

FRANCHISE DISCLOSURE DOCUMENT

Squisito Franchise Enterprises, Inc.

a Maryland corporation
2024 West Street, Suite 302
Annapolis, Maryland 21401
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The franchisee will offer restaurant services and a full line of Italian food, featuring pizzas, pastas, salads and sandwiches under the name “Squisito® Pizza and Pasta” or build your own pasta bowls, build your own pizzas, build your own salad bowls, subs, and wraps under the name “Squisito NY Pizza & Pasta Too”.

The total investment necessary to begin operation of a Squisito® Pizza and Pasta franchise is \$264,600 to \$800,000. This includes \$35,000 that must be paid to the franchisor and/or its affiliate, as appropriate.

If you enter into a Multi-Unit Operator Agreement to develop at least three Restaurants, when you sign the Multi-Unit Operator Agreement you will pay a development fee equal to 100% of the initial franchise fee for the first Restaurant to be developed, plus a deposit of 50% of the initial franchise fee for each additional Restaurant to be developed under the Multi-Unit Operator Agreement.

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

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Michele DiMeo, President at 2024 West St. #302, Annapolis, Maryland 21401 and (410) 421-9555.

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

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

There may also be laws on franchising in your state. Ask your state agencies about them.

Issuance Date: May 17, 2021

How to Use this Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information.

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit D and Exhibit E.
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 Squisito business in my area?	Item 12 and the "territory" provisions in the franchise agreement and multi-unit operator agreement describe whether the franchisor and other franchisees can compete with you.
Does the franchisor have a troubled legal history?	Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.
What's it like to be a Squisito franchisee?	Item 20, Exhibit D or Exhibit E lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the Multi-State Addendum. See the Table of Contents for the location of the Multi-State Addendum.

Special Risks to Consider About *This* Franchise

Certain states require that the following risk(s) be highlighted:

- 1) **Out-of-State Dispute Resolution.** The franchise agreement and multi-unit operator agreement require you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Maryland. Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Maryland than in your own state.
- 2) **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both your and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

TABLE OF CONTENTS

ITEM 1:	THE FRANCHISOR, AND ANY PARENTS, PREDECESSORS AND AFFILIATES	1
ITEM 2:	BUSINESS EXPERIENCE.....	5
ITEM 3:	LITIGATION.....	6
ITEM 4:	BANKRUPTCY	6
ITEM 5:	INITIAL FEES.....	6
ITEM 6:	OTHER FEES	6
ITEM 7:	ESTIMATED INITIAL INVESTMENT	12
ITEM 8:	RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES	15
ITEM 9:	FRANCHISEE’S OBLIGATIONS	18
ITEM 10:	FINANCING	19
ITEM 11:	FRANCHISOR’S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING	20
ITEM 12:	TERRITORY	29
ITEM 13:	TRADEMARKS	32
ITEM 14:	PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION.....	33
ITEM 15:	OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS	34
ITEM 16:	RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL	35
ITEM 17:	RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION.....	35
ITEM 18:	PUBLIC FIGURES	41
ITEM 19:	FINANCIAL PERFORMANCE REPRESENTATIONS	41
ITEM 20:	OUTLETS AND FRANCHISEE INFORMATION	43
ITEM 21:	FINANCIAL STATEMENTS	46
ITEM 22:	CONTRACTS	46
ITEM 23:	RECEIPTS	46

EXHIBITS

- A – Financial Statements
- B – Franchise Agreement
- C – Multi-Unit Development Agreement
- D – List of Franchisees and Multi-Unit Developers
- E – Franchisees and Multi-Unit Operators Who Have Left the System
- F – Table of Contents of Operations Manual
- G – State Specific Addendum
- H – Franchisee Disclosure Acknowledgment Statement
- I – List of State Administrators/Agents for Service of Process
- J – Form of General Release

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

The Franchisor

Squisito Franchise Enterprises, Inc. (referred to in this Disclosure Document as “Squisito® Pizza and Pasta”, “Squisito® Pizza and Pasta Too” (“Squisito Too”), “we,” “us,” or “our” and where the context requires also includes our parent and our affiliates) was formed as a Maryland corporation on May 21, 2010. Our principal place of business is 2024 West Street, Suite 302, Annapolis, Maryland 21401 and we do business under our corporate name and the Marks as described below. In this Disclosure Document, we refer to the person or entity that will be signing the Franchise Agreement (defined below) as “you,” “your,” or “franchisee,” which includes all franchise owners and partners, if you are a corporation, partnership or other entity.

We do not own or operate any businesses of the type being franchised. Other than servicing and selling franchises for Squisito® Pizza and Pasta Restaurants, we are not involved in other business activities. We have not offered franchises in any other line of business. We began offering franchises in September 2010.

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

Our Parents, Predecessors and Affiliates

We do not have a parent or predecessor. We have affiliates, which are also licensees as described below.

There are currently four licensees, as follows. The licensor under each of these license agreements is Gennaro DiMeo, and Monte RDG, Inc. Each of the licenses described below is a trademark license only, and the licensees did not pay an initial fee, nor do they pay any continuing fees for the right to use the “Squisito® Pizza and Pasta” marks and logo. We are not obligated under the license agreements to provide these units with any products or services. Each of these license agreements are with family members of our principals and/or for an existing Squisito® Pizza and Pasta Restaurant location. These licensees will not convert to a franchise.

- Four Futures AAMG, Inc., a Maryland corporation headquartered at 2625 Riva Road, Annapolis, Maryland 21401. This affiliate owns and operates one business of the type being franchised which has been in operation since May 2007. Originally owned by Pasta Blitz of Annapolis, Inc. between May 2007 through July 2009 and sold to Four Futures AAMG, Inc in July 2009 and continued to operate as a Squisito® Pizza and Pasta Restaurant.
- G and M of Glen Burnie, Inc. d/b/a Squisito of Glen Burnie, a Maryland corporation headquartered at 7938 Crain Highway, Glen Burnie, Maryland 21061. This affiliate sold its assets to Meatballs of Glen Burnie in 2017. Meatballs of Glen Burnie, Inc. owns and operates one business of the type being franchised which has been in operation since February 2010. This location moved the first week of January 2017 to 801 Landmark Dr Glen Burnie, MD 21054 and continues to operate as a Squisito® Pizza and Pasta Restaurant.
- Lino of Severna Park, Inc, a Maryland corporation headquartered at 548 Baltimore-Annapolis Boulevard, Severna Park, Maryland 21146. This affiliate owns and operates one Squisito® Pizza and Pasta Restaurant which has been in operation since September 2002.
- Squisito Westfield, Inc., a Maryland corporation headquartered at 2002 Annapolis Mall, Annapolis, Maryland 21401. This affiliate owns and operates one business of the type being

franchised which has been in operation since May 2013. This location has been sold in 2015 and they are no longer operating as Squisito® Pizza and Pasta Restaurant.

