 271,867
RETAINED EARNINGS END OF YEAR	$ 320,761	$ 365,435	$ 281,842

NIRCHI'S PIZZA, INC.
Statement of Cash Flows
For the Years Ending December 31, 2023, 2022, & 2021
Exhibit C

	12/31/2023	12/31/2022	12/31/2021
CASH FLOWS FROM OPERATIONS			
Net Income (Loss), Exh. B	$ 234,805	$ 273,136	$ 271,867
Addback: Depreciation that did not require cash	$ 46,583	$ -	$ 33,767
Book Value of Assets Sold	$ -	$ -	$ -
SUBTOTAL	**$ 281,388**	**$ 273,136**	**$ 305,634**
WORKING CAPITAL CHANGES THAT PROVIDED (USED) CASH			
Accounts Payable	$ 6,464	$ 904	$ 6,013
Tax - PTET	$ (4,796)		
TOTAL CASH FLOW FROM OPERATIONS	**$ 283,055**	**$ 294,126**	**$ 311,647**
CASH FLOWS FROM INVESTING & FINANCING ACTIVITIES SOURCES & (USES)			
Shareholder Distribution	$ (279,479)	$ (189,543)	$ (295,664)
Fixed Assets Purchased	$ (71,011)	$ -	$ (33,767)
Less Financing	$ 49,797		
Total Cash Flows from Investing	$ (300,694)	$ (209,629)	$ (329,431)
NET CASH FLOW FOR YEAR	**$ (17,639)**	**$ 84,497**	**$ (17,784)**
Cash-Beginnning of Year	$ 409,337	$ 324,840	$ 342,624
CASH-END OF YEAR	**$ 391,698**	**$ 409,337**	**$ 324,840**

Frank Pinkowski CPA
Certified Public Accountant
1109 Monroe Street
Endicott, NY 13760
Telephone: (315) 405-6001
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NIRCHI'S PIZZA, INC.
Notes to Financial Statements
December 31, 2023

Nirchi's Pizza Inc. was formed to operate Nirchi's Take Out Pizza locations. In 2005, the corporation sold its remaining pizza locations. The Corporation now operates as a franchisor only.

NOTE 1-ACCOUNTING METHOD

The Corporation's books and records are kept on the accrual method of accounting for financial statements and for tax reporting purposes.

NOTE 2-DEPRECIATION

The corporation calculates depreciation under the MACRS method. The major accounts and normal lives of the corporation's assets are as follows:

Furniture, Fixtures & Equipment	7 years	$ 11,737
Motor Vehicles	5 years	$ 71,011
		$ 82,748

NOTE 3-RENT AND LEASE OBLIGATIONS

The corporation leased its office premises from its stockholder for $800.00 per month.

NOTE 4- CORPORATION TAXES PAYABLE

As of January 1, 2016, the corporation, for tax purposes, elected Sub Chapter "S" Status. As such, the corporation's income is taxed to the shareholder. Therefore, the provision for federal income taxes will no longer be computed at the corporate level. Starting January 1, 2022, the company has elected to pay New York State income tax on the income generated per the Pass-Through Entity Tax (PTET).

Exhibit B

Franchise Agreement

NIRCHI'S PIZZA, INC.

FRANCHISE AGREEMENT

THIS AGREEMENT is made in Endicott, Broome County, New York as of the _______ day of _______________, ______, by NIRCHI'S PIZZA, INC., a New York corporation ("NIRCHI's") and _______________________________ ("FRANCHISEE")

INTRODUCTION

A. "NIRCHI'S" is a trademark registered with the United States Patent and Trademark Office, Registration Number 1,643,767, on the Principal Register issued May 7, 1991.

B. NIRCHI'S has developed an operating system and food products which are used in the operation of pizzerias. The operating system includes uniform standards, specifications and procedures of operation, and quality and uniformity of products and services offered. NIRCHI'S is engaged in the business of operating and granting franchises to operate NIRCHI'S pizzerias.

C. NIRCHI'S has established a high reputation and a positive image with the public as to the quality of products and services available at NIRCHI'S pizzerias. This reputation and image are unique benefits to NIRCHI'S and its franchisees.

D. FRANCHISEE recognizes the benefits to be derived from being identified with and licensed by NIRCHI'S, and being able to use NIRCHI'S system and services.

E. FRANCHISEE desires to be franchised to operate a NIRCHI'S pizzeria at a specified location, and FRANCHISEE acknowledges that he has had a full opportunity to be thoroughly advised of the terms and conditions of this Agreement by counsel of his own choosing at least seven days prior to its execution. FRANCHISEE states that he is entering into this Agreement after having made an independent investigation of NIRCHI'S operations and not upon any representation as to the profits or sales volume which FRANCHISEE might be expected to realize, nor upon any representations or promises by NIRCHI'S which are not contained in this Agreement.

F. While FRANCHISEE has no contractual right, nor NIRCHI'S any obligation, to renew this franchise or enter into a successor franchise, it is NIRCHI'S normal business practice to encourage such succession. NIRCHI'S anticipates that a very high percentage of franchisees will seek and qualify for a successor franchise. Commitment to high standards, adaptation to a constantly changing competitive environment, sound financing, progressive merchandising, innovation, contribution of ideas and active participation in the community are characteristics of a desired franchise operator. The franchisee not able to satisfy NIRCHI'S successor standards will be so advised approximately one year prior to the expiration of the term (or upon the occurrence of a disqualifying act during the last one year).

G. This Agreement, the Franchise Application and the Capitalization Plan submitted by FRANCHISEE to NIRCHI'S upon which NIRCHI'S is relying in granting this franchise, constitute the entire agreement of the parties and supersede all prior negotiations, commitments, representations and undertakings of the parties with respect to the subject matter of this Agreement.

In consideration of the mutual covenants contained in this Agreement, the parties agree as follows:

1. FRANCHISE GRANT; TERM OF FRANCHISE AND LOCATION OF FRANCHISED PIZZERIA; RENEWAL OPTIONS

NIRCHI'S grants to FRANCHISEE a license for a period of five years to operate a NIRCHI'S pizzeria (franchised pizzeria) at ____

____

Thereafter, provided FRANCHISEE shall have complied with all the terms of this Agreement, FRANCHISEE shall have the option to continue the Franchise relationship with Franchisor for six separate additional terms of five years each under the conditions specified below. For purposes of this paragraph only, any default which has been waived by Franchisor shall not be considered a default hereunder. Whenever references are made to the terms of this Agreement in this Agreement, such references shall also apply to any renewals hereunder.

2. FRANCHISE FEE

FRANCHISEE acknowledges that the grant of this franchise constitutes the consideration for the payment by FRANCHISEE to NIRCHI'S of the franchise fee of $25,000.00, and that this fee shall be fully earned by NIRCHI'S upon the execution and delivery of this Agreement. This fee is not refundable.