- L & Z Italiano, Inc., a Maryland corporation headquartered at 8141 Telegraph Road, Severn, Maryland 21144. On September 1, 2010, this licensee acquired by assignment a license to own and operate one Squisito® Pizza and Pasta Restaurant which has been in operation since September 2006. This location was sold in September 2013 and they are no longer operating as Squisito® Pizza and Pasta Restaurant.
- Squisito Cockeysville, Inc., a Maryland corporation headquartered at 1919 West Street Annapolis, Maryland 21401. This affiliate owns and operates one business of the type being franchised was opened in August 2014 and was sold late 2015 and they are no longer operating as Squisito® Pizza and Pasta Restaurant.
- Meatballs, Etc, LLC, headquartered at 2024 West Street, Ste #302, Annapolis, Maryland 21401, offered franchises for “Meatball, Etc” restaurants from November 2015 until December 2019 under a separate Disclosure Document. Meatball, Etc. restaurants offered a “true authentic Italian” experience in a fast fine “Build your own” concept, “where it all starts with the Meatball” serving build your own pasta bowls, build your own salad bowls, subs, sliders, piadas and carry-out services. The Meatballs, Etc. concept has been rebranded to Squisito Too. The Meatballs, Etc. franchisees are being converted to Squisito Too franchises.
- Meatballs, Etc of Glen Burnie, Inc, a Maryland corporation was headquartered at 801 Landmark Dr Glen Burnie, MD 21054. This affiliate has owned and operated one Meatballs, Etc. Restaurant since May of 2015. This location was closed for renovations and relocation. It re-opened in Jessup, MD on December 24, 2017.
- This location is located at 7351 Assateague Dr., Jessup, MD 20794. It is now being operated by Meatballs of Jessup, Inc., a Maryland corporation, incorporated on March 17, 2017. Meatballs of Jessup, Inc. does not offer franchises in this or any other type of business. In January 2020, this location was rebranded as a Squisito Too Restaurant

None of our affiliates have conducted business in any other line of business, nor have they offered franchises for this business or in any other line of business, except for Meatball Etc. LLC as described above.

In addition to the affiliates described above, we have another affiliate. Trademark Holding Company, LLC, a Maryland limited liability company headquartered at our address, is our affiliate (“Trademark Affiliate”). Our Trademark Affiliate does not own or operate a business of the type being franchised, and it has never offered franchises in this or any other line of business. Our Trademark Affiliate is not an approved supplier for any product or service. Our Trademark Affiliate owns the proprietary marks identified in Item 13 which it has licensed to us so that we may sublicense them to our franchisees.

Description of Franchise

We offer franchises for the right to establish and operate a restaurant that offers guests a “true authentic Italian” experience in fast casual environment offering pizzas, pastas, salads and sandwiches created with the finest and freshest quality ingredients on a dine-in and take-out basis (“Restaurant” or “Franchised Restaurant”). Our menu includes family recipes that are served with just the right touch of all the best and freshest ingredients. All of our food is made to order, from our salads to our generous servings of pasta dinners.

The Restaurants operate under the trade names and marks “Squisito®”, “Squisito® Pizza and Pasta”, and the additional principal service marks, trademarks, trade names, logos, emblems and indicia of origin identified in Item 13. These principal marks and all other marks which may be designated by us in the future in writing for use with the System (defined below) are referred to in this Disclosure Document as the “Marks” or “Proprietary Marks”.

Squisito® Pizza and Pasta Restaurants are operated under the Marks and the System in accordance with the terms of the Franchise Agreement. The Restaurants are generally located within shopping centers, multi use developments, lifestyle centers, mega centers, entertainment centers, and urban and suburban locations. Restaurants will typically be approximately 2,000 to 3,500 square feet in size. Each Restaurant will offer dine-in and take out services and will offer beer and wine.

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

Franchise Agreement

We offer the right to establish and operate a Restaurant under the terms of a single unit franchise agreement within a specific Territory (the “Franchise Agreement”), Exhibit B to this Disclosure Document. You may be a corporation, partnership or other form of legal entity. Under the Franchise Agreement, certain parties are characterized as Franchisee’s Principals (referred to in this Disclosure Document as “your Principals”). The Franchise Agreement is signed by us, by you, and by those of your Principals whom we designate as Controlling Principals. In most instances, we will designate your principal equity owners and executive officers, and certain affiliated entities as Controlling Principals. By signing the Franchise Agreement, your Controlling Principals agree to be individually bound by certain obligations in the Franchise Agreement, including covenants concerning confidentiality and non-competition, and to personally guarantee your performance under the Franchise Agreement. Depending on the type of business activities in which you or your Principals may be involved, we may require you or your Principals to sign additional confidentiality and non-competition agreements.

You must at all times have one full-time general manager, a kitchen manager and another full time manager (collectively, the “Managers”) to operate the Restaurant, and all Managers must be certified and approved by us. You must have a bookkeeper that we approve. Your bookkeeper must be hired before you begin building out your Restaurant to track all expenses from the beginning of the construction process and during the operation of the Restaurant.

Multi-Unit Operator Agreement

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

Franchise Agreement for each Restaurant established under the Multi-Unit Operator Agreement. The Franchise Agreement for the first Restaurant developed under the Multi-Unit Operator Agreement will be in the form attached as Exhibit B to this Disclosure Document. For each additional Restaurant developed under the Multi-Unit Operator Agreement, you must sign a then-current form of Franchise Agreement that we are then offering to new franchisees. This Agreement may have material differences from the Franchise Agreement signed when initially signing your Multi-Unit Operator Agreement. The size of the Designated Area will vary depending upon local market conditions and the number of Restaurants to be developed.

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

Market and Competition

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

Industry Regulations

Many of the laws, rules and regulations that apply to business generally have particular applicability to Squisito® Pizza and Pasta Restaurants. All Restaurants must comply with federal, state and local laws applicable to the operation and licensing of a food service business, including obtaining all applicable health permits and/or inspections and approvals by municipal, county or state health departments that regulate food service operations. If applicable to your Restaurant, the Americans with Disability Act of 1990 requires readily accessible accommodation for disabled persons and therefore may affect your building construction, site elements, entrance ramps, doors, bathrooms, drinking facilities, etc. You should consider these laws and regulations when evaluating your purchase of a franchise.

If zoning ordinances permit it, you must offer beer and wine for sale at your Restaurant, and you must comply with any federal, state, county, municipal, or other local laws and regulations relating to alcohol and liquor that may apply to your Franchised Restaurant. You must have the required beer and wine license before you open the Restaurant. The difficulty and cost of obtaining a beer license and the procedures for securing the license vary greatly from area to area. There is also wide variation in state and local laws and regulations that govern the sale of alcoholic beverages. In addition, state “dram shop” laws give rise to potential liability for injuries that are directly or indirectly related to the sale and consumption of alcohol.