3. FRANCHISEE REPRESENTATIONS

FRANCHISEE acknowledges his understanding that NIRCHI'S franchising policy requires all individuals who have any interest in the franchised pizzeria, whether directly, beneficially or contingently, to be named in and be a party to the Franchise Agreement. If FRANCHISEE consists of more than one individual, the group must include an operating partner who must have a minimum 51% unencumbered equity ownership (including profits) and a minimum 51% controlling interest through any voting apparatus in the franchised pizzeria. Throughout the term of the Agreement, the individual FRANCHISEE or operating partner, as the case may be, must live in the locality of the franchised pizzeria and devote his full time and best efforts to the day to-day operation of the franchised pizzeria with no operational or management commitments in other businesses (except other NIRCHI'S pizzeria franchises). FRANCHISEE agrees to furnish NIRCHI'S with such evidence as NIRCHI'S may request from time to time for the purpose of assuring NIRCHI'S that FRANCHISEE'S interest remains as represented in this Agreement.

4. STANDARDS AND UNIFORMITY OF OPERATION

NIRCHI'S pizzerias use a plan and operating system to sell uniform and quality products, emphasizing prompt and courteous service in a pleasant atmosphere. The establishment and maintenance of a close personal relationship between NIRCHI'S and FRANCHISEE in the operation of the franchised pizzeria and adherence to the principles of NIRCHI'S constitute the basic underlying substance of this license.

Suggestions from franchisees for improving products, service, equipment, uniforms, pizzeria facilities, and advertising are encouraged and will be considered by NIRCHI'S when adopting or modifying standards, specifications and procedures for NIRCHI'S.

FRANCHISEE agrees that adherence to NIRCHI'S restaurant design, menu and service format is reasonable, necessary and essential to the image and success of each NIRCHI'S pizzeria. FRANCHISEE agrees that changes in the standards, specifications and procedures may become necessary and desirable from time to time and agrees to comply with and pay for such modifications, revisions and additions which NIRCHI'S in the good faith exercise of its judgment believes to be desirable and reasonably necessary. NIRCHI'S agrees that it will not modify its operating manual during the term of this Agreement in any way that would unreasonably increase FRANCHISEE'S obligations or place an unreasonable economic burden on FRANCHISEES operations.

Any confidential material and information of NIRCHI'S provided for the operation of a NIRCHI'S pizzeria is to be used by FRANCHISEE only in connection with the operation of the NIRCHI'S pizzeria. The standards and operating procedures communicated in writing to the FRANCHISEE are part of this Agreement.

A. Building and Land

The building and land that FRANCHISEE uses for the franchise must be approved in writing by NIRCHI'S as provided in this section 4(A), "Building and Land."

If FRANCHISEE intends to construct or have constructed a new building to be owned or leased by FRANCHISEE and used for the franchise, such building shall be constructed in the manner authorized and approved by NIRCHI'S.

IF FRANCHISEE intends to purchase or lease an existing building to use for the franchise, such building must be approved by NIRCHI'S prior to entry by FRANCHISEE into an agreement for purchase or lease of the building.

IF FRANCHISEE intends to lease a building to use for the franchise, the lease agreement must be approved by NIRCHI'S prior to its execution and must contain provisions that the lessor agrees to permit all repairs, improvements and alterations to be made that NIRCHI'S determines are reasonably necessary as provided in this Agreement.

If the franchise is terminated for any reason, NIRCHI'S shall have the right but not the obligation to be substituted for FRANCHISEE as lessee under any lease agreement and shall in such case have all the rights which FRANCHISEE enjoyed as lessee. Any lease agreement into which FRANCHISEE proposes to enter must contain provisions permitting NIRCHI'S to assume FRANCHISEE'S role as lessee if the franchise is terminated.

If the lease is terminated for any reason, NIRCHI'S shall have the right to remove from the building and premises the NIRCHI'S sign, logo, and any other object serving to identify the building and premises as a NIRCHI'S pizzeria. The lease agreement shall contain provisions permitting the same.

The lease agreement shall provide that construction of the building, if it is not an existing building, improvements to the building and premises, and alterations to the building and premises must be pre-approved by NIRCHI'S as provided herein.

Any and all improvements to any building and premises used by the FRANCHISEE for the franchise must be made in the manner authorized and approved by NIRCHI'S. The appearance of the building and the premises will not thereafter be altered except as may be approved in writing by NIRCHI'S.

FRANCHISEE shall maintain the building and premises in good condition and make all improvements and alterations as may be determined by NIRCHI'S to be reasonably necessary to reflect an acceptable NIRCHI'S pizzeria image. FRANCHISEE shall undertake, complete and pay for such repairs, improvements and alterations as may be requested by NIRCHI'S within the reasonable time specified by NIRCHI'S.

B. Signs

The sign or signs stating that the franchised pizzeria is a NIRCHI'S pizzeria must be approved by NIRCHI'S prior to their display. NIRCHI'S reserves the option to require franchisee to display one or more standardized NIRCHI'S pizzeria signs approved by NIRCHI'S. All signs will be displayed only in the manner and at such locations as are authorized by NIRCHI'S. FRANCHISEE agrees to maintain and display signs reflecting the current image of NIRCHI'S pizzerias and shall not place additional signs or posters on the premises without prior written consent of NIRCHI'S. FRANCHISEE shall discontinue the use of and destroy such signs as are declared obsolete by NIRCHI'S within the reasonable time specified by NIRCHI'S.

C. Equipment

FRANCHISEE is obliged to purchase or lease the following equipment in accordance with specifications set forth by FRANCHISOR:

2 Lincoln Impengers (1000 Series) manufactured by Lincoln.
1 Blodgett 1048 Oven, made by Blodgett.
1 Blodgett Counter System, made by Blodgett.
1 Hobart 140 quart mixer, manufactured by Hobart.
1 Hobart 12" slicer, also made by Hobart.
1 Univex grater motor, made by Univex.
1 Univex shredder head, made by Univex.

FRANCHISOR reserves the right to change, require or specify the make, manufacturer, model or type of any particular type of equipment used in operation of the franchised pizzeria.

As equipment becomes obsolete or inoperable, FRANCHISEE will replace such items with the types and kinds of equipment that meet NIRCHI's standards. If NIRCHI's determines that additional or substitute equipment is needed because of a change in menu items or methods of preparation and service, or for any other reason, FRANCHISEE will purchase and install the new equipment within the reasonable time specified by NIRCHI'S.

C-1. Seasoning

Franchisee is obligated to purchase from Franchisor a proprietary seasoning product that is added to tomato sauce to make the NIRCHI'S pizza sauce which must be used by Franchisee in making all pizza products.

D. Standards of Cleanliness and Maintenance

FRANCHISEE shall keep the building, premises and equipment used for the franchised pizzeria clean and in good working condition consistent with reasonable standards required by NIRCHI'S. NIRCHI'S shall notify FRANCHISEE of any failure to comply with such standards, and FRANCHISEE shall have thirty days from the date of receipt of such notice to comply with the standards. If FRANCHISEE has not fully complied by the end of the thirty-day period, NIRCHI'S shall have the right to have the building, premises, and equipment which is used for the franchised pizzeria cleaned and rendered in good condition in compliance with NIRCHI'S standards, and FRANCHISEE shall be obligated to pay the cost of such work. This right of NIRCHI'S is in addition to and not exclusive of all other rights available to NIRCHI'S under the contract.

E. Vending Machines, Etc.

Telephone booths, newspaper racks, juke boxes, cigarette, gum, and candy machines, games, rides or any other vending machines will not be installed on the premises without the prior written approval of NIRCHI'S.

F. Menu and Service

All menu items which NIRCHI'S may deem appropriate to take fullest advantage of the potential market and achieve standardization in the NIRCHI'S pizzeria system will be served, and no items which are not authorized and approved by NIRCHI'S in writing will be served.

FRANCHISEE shall adhere to all specifications and standards prescribed by NIRCHI'S as to ingredients, methods of preparation and service, weight and dimensions of products served, and standards of cleanliness, health and sanitation. All food, drink and other items will be served and sold in packaging that meets NIRCHI'S specifications.

G. Hours of Operation

FRANCHISEE will decide upon the hours that the franchised pizzeria will be open for business each day. These hours must be approved by NIRCHI'S before they may become effective. FRANCHISEE may change these hours with NIRCHI'S permission.

H. Advertising and Promotional Materials

Only those advertising or promotional materials or items which are authorized by NIRCHI'S in writing prior to use shall be used, sold or distributed.

I. Right of Entry and Inspection

To ensure compliance with this Agreement, NIRCHI'S shall have the unrestricted right to enter the franchised pizzeria to conduct such activities as it deems necessary to ascertain compliance with this Agreement. The inspections may be conducted without prior notice at any time when FRANCHISEE or one of his employees is at the franchised pizzeria. The inspections will be performed in a manner which minimizes interference with the operation of the franchised pizzeria.

J. Interference With Employment Relations of Others

Neither NIRCHI'S nor FRANCHISEE will attempt, directly or indirectly, to induce any employee of the other or of another franchisee of NIRCHI'S to leave such employment nor to employ such employee within six months after his or her termination of employment with such employer, except with the prior written consent of the employer.

5. SERVICES AVAILABLE TO FRANCHISEE

NIRCHI'S agrees to periodically advise and consult with FRANCHISEE in connection with the operation of the franchised pizzeria and to provide to FRANCHISEE:

A. Specifications for franchise location including furnishings, decor, layout and signs, together with advice and consultation. Modifications for nonstandard buildings, whether required by local zoning or building laws or otherwise must be approved in writing by NIRCHI'S and paid for by FRANCHISEE.

B. Pre-opening and opening supervision and assistance by personnel of NIRCHI'S at FRANCHISEE'S premises.

C. NIRCHI'S standards, specifications, procedures and methods of operating a NIRCHI'S pizzeria.

D. Such merchandising, marketing and advertising data and advice as may be developed from time to time by NIRCHI'S and deemed by it to be helpful in the operation of a NIRCHI'S pizzeria.

E. Communication of new developments, techniques and improvements of NIRCHI'S in food preparation, equipment, food products, packaging and pizzeria management which are relevant to the operation of a NIRCHI'S pizzeria.

6. RESTAURANT SITE

The site at which FRANCHISEE shall operate the franchised pizzeria must be pre-approved by NIRCHI'S. During the term of this Agreement, the site shall be used exclusively for the purpose of operating a franchised NIRCHI'S pizzeria.

In the event the building shall be damaged by fire or other casualty, or be required to be repaired or reconstructed by any governmental authority, FRANCHISEE shall repair or reconstruct the building within a reasonable time under the circumstances to the extent such building is owned by FRANCHISEE or an affiliate of FRANCHISEE or its principal owner. If the structure is owned by a third party FRANCHISEE may obtain the consent of Nirchi's (which consent shall not unreasonably be withheld) to move the franchise to any new location. FRANCHISEE will repair or replace any restaurant equipment if the facility is being restored.

If the building is substantially destroyed by fire or other casualty, FRANCHISEE may, with NIRCHI'S agreement, terminate this Agreement in lieu of FRANCHISEE reconstructing the building, unless there is evidence that the building was substantially destroyed by arson or other deliberate act committed by or under the direction of FRANCHISEE.

7. TRAINING

FRANCHISEE shall undertake and complete any training programs required by NIRCHI'S.

FRANCHISEE shall train all his employees in accordance with the training standards of NIRCHI'S and shall staff the franchised pizzeria at all times during the term of this Agreement with a sufficient number of trained employees. Training by FRANCHISEE shall take place at the site of the franchised pizzeria rather than at facilities owned or operated by NIRCHI'S.

8. ROYALTIES

A. Royalties

FRANCHISEE agrees to pay to NIRCHI'S a royalty of 6% of gross sales for the use of the NIRCHI'S name and reputation. Royalties shall be paid weekly by the third day of each week based upon gross sales for the preceding week.

B. Advertising, Sales Promotion and Public Relations

NIRCHI'S after consulting with its franchisees in its sole discretion shall determine the amount of money to be spent each month for advertising, sales promotion and public relations in the market areas of all the franchised NIRCHI'S pizzerias. The expenses for the advertising, sales promotion, and public relations described above shall be assessed in equal amounts against all the NIRCHI'S pizzerias, including those owned by franchisees and NIRCHI'S.

FRANCHISEE shall be required to pay to NIRCHI'S by the tenth day of each month the per-franchise assessment for expenses incurred in the previous month multiplied by the number of franchised pizzerias owned by FRANCHISEE. The annual expenditure for advertising, sales promotion, and public relations for each market area shall be approximately equal to the annual assessments made against the NIRCHI'S pizzerias located in that market area, including pizzerias owned by franchisees and by NIRCHI'S.

The total amount that must be paid by each franchised pizzeria for advertising, sales promotion, and public relations for each month will not exceed two percent of "gross sales" from that pizzeria for that month (as defined in paragraph C below, "Gross Sales.")

Franchisee is permitted to expend such additional amounts as it may desire for advertising and sales promotion so long as the content thereof is approved in advance in writing by Franchisor.

NIRCHI'S agrees to consult with FRANCHISEE with respect to the decision making process for advertising sales promotion, public relations in those market areas affecting FRANCHISEE'S restaurant and other promotions.

C. Gross Sales

The term "gross sales" as used in this Agreement includes all sums charged for goods, merchandise or services sold at or from the franchised pizzeria, unless exempted by NIRCHI'S and rents or concession fees paid to FRANCHISEE. Gross sales excludes any federal, state, county or city tax, excise tax, or other similar taxes collected by FRANCHISEE from customers based upon sales, any returns, uncollected checks, fees charged for credit card sales, employee discounts, meals served to employees, lottery sales, sales of cigarettes, sales of newspapers and other non-food items, and gross sales of any subleasees or concessionaires.