Among the licenses and permits you may need are: Zoning or Land Use Approvals, Sunday Sale Permits, Sales and Use Tax Permits, Special Tax Stamps, Fire Department Permits, Food Establishment Permits, Health Permits, Alarm Permits, County Occupational Permits, Retail Sales Licenses, and Wastewater Discharge Permits. There may be other laws, rules or regulations which affect your Restaurant, including minimum wage and labor laws along with ADA, OSHA and EPA considerations. We recommend that you consult with your attorney for an understanding of them.

Each of your Managers and other employees we designate must be certified in safe serving procedures (such as ServSafe or an equivalent certification) or meet other similar requirements, as we may determine in our sole discretion. Each of your Managers and other employees we designate must also be Training for Intervention Procedures (TIPS) certified (or its equivalent) relating to alcohol awareness for alcoholic beverages served at your Franchised Restaurant.

The U.S. Food and Drug Administration, the U.S. Department of Agriculture and state and local health departments administer and enforce regulations that govern food preparation and service and sanitary conditions. State and local agencies inspect Restaurants to ensure that they comply with these laws and regulations.

The federal Clean Air Act and various state laws require certain state and local areas to meet national air quality standards limiting emissions of ozone, carbon monoxide and particulate matters, including caps on emissions from commercial food preparation. Some state and local governments have also adopted, or are considering proposals, that would regulate indoor air quality, including the limitation of smoking tobacco products in public places such as Squisito® Pizza and Pasta Restaurants. All Squisito® Pizza and Pasta Restaurants are smoke-free, regardless of whether state law permits smoking in restaurants.

ITEM 2: BUSINESS EXPERIENCE

President– Michele DiMeo

Ms. DiMeo has been our President since our inception in May 2010.

CEO – Gennaro DiMeo

Mr. DiMeo is the founder and creator of the Squisito® fast, fresh casual brand. Mr. DiMeo has been our CEO since our inception in May 2010.

Technical Operations Director – Stephen DesLauriers

Mr. DesLauriers has been the Technical Operations Director/ Executive Franchisee Support for the Monte Restaurant Development Group and Squisito Franchise Enterprises, Inc since our inception in May 2010.

Controller- Scott Hamilton

Mr. Hamilton has been our Controller since June 2013. From March 1994 to December 2011, he was Controller/General Manager for Salem Tavern Inc. of Winston-Salem, North Carolina. From January 2012 to June 2013, he was relocating from North Carolina to Maryland.

Operations Manager – Alicia Gibson

Alicia is from West Palm Beach Florida where she studied Business Administration at Florida Atlantic University in Boca Raton. She recently joined the Squisito Franchise as the Operations Manager in February 2021. Alicia is also the General Manager for Rush Bowls in West Palm Beach, Florida since May 2019. Prior to joining the Squisito team, Alicia worked for Aramark as a Food Service and Catering Manager from November 2011 to May 2018 in West Palm Beach, Florida. Alicia handles accounts, vendors, and supports daily operations. Alicia is also a liaison for our franchisees assisting in licenses, account activation, and customer service issues.

ITEM 3: LITIGATION

No litigation is required to be disclosed in this Item.

ITEM 4: BANKRUPTCY

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

ITEM 5: INITIAL FEES

Franchise Agreement: You must pay us an initial franchise fee of \$35,000 for the right to establish a single Restaurant under a Franchise Agreement. You must pay the initial franchise fee in full when you sign the Franchise Agreement and the initial franchise fee is the same for all franchisees under this offering.

If you and/or your required Managers are unable to complete our initial training program to our satisfaction (after giving you an opportunity to designate a replacement Manager), we reserve the right to terminate your Franchise Agreement. The initial franchise fee is not refundable under any circumstances.

Multi-Unit Operator Agreement: If you sign a Multi-Unit Operator Agreement with us, you will pay to us a development fee that is equal to 100% of the initial franchise fee for the first Restaurant to be developed under the Multi-Unit Operator Agreement plus a deposit of 50% of the initial franchise fee for each additional Restaurant to be developed. For your first Restaurant, we will apply this portion in full of the development fee in full satisfaction of the initial franchise fee. We expect that you will sign the Franchise Agreement for your first Restaurant at the same time you sign the Multi-Unit Operator Agreement. For each Restaurant developed after the first one, we will apply of the development fee paid toward payment of the initial franchise fee and the balance of the initial franchise fee is due and payable in a lump sum the sooner of 90 days before the Restaurant is scheduled to open or the date you sign the lease for the Restaurant, whichever occurs first. The development fee is fully earned when received and is not refundable under any circumstances.

By way of example, if you will develop five Restaurants under the Multi-Unit Operator Agreement, the development fee is calculated as $\$35,000 + (4 \times \$17,500 = \$70,000) = \$105,000$.

There are no other payments to or purchases from us or any affiliate that you must make before your Restaurant opens.

ITEM 6: OTHER FEES

(1) Type of Fee ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Royalty Fee ⁽²⁾	6% of Gross Sales	Payable weekly on Wednesday (unless Wednesday is not a business day, then it is due on the next business day)	Royalty Fees are calculated based on Gross Sales for the previous week ending Sunday. Amounts due will be withdrawn by EFT from your designated bank account.

(1) Type of Fee ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Creative Fund ⁽³⁾	Up to 2% of Gross Sales	Payable together with the Royalty Fee	You must contribute when we establish the Creative Fund. The Creative Fund is described in Item 11. Up to 1/2 of your Creative Fund contribution (1% of Gross Sales) will count toward your local marketing requirement
Local and/or Cooperative Marketing ⁽⁴⁾	2% of Gross Sales	Must be spent monthly	For all local marketing, you will spend this money directly with your local marketing vendors. All marketing must be approved by us before you use it. If a cooperative is formed for your area, you must join the cooperative. Any money you contribute to a cooperative will count toward your local marketing requirement
Initial Training	Our then-current per person training fee, plus expenses for each additional trainee after the first three people Current per person training fee = \$250 per day	Before Training	Training for the first three people is included in the initial franchise fee. If you request that we provide our initial training program to any additional employees, you must pay our training fee as well as the trainees' expenses, including travel, lodging, meals and wages
Additional On-Site Training	Our then-current per diem rate per trainer, plus expenses Current per diem rate = \$450	When billed	If you request that we provide additional training at your Restaurant, you must pay our daily fee for each trainer we send to your Restaurant, and you must reimburse each trainer's expenses, including travel, lodging and meals
Interest	1.5% per month or the highest rate allowed by applicable law, whichever is less	On demand	Interest may be charged on all overdue amounts.