D. Interest and Attorney's Fees

Any royalty or contribution toward advertising or sales promotion contribution that is not paid when due shall bear interest at the maximum rate allowed under the law of the State of New York. In any arbitration to enforce the terms of this Agreement, the prevailing party shall be paid by the other party for all costs, including attorney's fees, that are incurred as a result of the arbitration.

9. ACCOUNTING PROCEDURES: RIGHT OF AUDIT

A. Accounting

FRANCHISEE agrees to keep complete records of his business and to furnish NIRCHI'S with a monthly and fiscal year-to-date profit and loss statement in the format prescribed by NIRCHI'S. FRANCHISEE shall also submit to NIRCHI'S quarterly balance sheets, the first of which shall be for the period ending three months after the franchised pizzeria opens. All profit and loss statements and balance sheets should be prepared in accordance with generally accepted accounting principles and shall be submitted to NIRCHI'S within fifteen days after the end of the period covered by the report. In addition, FRANCHISEE shall submit to NIRCHI'S copies of all state sales tax returns relating to sales at the franchised pizzeria on the date the returns are filed. FRANCHISEE agrees to provide NIRCHI'S with such other records as NIRCHI'S may reasonably request from time to time.

B. Annual Financial Statements

Within ninety days after the close of each fiscal year, FRANCHISEE shall submit a full disclosure of all persons with any interest in the franchised pizzeria and a complete annual financial statement, which statement, if requested by NIRCHI'S, shall be certified by a certified public accountant.

C. Audits

FRANCHISEE agrees that NIRCHI'S or its representatives, at NIRCHI'S expense, shall, at all reasonable times within twelve months from the close of FRANCHISEE'S fiscal year, have the right to examine or audit the books or accounts of FRANCHISEE. Only one (1) audit may be conducted within 12 months from the close of FRANCHISEE's fiscal year. If an audit is not conducted for any given period within twelve (12) months, after the end of such fiscal year, the right to audit for that period is waived. FRANCHISEE shall retain sales records for a period of at least one year. In the event a discrepancy is found between reported gross sales and actual gross sales which exceeds 5%, FRANCHISEE shall reimburse NIRCHI'S for all costs of the audit reasonably incurred

D. Release of Financial Information

FRANCHISEE gives permission to NIRCHI'S to release to FRANCHISEE'S current or prospective landlord or lenders, NIRCHI'S accountants and other advisors and those disclosures required by law, financial and operational information relating to FRANCHISEE or the franchised pizzeria.

10. LIMITATIONS OF FRANCHISE

A. Trademarks, Trade Names, Service Marks and Trade Secrets

(1) FRANCHISEE acknowledges that ownership of all right, title and interest to NIRCHI'S pizzerias is and shall remain vested solely in NIRCHI'S, and FRANCHISEE disclaims any right or interest therein or to the good will derived therefrom. FRANCHISEE agrees that all materials loaned or otherwise made available to him and all disclosures made to him and not to the general public by or at the direction of NIRCHI'S at any time before or during the term of this Agreement including, without limitation, any and all standards and specifications of NIRCHI'S pizzeria operation, are to be considered trade secrets of NIRCHI'S for purposes of this Agreement and shall be kept confidential and used by him only in operation of the franchised pizzeria and other licensed NIRCHI'S pizzerias. FRANCHISEE agrees that he will not divulge any of the trade secrets to any person other than his employees and then only to the extent necessary for the operation of the franchised pizzeria. FRANCHISEE will not, nor permit anyone else to reproduce, copy or exhibit any confidential or proprietary information received from NIRCHI'S.

(2) FRANCHISEE will not, directly or indirectly, during the term of this Agreement or thereafter, do anything that impairs NIRCHI'S right, title or interest in any

NIRCHI'S pizzeria procedure or product. FRANCHISEE shall immediately notify NIRCHI'S of all infringements or imitations of the NIRCHI'S marks which come to his attention or challenges to FRANCHISEE'S use of any of the NIRCHI'S marks, in which event NIRCHI'S shall take appropriate action to protect said marks including, if necessary, to prosecute any action to prevent the infringement, imitation, illegal use or misuse of the NIRCHI'S name and products FRANCHISEE agrees to be named as a party in any such action if so requested by NIRCHI'S. NIRCHI'S agrees to bear the legal expenses incident to FRANCHISEE'S participation in such action, except for the cost of FRANCHISEE'S personal legal counsel of his own choosing.

(3) In the adoption of a corporate or partnership name, FRANCHISEE shall not use any of the NIRCHI'S marks, any variations or abbreviations, or any words confusingly similar to the NIRCHI's Pizzeria Franchise.

B. Independent Contractor

FRANCHISEE is an independent contractor and is not an agent, partner, joint venturer or employee of NIRCHI'S. No fiduciary relationship between the parties exists. FRANCHISEE shall have no right to bind or obligate NIRCHI'S in any way, nor shall he represent that he has any right to do so. NIRCHI'S shall have no control over the terms and conditions of employment of FRANCHISEE's employees.

In all public records and in his relationship with other persons, on stationery, business forms and checks, FRANCHISEE shall indicate his independent ownership of the franchised pizzeria and that he is a franchisee of NIRCHI'S. FRANCHISEE shall exhibit on the premises, in such places as may be designated by NIRCHI'S, a notification that the franchised pizzeria is operated by an independent operator and not by NIRCHI'S.

11. UNFAIR COMPETITION AND COVENANT NOT TO COMPETE:

A. FRANCHISEE acknowledges that NIRCHI'S is making its knowledge, know-how and expertise available to him only for the purpose of operating the franchised pizzeria. FRANCHISEE agrees it would be an unfair method of competition to use or duplicate any of the knowledge, know-how and expertise received from NIRCHI'S pizzerias. FRANCHISEE, therefore, warrants that during the term of this Agreement, including all terms for which the agreement is renewed, he will use his best efforts to promote and develop the business at the franchised pizzeria.

B. During the term of this Agreement, FRANCHISEE will have no interest in, nor engage in the operation of, any restaurant business which is the same as or similar to NIRCHI'S pizzerias. For three years after termination or expiration of this Agreement, FRANCHISEE will have no interest in, nor engage in the operation of, any restaurant business which is the same as or similar to NIRCHI'S pizzerias and that is located within twenty miles of any NIRCHI'S pizzeria that was owned or operated by FRANCHISEE.

C. If FRANCHISEE is a partnership or other entity consisting of more than one person, or if FRANCHISEE is a corporation, the restrictions on FRANCHISEE described in the paragraph above apply to all persons or stockholders who own an interest in FRANCHISEE.

12. INSURANCE: INDEMNIFICATION

A. FRANCHISEE agrees to carry at his expense, during the term of this Agreement, comprehensive general liability insurance, including product liability insurance and broad form contractual liability insurance, in an amount of not less than $2,000,000.00 per occurrence for bodily injury and $500,000.00 per occurrence for property damage, or in such other amounts as NIRCHI'S may reasonably request. Each policy will name NIRCHI'S as an additional insured, will provide that the policy cannot be canceled without thirty days prior written notice to NIRCHI'S, and will insure the contractual liability of FRANCHISEE under paragraph 12(C) of this Agreement. Prior to the opening of the franchised pizzeria, FRANCHISEE shall furnish to NIRCHI'S a certificate of insurance reflecting that the insurance coverage is in effect. All policies shall be renewed, and a renewal certificate of insurance shall be mailed to NIRCHI'S prior to expiration date.

B. FRANCHISEE agrees to secure and pay premiums on a worker's compensation policy covering himself and all his employees, as required by law.

C. FRANCHISEE is responsible for all losses, damages, and contractual liabilities to third persons, all claims for damages to property, and all claims for personal injury, illness or death that arise from or in connection with FRANCHISEE'S ownership or operation of the franchised pizzeria. FRANCHISEE agrees to defend and indemnify NIRCHI'S and its subsidiaries against any such claims, losses, obligations, expenses, liabilities, debts or damages unless resulting from the negligence of NIRCHI'S or defects in goods manufactured by NIRCHI'S. NIRCHI'S shall notify FRANCHISEE of any claims, and FRANCHISEE shall be given the opportunity to assume the defense of the matter. If FRANCHISEE fails to assume the defense, NIRCHI'S may defend the action in the manner it deems appropriate, and FRANCHISEE shall pay to NIRCHI'S all costs, including attorney's fees, incurred by NIRCHI'S in effecting such defense, in addition to any sum which NIRCHI'S may pay by reason of any settlement or judgment against NIRCHI'S. NIRCHI'S right to indemnity under this Agreement shall arise not withstanding that joint or concurrent liability may be imposed on NIRCHI'S by statute, ordinance, regulation or other law

13. TAXES

FRANCHISEE shall pay when due all taxes levied or assessed in connection with the possession, ownership or operation of the franchised pizzeria. In the event of any dispute as to the liability for a tax assessed against him, FRANCHISEE may contest the validity or the amount of the tax in accordance with procedures of the taxing authority; however, FRANCHISEE shall not permit a tax sale or seizure against the premises or equipment.

14. ASSIGNMENT: CONDITIONS AND LIMITATIONS

A. Assignment by FRANCHISEE

(1) This Agreement and license are personal to FRANCHISEE, and FRANCHISEE shall not sell, assign or transfer this Agreement or any right or interest in the license granted, nor permit any such assignment or transfer to occur directly, indirectly or contingently by agreement or operation of law without the prior written consent of NIRCHI'S. FRANCHISEE shall have the right to assign a portion of its ownership interest (but not the controlling interest) in the franchise with Franchisor's consent. If FRANCHISEE consists of more than one person, the requirement of NIRCHI'S prior approval shall apply to a transfer of all or part of one partner's interest to another partner. FRANCHISEE understands that this Agreement and the license granted may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment of any interest, except as provided in parts 14 and 15, shall constitute a material breach of this Agreement.

(2) In the event of the death of FRANCHISEE or, if this Agreement has been assigned to a corporation, the death of a stockholder, NIRCHI'S shall consent to a transfer of the decedent's interest or shares of stock to the decedent's heirs subject to the following conditions:

(a) The heir must complete and be approved through NIRCHI'S training programs, including satisfactorily demonstrating to NIRCHI'S that he meets the financial, character, and managerial criteria, as well as equity ownership and such other criteria and conditions as NIRCHI'S shall then be applying in considering applications for new licenses.

(b) The heir shall agree in writing to assume liability for and perform all the terms and conditions of this Agreement to the same extent as the original franchisee was required to do under the Agreement.

(c) If the heir is not approved or there is no heir, the decedent's estate shall use its best efforts to sell the franchised pizzeria to an acceptable party within twelve months from the date of FRANCHISEE'S death, and NIRCHI'S shall have an option, but no obligation, to manage the franchised pizzeria for the account of FRANCHISEE'S estate until the deceased FRANCHISEE'S interest is transferred to another party acceptable to NIRCHI'S. Should NIRCHI'S elect to manage the franchised pizzeria, NIRCHI'S shall make a complete accounting and shall forward the net income from the operation to FRANCHISEE'S estate, less expenses and a reasonable management fee.

(d) If the conveyance of the franchised pizzeria to a party acceptable to NIRCHI'S has not taken place within the twelve-month period, NIRCHI'S shall have the option, but no obligation, to purchase the franchised pizzeria at fair market value, with no allowance for good will. Said fair market value shall be determined by a certified public accountant to be selected and agreed upon by NIRCHI'S and the legal representative of the estate of the decedent. Any expense in connection with the appraisal shall be paid for by the decedent's estate.

(3) With the prior consent of NIRCHI'S, FRANCHISEE may assign this Agreement to a corporation, limited liability company, limited partnership or any other entity in which FRANCHISEE owns the same percent of the stock or incidents of ownership as in the entity executing this Franchise Agreement. NIRCHI'S may impose reasonable conditions on such assignment, including without limitation:

(a) The assignment to a corporation will not relieve FRANCHISEE of personal liability to NIRCHI'S for performance of all obligations under this Franchise Agreement.

(b) Any subsequent transfer or issuance of shares of the assignee corporation shall be subject to NIRCHI'S approval. In the case of an acquisition of additional shares by the operating partner, this requirement shall be satisfied by NIRCHI'S being given written notice describing the transaction within seven days following the transfer or issuance.

(c) The assignee corporation shall not engage in any business activity other than that which is directly related to the operation of franchised NIRCHI'S pizzerias.

(d) FRANCHISEE (operating partner if FRANCHISEE consists of more than one person) must remain the owner of not less than 51% of the outstanding ownership or interest after any transfer or issuances of shares of assignee corporation.

(e) The articles of incorporation and by-laws of the corporation <u>or</u> operating agreement or partnership agreement shall reflect that the issuance and transfer of shares of stock are restricted and may be issued or transferred only with the written consent of NIRCHI'S.

(f) All certificates of ownership interest shall include the following legend:

> The transfer of this ownership interest is subject to the terms and conditions of a Franchise Agreement with Nirchi's Pizza Inc. Reference is made to such Franchise Agreement and the restrictive provisions of the articles of incorporation and by-laws of this corporation or operating agreement of this limited liability company or partnership agreement of this limited partnership.

(4) NIRCHI'S shall be paid an assignment fee of Ten Thousand Dollars for the costs and expenses incurred by NIRCHI'S in connection with the transfer except:

______________(a) FRANCHISEE shall have assigned only a portion of its ownership interest (and not the controlling interest) in FRANCHISEE with the Franchisor's consent in which event the payment of an assignment fee is waived, and

(b) Transfers to entities for estate planning purposes or to members of FRANCHISEE'S family.