(1) Type of Fee ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Audit Fee	Cost of audit	When billed	Payable only if we find, after an audit, that you have understated any amount you owe to us or Gross Sales by 2% or more. You must also pay the understated amount plus interest
Prohibited Product or Service Fine	\$250 per day of use of unauthorized products or services	If incurred	In addition to other remedies available to us
Transfer Fee – Franchise Agreement	50% of our then-current initial franchise fee	Submitted with transfer application	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.
Transfer Fee – Multi-Unit Operator Agreement	50% of our then-current initial franchise fee	Submitted with transfer application	No fee charged to an individual or partnership franchisee that transfers its rights, one time only, to a corporate entity controlled by the same interest holders.
Renewal (Franchise Agreement)	50% of the then-current initial franchise fee or reimbursement of our direct costs related to the renewal, whichever is greater	Six months before expiration of the Franchise Agreement	See Item 17. Your Franchise Agreement will renew automatically and we will bill you for the renewal fee, unless you provide us with written notice that you do not wish to renew your Franchise Agreement. There is no renewal under the Multi-Unit Operator Agreement
Product and/or Supplier Evaluation	\$5000	With request for approval	Payable if you request that we evaluate a product or supplier that we have not previously approved and that you want to use in your Restaurant. Also payable if we remove items from your Restaurant for testing and the items do not meet our specifications (see Item 8)
Liquidated Damages	See note 5		

(1) Type of Fee ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
POS and Technology Maintenance Package	\$250 - \$1000	Monthly	Payable to BizWorks, Inc.
Website Hosting Fee	\$12	Monthly	Payable to Squisito Franchise Enterprises, INC.
Online Marketing Management Fees (Yelp Premium, Facebook Advertisements, etc)	Will vary under circumstances	Monthly	Payable to Squisito Franchise Enterprises, INC.
Bank Fees	\$40	Monthly	Payable to Squisito Franchise Enterprises, INC.
Management Fee	20% of Gross Sales or 50% of Net profits whichever is greater	If incurred	We may step in and manage your Restaurant in certain circumstances. We will charge a management fee if we manage your Restaurant, and you must reimburse our expenses
Costs and Attorneys' Fees	Will vary under circumstances	On demand	If you default under your agreement, you must reimburse us for the expenses we incur (such as attorneys' fees) in enforcing or terminating your agreement
Indemnification	Will vary under circumstances	On demand	You must reimburse us for the costs we incur if we are sued or held liable for claims that arise from your operation of the Franchised Restaurant, or for costs associated with defending claims that you used the Marks in an unauthorized manner

(1) Type of Fee ⁽¹⁾	(2) Amount	(3) Due Date	(4) Remarks
Repair, Maintenance, and Remodeling/ Redecorating	Will vary under circumstances	As incurred	Payable to approved suppliers. You must regularly clean and maintain your Restaurant and its equipment. We may require you to remodel or redecorate your Restaurant to meet our then-current image for all Squisito® Pizza and Pasta Restaurants. We will not require you to remodel or redecorate your Restaurant more frequently than every five years
Insurance	Reimbursement of our costs	If incurred	If you do not maintain the required insurance coverages, we have the right (but not the obligation) to obtain insurance on your behalf
Loyalty/ On-line Ordering	\$1900 - \$2100	Annually	Payable to our approved supplier
ServSafe Certification (Or Equivalent)	\$150 per person or the then-current market rate	As needed	Each of your Managers and other employees we designate must be certified in safe serving. This fee is payable to the approved supplier.
TIPS (Alcohol Awareness) Certification (Or Equivalent)	\$100 to \$450 per person, or the then-current market rate	As needed	You, your Managers and certain other employees we designate must be certified in alcohol awareness and serving. This is payable to the approved supplier
Gift Cards Processing	\$50	Monthly	See note 6. Payable to our approved supplier

Notes:

1. All fees described in this Item 6 are non-refundable. Except as otherwise indicated in the preceding chart, we uniformly impose all fees and expenses listed and you must pay them to us. Except as specifically stated above, the amounts given may be due to changes in market conditions, our cost of providing services and future policy changes. At the present time we have no plans to increase payments over which we have control.

2. For the purposes of determining the fees to be paid under the Franchise Agreement, “Gross Sales” means the total selling price of all services and products and all income of every other kind and nature related to the Restaurant, whether for cash or credit and regardless of collection in the case of credit. If a cash shortage occurs, the amount of Gross Sales will be determined based on the records of the point

of sale system and any cash shortage will not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds coupons or adjustments.

We may authorize certain other items to be excluded from Gross Sales. Any exclusion may be revoked or withdrawn at any time by us. The Royalty Fee and Creative Fund contribution will be withdrawn from your designated bank account by electronic funds transfer (“EFT”) weekly on Wednesday based on Gross Sales for the preceding week ending Sunday. If you do not report the Restaurant’s Gross Sales, we may debit your account for 120% of the last Royalty Fee and Creative Fund contribution that we debited. If the Royalty Fee and Creative Fund contribution we debit are less than the Royalty Fee and Creative Fund contribution you actually owe us, once we have been able to determine the Restaurant’s true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty Fee and Creative Fund contribution we debit are greater than the Royalty Fee and Creative Fund contribution you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

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

If a state or local law applicable to your Restaurant prohibits or restricts in any way your ability to pay Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the Restaurant, then the percentage rate for calculating Royalty Fees shall be increased, and the definition of Gross Sales shall be changed to exclude sales of alcoholic beverages, so that the Royalty Fees to be paid by you shall be equal to the amounts you would have had to pay if sales from alcoholic beverages were included in Gross Sales. For example, if you generated \$1,000 in Gross Sales, of which \$200 is from the sale of alcoholic beverages, then your weekly Royalty Fee is \$50 ($5\% \times \$1,000$). If you are not permitted by law to pay Royalty Fees on the sale of alcoholic beverages, then we must recalculate your royalty percentage so that you still pay the full Royalty Fee. In our example, we must deduct \$200 from the Gross Sales and raise your royalty percentage to 6.25% so that we may collect the same \$50 Royalty Fee ($\$1,000 - \$200 = \$800 \times 6.25\% = \50).

3. We will establish and administer a Creative Fund on behalf of the System (see Item 11) to provide national or regional creative materials for the benefit of the System.

4. Cooperatives will include all Restaurants located in a specific geographic area, whether owned by us, our affiliates or our franchisees. Each Restaurant has one vote in the cooperative, except that no franchisee (or commonly controlled group of franchisees) may have more than 25% of the total vote, regardless of the number of Restaurants owned. No Cooperatives have been established as of the date of this Disclosure Document.