However, in either (a) or (b) FRANCHISEE shall be responsible to pay Franchisor's reasonable legal and accounting fees regarding such assignment.

B. Assignment by NIRCHI'S

NIRCHI'S may sell or assign its interest in this Agreement and license, in whole or in part, without the consent of FRANCHISEE. However, NIRCHI'S will not transfer its rights and obligations under this Agreement and license unless, in NIRCHI'S reasonable judgment, the transferee is able to perform NIRCHI'S obligations under this Agreement.

15. RIGHT OF FIRST REFUSAL

A. If FRANCHISEE receives an acceptable offer made in good faith by a third party to purchase the franchised pizzeria, FRANCHISEE shall give NIRCHI'S written notice setting forth the name and address of the prospective purchaser, the price and terms of the offer, a franchisee application completed by the prospective purchaser, a copy of the sales contract and such other information as NIRCHI'S may request in order to evaluate the offer. NIRCHI'S shall then have the prior option to purchase FRANCHISEE'S interest covered by such offer at the price and upon the terms of such offer. In addition, FRANCHISEE agrees that, prior to acquiring any other NIRCHI'S pizzeria franchise which may be offered to him for sale or which he may offer to purchase, such franchise will first be offered to NIRCHI'S on the same terms, conditions and price. If the consideration for any offer described in this paragraph is not money, the purchase price at which NIRCHI's shall have an option to purchase the franchised pizzeria shall be cash equal to the fair market value of the consideration. NIRCHI'S shall have thirty working days (excluding weekends and holidays) after receipt of FRANCHISEE'S notice of offer and the furnishing of all requested information within which to notify FRANCHISEE of its intent to accept or reject the offer. Silence on the part of NIRCHI'S shall constitute rejection. If the proposed sale includes assets of FRANCHISEE not related to the operation of franchised NIRCHI'S pizzerias, NIRCHI'S may purchase only the assets related to the operation of franchised NIRCHI'S pizzerias or may also purchase the other assets, and an equitable purchase price shall be allocated to each asset included in the proposed sale. This right of first refusal shall apply to any transfer, conveyance, assignment, consolidation, merger or any other transaction in which legal or beneficial ownership of the license granted by this Agreement is vested in other than FRANCHISEE.

B. The election of NIRCHI'S not to exercise its right of first refusal as to any offer shall not affect its right of first refusal as to any subsequent offer.

C. Any sale or attempted sale effected without first giving NIRCHI'S the right of first refusal described above shall be void and unenforceable.

D. If NIRCHI'S does not accept the offer to purchase the franchised pizzeria, FRANCHISEE may conclude the sale to the purchaser who made the offer, provided that NIRCHI'S consent to the assignment is first obtained. This consent will not be unreasonably withheld upon compliance with the conditions imposed by NIRCHI'S on the assignment. Conditions on the assignment may include without limitation:

(1) All obligations of FRANCHISEE to NIRCHI'S, whether arising under this Agreement or otherwise, must be satisfied at the time of transfer.

(2) The prospective purchaser must complete and be approved through NIRCHI'S standard franchisee selection process, including satisfactorily demonstrating to NIRCHI'S that he meets the financial, character, managerial, equity ownership and such other criteria and conditions as NIRCHI'S is then using in considering applications for new licenses.

(3) The prospective purchaser shall have satisfactorily completed any training programs required by NIRCHI'S for new franchisees.

(4) NIRCHI'S must approve the terms and conditions in the contract of sale which affect whether there will be sufficient cash flow from the franchised pizzeria to operate it

soundly after payment of all debts related to the franchised pizzeria for which FRANCHISEE seller or the prospective purchaser may be liable.

(5) FRANCHISEE seller shall remain personally liable to NIRCHI'S for royalty and advertising payments. However, FRANCHISEE seller will be released from personal liability incurred prior to the sale if both of the following two conditions are met:

The contract of sale must provide that the royalty and advertising payments called for in this Agreement must be paid to NIRCHI'S by the assignee on the dates required before installment payments of the purchase price will be paid by the assignee to FRANCHISEE seller.

The assignee must remain current in all financial obligations to NIRCHI'S throughout the periods, including any extensions, in which the assignee is making any payments to FRANCHISEE seller under an obligation incurred in connection with the sale, or for a period of twenty-four months, whichever is longer.

(6) NIRCHI'S shall be paid an assignment fee of Ten Thousand Dollars for the costs and expenses incurred by NIRCHI'S in connection with the transfer.

(7) Franchisee seller shall execute a general release of Franchisor in a form satisfactory to Franchisor; provided, however, that all rights enjoyed by the Franchisee and any causes of action arising in its 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 GBL 687.4 and 687.5 be satisfied.

16 DEFAULT AND EFFECT OF TERMINATION

A. Default

If an act of default occurs and FRANCHISEE fails to cure any monetary default within ten days after written notice from Franchisor or any non-monetary default within thirty days of written notice of default from Franchisor, NIRCHI'S may terminate the license granted in this Agreement without FRANCHISEE'S consent and without prejudice to any other rights or remedies of NIRCHI'S provided in this Agreement or by law. If any applicable law or rule requires a greater prior notice of termination, the prior notice required by such law or rule shall be substituted for the notice requirements herein. If any non-monetary default cannot be cured within the period of thirty (30) days, FRANCHISEE shall not be deemed in default if FRANCHISEE commences to cure such default and continues with due diligence to use best efforts to cure such default.

If FRANCHISEE disputes the amount of any monetary default or the basis for any non-monetary default under this Agreement, the determination as to whether FRANCHISEE is in default shall be referred to arbitration under the rules of the American Arbitration Association ("AAA") at Endicott, New York which shall determine if FRANCHISEE is in default under the Agreement. If such arbitrator rules that FRANCHISEE is in default, FRANCHISEE shall have the period set forth above in which to cure such default. The party losing the arbitration shall pay the fees of the arbitrator, the fees of the AAA and the reasonable attorney's fees of the prevailing party.

Any of the following acts by FRANCHISEE shall be an act of default:

(1) FRANCHISEE fails to maintain and operate the franchised pizzeria in accordance with the standards and specifications established by NIRCHI'S as to service,

cleanliness, health and sanitation; knowingly sells any product which does not conform to NIRCHI'S specifications; fails to sell products designated by NIRCHI'S; or sells products not approved by NIRCHI'S. FRANCHISEE shall have seven days after notification to cure the default.

(2) FRANCHISEE fails to pay when due any royalty or advertising and sales promotion contribution required to be paid under this Agreement. FRANCHISEE shall have ten days after notification to cure this delinquency.

(3) FRANCHISEE fails to submit any financial statement when required, or submits a financial statement which understates gross sales.

(4) FRANCHISEE stops operating the franchised pizzeria for more than seven days without the written consent of NIRCHI'S unless the same is due to casualty or other causes beyond the control of FRANCHISEE. Such an act by FRANCHISEE is defined to be a "voluntary abandonment" of the franchise relationship. If this act of default shall occur, NIRCHI'S shall have the right to immediately terminate the license.

(5) FRANCHISEE ceases to occupy the premises. However, unless the premises is owned by the FRANCHISEE, an affiliate of the FRANCHISEE or the principal owner of the FRANCHISEE, the franchise may not be terminated for any particular location if the FRANCHISEE'S right of possession as a Tenant is terminated or ceases as a result of mortgage foreclosure or other act which is not caused by or in the control of the FRANCHISEE. If the loss of possession is the result of governmental exercise of eminent domain, FRANCHISEE may, with NIRCHI'S consent and subject to availability, relocate to other premises in the same market area for the balance of the term of this Agreement.

(6) One or more of the following events occurs:

FRANCHISEE (if Franchisee consists of more than one person, the operating partner or partnership, and if the franchise has been assigned to an operating corporation, the corporation) files a petition or application seeking any type of relief under the Bankruptcy Act or any state insolvency or similar law.

Someone files a petition or application seeking to have FRANCHISEE adjudicated a bankrupt, or seeking other relief against FRANCHISEE under the Bankruptcy Act or any state insolvency or similar law, and the petitioner application is not dismissed within ninety days after it is filed.

The Franchise shall terminate upon the occurrence of one of these events of default as if that date were the expiration date, and FRANCHISEE expressly and knowingly waives any rights that he may have under the provisions of the Bankruptcy Rules and consents to the termination of this Agreement or any other relief which may be sought in a complaint filed by NIRCHI'S to lift the provisions of the automatic stay of the Bankruptcy Rules. Additionally, FRANCHISEE agrees not to seek an injunctive order from any court in any jurisdiction relating to insolvency, reorganization or arrangement proceedings which would have the effect of staying or enjoining this provision.

(7) FRANCHISEE admits in writing his inability to pay his debts as they mature or makes an assignment for the benefit of creditors, or a receiver (permanent or temporary) for any part of his property is appointed by a court of competent authority.

(8) A final judgment against FRANCHISEE remains unsatisfied for thirty days (unless a supersedeas or other appeal bond has been filed); or a levy of execution is made upon

the license granted by this Agreement or upon any property used in the franchised pizzeria, and it is not discharged within five days of said levying.

(9) Conviction of FRANCHISEE in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one year.

(10) NIRCHI'S provides FRANCHISEE with information intended to be used exclusively in the operation of NIRCHI'S franchised pizzerias, and FRANCHISEE uses or duplicates any such information for other than the purpose given.

(11) FRANCHISEE denies NIRCHI'S the right to inspect the franchised pizzeria or to examine FRANCHISEE'S books.

(12) Conduct by FRANCHISEE which is deleterious to or reflects unfavorably on FRANCHISEE or the NIRCHI'S Pizzeria System.

(13) Failure by FRANCHISEE to maintain a responsible credit rating by failing to make prompt payment of undisputed bills, invoices and statements from suppliers of goods and services to the franchised pizzeria.

(14) The assignment or transfer of any interest of FRANCHISEE in this license in violation of parts 14 and 15.

(15) FRANCHISEE, without the written consent of NIRCHI'S, enters into a management agreement or consulting arrangement relating to the franchised pizzeria with any person or with any entity not wholly owned by FRANCHISEE.

(16) FRANCHISEE fails to restore the building after damage or destruction as provided in part 6.

(17) FRANCHISEE submits a franchise application or capitalization plan which contains any false or misleading statements or omits any material fact necessary in order to make the statements made not misleading.

(18) Repeated breaches of provisions of this Agreement.

(19) The acquisition of an interest in a restaurant business in violation of part 11.

(20) Failure by FRANCHISEE to comply with any other provision of this Agreement.

The failure of NIRCHI'S to terminate this Agreement upon the occurrence of one or more events of default will not constitute a waiver or otherwise affect the right of NIRCHI'S to terminate this license because of a continuing or subsequent failure to cure one or more of these events of default or any other default.

B. Effect of Termination

(1) Upon termination or expiration of this Agreement, FRANCHISEE'S right to use the NIRCHI'S Pizzeria System shall terminate. FRANCHISEE shall not thereafter identify himself as a NIRCHI'S pizzeria franchisee, publicly identify himself as a former NIRCHI'S pizzeria franchisee, or use any of NIRCHI'S trade secrets, products, operating procedures, promotional materials, or any mark confusingly similar to NIRCHI'S. Upon termination or expiration of this license, FRANCHISEE will immediately return to NIRCHI'S all items, products and materials containing trade secrets, pizzeria operating instructions or business practices of NIRCHI'S.

(2) FRANCHISEE grants to NIRCHI'S, upon termination or expiration of this Agreement, the option to purchase all usable products, paper goods, containers and printed

menus bearing NIRCHI'S trade names at FRANCHISEE'S cost, and to purchase the pizzeria equipment, furniture, fixtures and signs at fair market value unless Franchisee is able to sell all such items as a package to a third party at a price in excess of such fair market value. Such fair market value will be determined by a certified public accountant or business appraiser who shall be selected and agreed upon by NIRCHI'S and FRANCHISEE for this purpose. The cost of the appraisal will be shared equally by NIRCHI'S and FRANCHISEE.

(3) If the parties do not enter into a successor Franchise Agreement, FRANCHISEE agrees to immediately, upon termination or expiration of this Agreement, make such removals or changes in signs and the building as NIRCHI'S shall request, so as to effectively distinguish the premises from its former appearance and from any other NIRCHI'S pizzeria. If FRANCHISEE fails to make the changes, FRANCHISEE consents to NIRCHI'S entering the premises to make non-structural changes at FRANCHISEE'S expense.

(4) If this Agreement terminates because of any default by FRANCHISEE, any damage suffered by NIRCHI'S shall be a lien in favor of NIRCHI'S against the personal property, machinery, fixtures and equipment owned by FRANCHISEE on the premises at the time of such default.

(5) The foregoing shall be in addition to any other rights or remedies of NIRCHI'S that exist under statute, regulation or common law.

17. MISCELLANEOUS: GENERAL CONDITIONS

A. Interpretation

The introduction shall be considered a part of this Agreement. Paragraph captions are used only for convenience and are in no way to be construed as part of this Agreement or as a limitation of the scope of the particular paragraphs to which they refer. Words of any gender used in this Agreement shall include any other gender, and words in the singular shall include the plural, where the context requires.

B. Non-Waiver

The failure of NIRCHI'S to exercise any right or option given to it under this Agreement, or to insist on strict compliance by FRANCHISEE with the terms of this Agreement, shall not constitute a waiver of any terms or conditions of this Agreement with respect to any other or subsequent breach, nor a waiver by NIRCHI'S of its right at any time thereafter to require exact and strict compliance with the terms of this Agreement. The rights or remedies set forth in this Agreement are in addition to any other rights or remedies which may be granted by law.