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

6. You must participate in our Gift Card program, which allows a Gift Card that is purchased at any Restaurant to be redeemed at any other Restaurant. You must participate in our Loyalty Account program that rewards repeat customers. Loyalty Account may be used at any other Affiliate Restaurant in the System. Automatic reconciliation of Gift Card liability will occur by ACH on a monthly basis

ITEM 7: ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(1) Type of Expenditure	(2) Amount	(3) Method of Payment	(4) When Due	(5) To whom payment is to be made
Initial Franchise Fee ⁽¹⁾	\$35,000	Lump Sum	On signing Franchise Agreement	Us
Rent – 3 Months ⁽²⁾	\$10,000 to \$45,000	As determined by Landlord	Before opening	Landlord
Leasehold Improvements ⁽³⁾	\$90,000 to \$425,600	As arranged	As arranged	Contractors
Equipment, Furniture and Fixtures ⁽⁴⁾	\$50,000 to \$150,000	As arranged	As arranged	Approved Suppliers
Technology Package ⁽⁵⁾	\$5,000-\$14,000	As arranged	As arranged	Approved Suppliers
Insurance – 3 Months ⁽⁶⁾	\$600 to \$900	As arranged	As arranged	Insurance Companies
Permits and Licenses (Not Including Liquor License) ⁽⁷⁾	\$7,500	As arranged	As arranged	Government Agencies
Initial Inventory ⁽⁸⁾	\$10,000 to \$16,000	As arranged	As arranged	Approved Suppliers
Signage ⁽⁹⁾	\$9,500 to \$21,000	As arranged	As arranged	Approved Suppliers
Grand Opening Marketing ⁽¹⁰⁾	\$15,000	As arranged	As arranged	Approved Suppliers
Blueprints ⁽¹¹⁾	\$6,000 to \$20,000	As arranged	As arranged	Architect
Travel Expenses for Training ⁽¹²⁾	\$0 to \$6,000	As arranged	As incurred	Airlines, Hotels, Restaurants, Employees
Professional Fees ⁽¹³⁾	\$2,000 to \$4,000	As arranged	As arranged	Attorney, Accountant
Additional Funds ⁽¹⁴⁾	\$24,000 to \$40,000	As arranged	As incurred	Various
Total ⁽¹⁵⁾	\$264,600 to \$800,000			

In general, none of the expenses or fees listed in the above chart are refundable. We do not finance any portion of your initial investment

Notes:

1. **Initial Franchise Fee.** The initial franchise fee is discussed in Item 5.

2. **Rent.** If you do not own adequate property, you must lease the property for your business. The typical size for a Squisito® Pizza and Pasta Restaurant is 2,000 to 3,500 square feet. Our estimates assume that rental costs are from \$20 to \$50 per square foot. These are conservative estimates based on the Restaurant being in a strip center location. The costs will vary widely and may be significantly higher than projected in this table depending on factors such as property location, population density, economic climate, prevailing interest rates and other financing costs, conditions of the property and extent of alterations required for the property. You should investigate all of these costs in the area where you wish to establish a Restaurant.

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

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

3. **Leasehold Improvements.** The cost of leasehold improvements will vary depending on numerous factors, including: (i) the size and configuration of the premises; (ii) pre-construction costs (such as demolition of existing walls and removal of existing improvements and fixtures); (iii) cost of materials and labor; (iv) existing condition of the space; and (v) any work the landlord may or may not have performed to improve the space before you begin build-out or construction of the Squisito® Pizza and Pasta Restaurant, all of which may vary based on geography and location. These amounts are based on the cost of adapting our prototypical architectural and design plans to remodel and finish-out the Restaurant and the cost of leasehold improvements. These figures are our affiliates’ best estimate based on remodeling/finish-out rates. These estimates do not include extraordinary costs such as developing in a historical property or developing from a cold dark shell. These amounts may vary substantially based on local conditions, including the availability and prices of labor and materials. These costs may also vary depending on whether certain of these costs will be incurred by the landlord. We prefer that you locate a site that was previously used as a restaurant operation to help minimize your leasehold improvements costs.

4. **Equipment, Furniture and Fixtures.** The equipment you will need for your Restaurant includes pizza oven, refrigerators, freezers, grill, range, fryer, and prep tables. The furniture and fixtures you will need for your Restaurant include décor items, booths, tables and chairs. The low end of our estimate assumes that you have found a location that was formerly a restaurant that you can use for your Squisito Restaurant.

5. **Technology Package.** You must lease or purchase the required technology package including but not limited to a point of sale system that we specify (see Item 11). Your final cost will depend on whether you are purchasing new equipment and the number of terminals needed for your restaurant. Our estimate includes the cost to our approved supplier to set up, purchase, install, and program your entire technology package.

6. **Insurance.** You must have the insurance that we specify for your Restaurant at all times during the term of your Franchise Agreement. Our insurance requirements are included in Item 8.

7. **Permits and Licenses.** Our estimate includes the cost of obtaining local business licenses which typically remain in effect for one year. The cost of these permits and licenses will vary substantially depending on the location of the Restaurant. We strongly recommend that you verify the cost for all licenses and permits required in your jurisdiction before signing the Franchise Agreement.

Our estimate does not include the cost of a beer and wine or liquor license. Since the availability and expenses of acquiring a beer and wine or liquor license vary substantially from jurisdiction to jurisdiction, you should consult the appropriate governmental authority concerning the availability of the required license and the associated expenses for your Restaurant before you sign a Franchise Agreement. The cost of a beer and wine or liquor license can range from under \$1,000 to over \$500,000, depending on the location and jurisdiction, but can be even higher in some states. We strongly recommend that you verify the cost and availability of a beer and wine or liquor license in your jurisdiction before signing the Franchise Agreement.

8. **Initial Inventory.** Our estimate includes your initial inventory of food products, ingredients, beverages and paper goods.

9. **Signage.** These amounts represent your cost for your interior and exterior signage. Your landlord or your local ordinances may have different restrictions it places on interior and exterior signage which may affect your costs.

10. **Grand Opening Marketing.** You must conduct a grand opening marketing campaign to promote the opening of your Restaurant. We reserve the right to approve all marketing used in your grand opening marketing campaign, and your campaign must be conducted in the 60 day period that includes 30 days before and 30 days after opening of your Restaurant and may include promotional give-aways, but the cost of any products you give away do not count toward the cost of your grand opening marketing. At our request and if we do not approve of your grand opening marketing plan, you must give the grand opening marketing money to us and we will conduct the grand opening marketing campaign on your behalf. See Item 11.

11. **Blueprints.** You must hire an architect to modify our standard plans and specifications to create construction drawings for internal and external design and architecture that are specific to your approved location. We reserve the right to specify the architect you must use. All proposed plans and drawings are subject to our approval before construction may begin, and any changes proposed during construction must also be approved by us.

12. **Travel and Living Expenses While Training.** These estimates include only your out-of-pocket costs associated with attending our initial training program, including travel, lodging, meals and applicable wages for the first three trainees. These amounts do not include any fees or expenses for training any other personnel. Your costs may vary depending on your selection of lodging and dining facilities and mode and distance of transportation. The lower end of our estimate assumes that the trainees live within driving distance of our training facility. If you wish to send additional trainees to our initial training program, you must pay our then-current training fee for each additional trainee (see Item 6).

13. **Professional Fees.** We expect that you will retain an attorney and an accountant to assist you with evaluating this franchise offering, and with negotiating your lease or purchase agreement for the approved location.

14. **Additional Funds.** This estimates your initial start up expenses for an initial three-month period, not including payroll costs, menus, business cards and other operational expenses, and does not include any revenue that your Restaurant may earn in the first three months of operation. These figures are

estimates only and we cannot guarantee that you will not have additional expenses starting your business. Your expenses will depend on factors such as how much you follow our methods and procedures, your management skill, experience and business acumen, local economic conditions (e.g., the local market for our products or services), the prevailing wage rate, competition and the sales level reached during the initial period. These are only estimates and your costs may vary based on actual rental prices in your area, and other site-specific requirements or regulations. The costs outlined in this Item 7 are not intended to be a forecast of the actual cost to you or to any particular franchisee.

15. **Totals.** We relied on our affiliates' experience in operating a Squisito® Pizza and Pasta Restaurant since 1998 and our principals' collective experience in the restaurant industry to prepare these estimates. You should review these figures carefully with a business advisor before making any decision to purchase the franchise. We do not provide financing arrangements for you. If you obtain financing from others to pay for some of the expenditures necessary to establish and operate the franchise, the cost of financing will depend on your creditworthiness, collateral, lending policies, financial condition of the lender, regulatory environment, and other factors.

We have not included a separate table for the initial investment if you sign a Multi-Unit Operator Agreement. A Multi-Unit Operator is expected to incur these same costs for each Squisito® Pizza and Pasta Restaurant it develops, subject to inflation and other increases over time. If you are a Multi-Unit Operator, your professional fees (such as legal and financial) will probably be higher.

ITEM 8: RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase or lease and install all fixtures, furnishings, equipment, décor items, signs and related items we require, all of which must conform to the standards and specifications in our Manual (as defined in Item 11) or otherwise in writing. You must purchase or lease the point of sale or computer system that we require. More specific information about the required point of sale/computer system is included in Item 11. You may not install or permit to be installed on the Restaurant premises any fixtures, furnishings, equipment, décor items, signs, games, vending machines or other items without our written consent or that do not comply with our specifications.

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

You must permit us or our agents, at any reasonable time, to remove a reasonable number of samples of food or non-food items from your inventory or from the Restaurant free of charge for testing by us or by an independent laboratory to determine whether the samples meet our then-current standards and specifications. In addition to any other remedies we may have, we may require you to pay for the testing if we have not previously approved the supplier of the item or if the sample fails to conform to our specifications currently \$5000.

You must obtain all food and beverage items, ingredients, supplies, materials, fixtures, furnishings, equipment (including point of sale, computer hardware and software), and other products used or offered

for sale at the Restaurant solely from suppliers who demonstrate, to our continuing reasonable satisfaction, the ability to meet our then-current standards or in accordance with our standards and specifications. We do not make our supplier evaluation criteria available to you or any supplier.

Currently neither we nor any of our affiliates are an approved supplier of any item. None of our directors or officers has an ownership interest in any approved supplier.

If you wish to purchase, lease or use any products or other items from an unapproved supplier, you must submit a written request for approval, or must request the supplier to do so, together with our then-current fee currently \$5000. We must approve any product or supplier in writing before you make any purchases of that product or from that supplier. We can require that our representatives be permitted to inspect the supplier's facilities and that samples from the supplier be delivered, either to us or to an independent laboratory, for testing. We reserve the right to re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier fails to continue to meet any of our then-current standards. Our supplier approval procedure does not obligate us to approve any particular supplier. However, we will notify you within 45 days after we complete the inspection and evaluation process of our approval or disapproval of any proposed supplier. We are not required to make available to you or to any supplier our criteria for product or supplier approval. We may revoke our prior approval of any product or supplier at any time, and after your receipt of written notice from us regarding our revocation you must stop using that product or stop purchasing from that supplier.

We have and may continue to develop for use in the System certain products which are prepared from confidential proprietary recipes and other proprietary products which bear the Marks. Because of the importance of quality and uniformity of production and the significance of those products in the System, it is to your and our benefit that we closely control the production and distribution of those products. Therefore, you will use only our proprietary recipes and other proprietary products and will purchase those items solely from us or from a source designated by us all of your requirements for those products.

We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. As of the date of this Disclosure Document, there are no purchasing or distribution cooperatives for any of the items described above in which you must participate.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the Restaurants in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal directly, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of Restaurants.

We and/or our affiliates may receive payments or other compensation from approved suppliers on account of the suppliers' dealings with us, you, or other Restaurants in the System, such as rebates, commissions or other forms of compensation, and we estimate that these payments will range from 1% to 4% of our franchisees' purchases from these suppliers. We may use any amounts that we receive from suppliers for any purpose that we deem appropriate, unless otherwise negotiated with or required by the supplier. We and/or our affiliates may negotiate supply contracts with our suppliers under which we are able to purchase products, equipment, supplies, services and other items at a price that will benefit us and our franchisees. For the fiscal year ended December 31, 2020, we had total revenues of \$274,348.04, of which \$24,162.57 (or 8.81%) was from payments to us by approved suppliers. All monies received by suppliers are contributed to our marketing fund which accrue for the benefit of our franchisees.

We estimate that your purchases from us or approved suppliers of specified items would be 100%, or that must conform to our specifications will represent approximately 70% to 80%, of your total purchases in establishing the Restaurant, and approximately 70% to 80% of your total purchases in the continuing operation of the Restaurant.

When determining whether to grant new or additional franchises we consider many factors, including compliance with the requirements described above.

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

You must request and obtain our approval of the site for the Restaurant before you acquire the site. You must also obtain our approval of any contract of sale or lease for the Restaurant before you sign the contract or lease. At our request, you and your landlord must sign a Collateral Assignment of Lease with us (Attachment B to the Franchise Agreement) which permits that your lease can be assigned to us on expiration or termination of your Franchise Agreement. You must hire an architect to prepare blueprints and plans for the construction or build-out of the interior and exterior of your Restaurant. We reserve the right to designate the architect you must use. All plans must be approved by us before they may be used. Our review will only determine the proper presentation of the Proprietary Marks and our trade dress. You and the architect must make sure that the plans comply with all applicable laws, ordinances and building codes.