C. Governing Law

(1) The Agreement shall become valid when executed and accepted by NIRCHI'S at Endicott, New York. It shall be deemed made in the State of New York and shall be governed and construed under and in accordance with the laws of the State of New York. The choice of law designation does not require that all suits concerning this Agreement be filed in New York.

(2) Anything in this Agreement to the contrary notwithstanding, FRANCHISEE shall conduct his business in a lawful manner and faithfully comply with applicable laws or regulations of the state, city or other political subdivision in which the franchised pizzeria is located.

D. Severability

NIRCHI'S and FRANCHISEE agree that if any provision of this Agreement may be construed in two ways, one of which would render the provision illegal or otherwise voidable or unenforceable and the other of which would render the provision valid and enforceable, such provision shall have the meaning which renders it valid and enforceable. The language of all provisions of this Agreement shall be construed according to its fair meaning and not strictly against NIRCHI'S or FRANCHISEE. It is the desire and intent of NIRCHI'S and FRANCHISEE that the provisions of the Agreement be enforced to the fullest extent. In the event any court shall determine that any provision in this Agreement is not enforceable as written, NIRCHI'S and FRANCHISEE agree that the provision shall be amended so that it is enforceable to the fullest extent permissible under the laws and public policies of the jurisdiction in which enforcement is sought. The provisions of this Agreement are severable and this Agreement shall be interpreted and enforced as if all completely invalid or unenforceable provisions were not contained in the Agreement, and partially valid and enforceable provisions shall be enforced to the extent that they are valid and enforceable.

E. Notices

(1) All notices to NIRCHI'S shall be in writing and shall be hand delivered or sent by registered or certified mail, postage fully prepaid, addressed to it at its offices located at 811 Pine Street, Endicott, New York 13760, or at such other address as NIRCHI'S shall from time to time designate in writing.

(2) All notices to FRANCHISEE shall be in writing and shall be hand delivered or sent by registered or certified mail or telegraph, addressed to FRANCHISEE at the franchised

pizzeria premises or FRANCHISEE'S mailing address last designated in writing by FRANCHISEE.

(3) Notices shall be deemed delivered on the earlier of actual receipt or the third day after being deposited in the U.S. mail.

F. Liability and obligations of Multiple Franchisees

If FRANCHISEE consists of more than one person, each such person's liability under this Agreement shall be joint and several.

G. Modification

This Agreement may only be modified or amended in whole or in part by filing with the Agreement a written instrument setting forth such changes signed by NIRCHI'S and FRANCHISEE.

H. Binding Effect

This Agreement shall be binding upon the parties, their heirs, executors, personal representatives, successors or assigns.

I. Survival

Any provisions of this Agreement which impose an obligation after termination or expiration of this Agreement shall survive the termination or expiration of this Agreement and be binding on the parties.

18. FRANCHISEE'S AREA

NIRCHI'S shall not locate, operate or grant a franchise for another NIRCHI'S pizzeria or establish any company owned location which may sell similar products or services under the Nirchi trade name or a different trade name or trademark from the Nirchi's trademark within a five (5) mile radius of the location except that where over 15,000 people reside within that 5 mile radius as compiled on the most recent census, FRANCHISEE'S area shall be limited to such lesser radius which includes said 15,000 residents.

NIRCHI'S PIZZA INC.

By:______________________________

President

WITNESS

FRANCHISEE

______________________________ ______________________________

______________________________ ______________________________

______________________________ ______________________________

______________________________ ______________________________

Exhibit C

Information for New York State Administrators

New York State Office of the Attorney General
The Capitol
Albany, NY 12224-0341

General Helpline: 1-800-771-7755
TDD/TTY Toll Free Line: 1-800-788-9898
Website: https:fiazny.govi

NYS Department of Law
Investor Protection Bureau
28 Liberty St. 21st floor
New York, NY 10005
212-416-8236

Information for New York State Agent for Service of Process

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

Exhibit D

New York State Addendum

NEW YORK STATE

Addendum

1. The following information is added to the cover page of the Franchise Disclosure Document:

   INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED TIIE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 120 BROADWAY, 23RD FLOOR, NEW YORK, NEW YORK 10271. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.

2. The following is added at the end of Item 3:

   Except as provided above, with regard to the franchisor, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

   A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise, antitrust, or securities law, fraud, embezzlement, fraudulent conversion, misappropriation of property, unfair or deceptive practices, or comparable civil or misdemeanor allegations.

   B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

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

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

3. The following is added to the end of Item 4:

Neither the franchisor, its affiliate, its predecessor, officers, or general partner during the 10-year period immediately before the date of the disclosure document: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as a debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after that officer or general partner of the franchisor held this position in the company or partnership.

4. The following is added to the end of Item 5:

The initial franchise fee constitutes part of our general operating funds and will be used as such in our discretion.

5. The following is added to the end of the "Summary" sections of Item 17(c), titled **"Requirements for franchisee to renew or extend,"** and Item 17(m), entitled **"Conditions for franchisor approval of transfer":**

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687A and 687.5 be satisfied.

6. The following language replaces the Summary section of Item 17(d), titled **"Termination by franchisee":**

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the "Summary" section of Item 17(j), titled "Assignment of contract by franchisor":

However, no assignment will be made except to an assignee who in good faith and judgment of the franchisor, is willing and financially able to assume the franchisor's obligations under the Franchise Agreement.

8. The following is added to the end of the "Summary" sections of Item 17(v), titled "Choice of forum", and Item 17(w), titled "Choice of law":

The foregoing choice of law should not be considered a waiver of any right conferred upon the franchisor or upon the franchisee by Article 33 of the General Business Law of the State of New York.

Exhibit E

Nirchi's Pizza Operational Manual

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State Effective Dates

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

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

State	Effective Date
New York	

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.

Receipt

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language.

If Nirchi's Pizza, Inc. offers you a franchise, it must provide this disclosure document t you 14 calendar days before you sign a binding agreement with, or make payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York law requires a franchisor to provide the Franchise Disclosure Document at the earlier of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Nirchi's Pizza, Inc. does not deliver this disclosure documents on time or if it contains a false or misleading statement or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to the New York State Department of Law, 120 Broadway, 23rd Floor, New York, New York 10271.

I received a disclosure documents dated February 3, 2024 that included the following Exhibits:

- Exhibit A – Financial Statements of Nirchi's Pizza, Inc.
- Exhibit B – Franchise Agreement
- Exhibit C – Information for New York State Administrators
- Exhibit D – New York State Addendum

I do hereby acknowledge receipt of the attached Franchise Disclosure Document regard my interest in becoming a franchisee of NIRCHI'S PIZZA, INC.

Signature: ____________________________

Date: ____________________________