Before you open your Restaurant, you must obtain the insurance coverages we require. Our current insurance requirements are described below. We may modify our insurance requirements during the term of your Franchise Agreement, and any modifications will be communicated to you in our Manual or otherwise in writing. This insurance coverage must be maintained during the term of the Franchise Agreement and must be obtained from a responsible, duly licensed carrier or carriers acceptable to us. All insurance must be on an “occurrence” basis.

1. General and professional liability in the amount of \$1,000,000 per occurrence, \$2,000,000 aggregate limit.
2. Liquor liability coverage in the amount of \$1,000,000 per occurrence and \$3,000,000 aggregate.
3. “All Risks” coverage for the full cost of replacement of the Restaurant premises and all other property in which we may have an interest.
4. Business Interruption insurance in a sufficient amount to cover profit margins, maintenance of competent and desirable personnel and fixed expenses for a period of at least Twelve (12) months.
5. Workers’ compensation insurance in amounts provided by applicable law (but not less than \$500,000 per occurrence) or, if permissible under applicable law, any legally appropriate alternative providing substantially similar compensation to injured workers, subject to the conditions set forth in the Franchise Agreement.

6. Employment Practices Liability Insurance (EPLI) for sexual harassment, discrimination, wrongful termination in the amount of One Hundred Thousand Dollars \$100,000.
7. Data Breach Insurance for at least Fifty Thousand Dollars (\$50,000) in coverage.
8. Other insurance required by the state or locality in which the Restaurant is located and operated or as may be required by the lease or mortgage for the Restaurant.

You may, after obtaining our written consent, have reasonable deductibles under the coverage required under paragraphs 1 - 4 described above. Also, related to any construction, renovation or remodeling of the Restaurant, you must maintain builders risks insurance and performance and completion bonds in forms and amounts, and written by a carrier or carriers, satisfactory to us. Carriers must be A.M + best rated A or better. All of the policies must name us, those of our affiliates that we specify, and the respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them, as additional named insureds and must include a waiver of subrogation in favor of all those parties.

We have the right to require that you obtain from your insurance company a report of claims made and reserves set against your insurance. We reserve the right to change our insurance requirements during the term of your Franchise Agreement, including the types of coverage and the amounts of coverage, and you must comply with those changes.

ITEM 9: FRANCHISEE'S OBLIGATIONS

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

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

Obligation	Section in Agreement	Disclosure Document Item
a. Site selection and acquisition/ lease	FA – Section II MUOA – Section III	Items 8 and 11
b. Pre-opening purchase/leases	FA – Sections VI, VII and VIII	Items 5, 6, 7, 8 and 11
c. Site development and other pre-opening requirements	FA – Section II	Items 1, 8 and 11
d. Initial and ongoing training	FA – Section VI	Items 5, 6 and 11
e. Opening	FA – Section VI	Items 5, 6 and 11
f. Fees	FA – Sections III, IV, V, VII, VIII, XI, XIV and XVIII MUOA – Sections II and III	Items 5 and 6
g. Compliance with standards and policies/operating manual	FA – Sections II, III, VI, VIII, IX, X, XI and XII	Items 11 and 14

Obligation	Section in Agreement	Disclosure Document Item
h. Trademarks and proprietary information	FA – Sections IX and X and Attachment D MUOA – Section VII	Items 11, 13 and 14
i. Restrictions on products/services offered	FA – Section VII MUOA – Section VII	Items 8 and 16
j. Warranty and customer service requirements	FA – Section VII	Item 8
k. Territorial development and sales quotas	MUOA – Section III	Item 12
l. Ongoing product/service purchases	FA – Section VII	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	FA – Sections II, VII and XIV	Items 6, 8 and 11
n. Insurance	FA – Section XII	Items 7 and 8
o. Advertising	FA – Section VIII	Items 6, 8 and 11
p. Indemnification	FA – Section XV MUOA – Section XIV	Item 6
q. Owner's participation/management/staffing	FA – Sections VI, XIV, XV and XIX MUOA – Section VII	Items 1, 11 and 15
r. Records and reports	FA – Sections IV, VII and XI	Item 6
s. Inspections and audits	FA – Sections II, VII and XI MUOA – Section XII	Items 6, 8 and 11
t. Transfer	FA – Section XIV MUOA – Section XI	Items 6 and 17
u. Renewal	FA – Section III MUOA – Section V	Items 6 and 17
v. Post-termination obligations	FA – Section XVIII MUOA – Section X	Items 6 and 17
w. Non-competition covenants	FA – Section X and Attachment D MUOA – Section XII	Item 17
x. Dispute resolution	FA – Section XIX MUOA – Section XIX	Items 6 and 17
y. Liquidated damages	FA – Section XVIII	Item 6
z. Guaranty	FA – Attachment 10	Item 15

ITEM 10: FINANCING

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

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

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

Pre-Opening Obligations

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

1. We will grant to you rights to a Designated Area within which you will assume the responsibility to establish and operate an agreed-upon number of Squisito® Pizza and Pasta Restaurants under separate Franchise Agreements (Multi-Unit Operator Agreement – Section 1.1).
2. We will assist, review and approve all locations for future units within the designated territory based on factors such as customer demographics and distance from other units. (Multi-Unit Operator Agreement – Section 3.1)
3. We will review site survey information on sites you request us to evaluate for conformity to our standards and criteria for potential sites and, if the site meets our criteria, approve your request (Multi-Unit Operator Agreement – Section 8.1). We are not obligated to approve any request you submit to us regarding a proposed site.
4. We will provide you with standard specifications and layouts for building and furnishing the Restaurant (Multi-Unit Operator Agreement – Section 8.2).
5. We will review your site plan and final build-out plans and specifications for conformity to our standards and specifications (Multi-Unit Operator Agreement – Section 8.3).
6. We may conduct on-site evaluations, as we deem advisable, as part of our evaluation of the site for a Restaurant (Multi-Unit Operator Agreement – Section 8.4).
7. We will provide other resources and assistance as may be developed and offered to our Multi-Unit Operators (Multi-Unit Operator Agreement – Section 8.5).as solely determined by us

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

1. Our written site selection guidelines and the site selection assistance we deem advisable. (Franchise Agreement, Section 5.1.) We will also designate your Territory (see Item 12).
2. Site location assistance, if you request that we provide this, which will be at your cost. (Franchise Agreement, Section 5.2.) In the event we do not approve a proposed site by written notice to you within 30 days, such site shall be deemed disapproved by us. If we cannot agree on a proposed site, we may elect to terminate the Franchise Agreement and keep the entire initial franchise fee. We generally do not own the premises and lease it to you.
3. On loan, one set of prototypical architectural and design plans and specifications for a Restaurant for adaptation by you, at your expense. (Franchise Agreement, Section 5.3.)

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

5. A list of our approved suppliers, which is subject to change during the term of your Franchise Agreement. (Franchise Agreement, Sections 5.9 and 7.4.)

6. An initial training program at our headquarters, as described below. (Franchise Agreement, Sections 5.10 and 6.4.)

7. At our option, one of our trained representatives for a period of 7 to 14 days to provide opening assistance, including on-site pre-opening and opening training, supervision, and assistance. (Franchise Agreement, Section 6.4.) If we provide this, you must pay our then-current per diem fee for each representative we send to you to provide assistance and you must reimburse their expenses, including travel, lodging and meals.

Post-Opening Obligations

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

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

2. Review of your annual marketing plan, which must be submitted to us by not later than December 1st of each year for the next year. (Franchise Agreement, Section 8.4.)

3. Marketing and promotional materials for in-store marketing and Local Marketing for the Restaurant at a reasonable cost to you. (Franchise Agreement, Section 5.6.)

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

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

6. At your request, additional on-site training at your Restaurant. You must pay our per diem fee for each trainer providing the training as well as reimburse our expenses (see Item 6). (Franchise Agreement, Section 6.4.4.)

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

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

9. Determine the maximum prices you may charge, as permitted by applicable law. (Franchise Agreement – Section 7.14.) We do not guarantee that you will earn any level of sales or profitability by following our pricing requirements.

Grand Opening Marketing: You must spend \$15,000 to conduct a marketing campaign announcing the grand opening of your Restaurant. Your grand opening marketing campaign must be conducted in the 60 days period comprising 30 days before and 30 days after the opening of your Restaurant and may include promotional giveaways, although the cost of products you give away do not count toward the amount you must spend for your grand opening marketing. You must submit to us, for our approval, the proposed grand opening marketing campaign which must be approved by us before we will send our representative to your Restaurant to provide opening assistance. This Grand Opening Marketing package will be designed in collaboration with The Gab Group, located in Boca Raton, FL.

Creative Fund: We fully intend to establish and administer a Creative Fund (the “Fund”) to market the System and the products offered by Squisito® Pizza and Pasta Restaurants on a regional, national or international basis. When we do establish the Fund, you must contribute to the Fund a specified percentage of the Gross Sales of the Restaurant each week, to be paid in the same manner as the royalty payments. As of December 31, 2020, the Fund has not yet been established, no monies have been spent by the Fund.

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

1. We direct all marketing programs and have sole discretion to approve the creative concepts, materials and media used in the programs and their placement and allocation. The Fund is intended to maximize general public recognition and acceptance of the Marks and improve the collective success of all Restaurants operating under the System. We may use monies from the Fund to present refresher training programs, conduct mystery shopper programs to ensure 4 Walls Marketing and/or to offset the costs of an annual meeting of our franchisees where, among other things, we will discuss marketing strategies. Any Restaurants operated by us will contribute to the Fund generally on the same basis as you, but Restaurants owned and operated by our affiliates and/or licensees are not required to contribute to the Fund. In administering the Fund, we and our designees are not required to make sure that expenditures for you are equivalent or proportionate to your contribution to the Fund or to make sure that any particular franchisee benefits directly or pro rata from the placement of marketing as this is impossible to predict.

2. The Fund may be used to satisfy the costs of maintaining, administering, directing and preparing marketing, including the cost of preparing and conducting television, radio, magazine and newspaper marketing campaigns; direct mail and outdoor billboard marketing; public relations activities; employing marketing agencies; employing mystery shopper services; development and maintenance of our Website and social media initiatives; and costs of our personnel and other departmental costs for marketing that we administer or prepare internally. All sums you pay to the Fund will be maintained in a separate account. We may reimburse ourselves out of the Fund for our reasonable administrative costs and expenses that we may incur in the administration or direction of the Fund and marketing programs for you and the System. The Fund and its earnings will not otherwise benefit us. The Fund is operated solely as a conduit for collecting and expending the Fund contributions as outlined above. Any sums paid to the Fund that are not spent in the year they are collected will be carried over to the following year. No money will be spent by the Fund to solicit new franchisees.

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

4. Although the Fund is intended to be perpetual, we may terminate the Fund at any time. The Fund will not be terminated until all monies in the Fund have been spent for marketing

or promotional purposes or returned to contributors on a pro rata basis. If we terminate the Fund, we have the right to reinstate it at any time and you must again contribute to the Fund.

We currently advertise the Restaurants and the products offered by the Restaurants primarily using point of purchase marketing materials, direct mail, electronic and internet marketing, public relations and promotions, and print media. As the number of Restaurants in the System expands, we envision using other forms of media, including television, radio, internet, magazine and newspaper marketing campaigns; and direct mail and outdoor billboard marketing. The majority of our marketing is developed by members of our staff or third-party consultants. Once the franchise program has been established, we contemplate marketing on a national, regional and local basis through the use of the Fund, Local Marketing and Cooperatives (described below).

Local Marketing / Cooperatives: You must conduct Local Marketing in your Territory. The minimum amount you must spend between individual Local Marketing and contributing to a Cooperative will be 1% of Gross Sales. If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your Local Marketing obligations, if first approved in writing by us. We must approve all marketing before you use it. You must not advertise or use our Marks in any fashion on the Internet, World Wide Web or via other means of marketing through telecommunication without our express written consent. You must provide us an annual marketing plan by December 1 of every year for the following year and we must approve this plan. You must also send us a monthly update to your marketing plan before the end of every month including an expenditure report to show that you have complied with the Local Marketing requirements.

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

We reserve the right to require you to include certain language in your Local Marketing, such as “Franchises Available” and our website address and telephone number.

We may designate any geographic area in which two or more Restaurants are located as a region for purposes of establishing a marketing Cooperative, or we may approve of the formation of a Cooperative by our franchisees. The members of the Cooperative for any area will consist of all Restaurants, whether operated by us, our affiliates or our franchisees. We have the right to dissolve, merge or change the structure of the Cooperatives. Each Cooperative will be organized for the exclusive purposes of administering marketing programs and developing, subject to our approval as described above, promotional materials for use by the members in Local Marketing. If a Cooperative has been established for a geographic area where your Restaurant is located when the Franchise Agreement is signed, or if any Cooperative is established during the term of the Franchise Agreement, you must become a member of the Cooperative. At our option, these cooperatives may or may not have written governing documents, such as by-laws.

The payments you make to a Cooperative may be applied by you toward satisfaction of your Local Marketing requirement, but if the amount you contribute to a Cooperative is less than the amount you must spend on Local Marketing, you must still spend the difference locally.

All contributions to the Cooperative will be maintained and administered by us or the Cooperative. The Cooperative will be operated solely as a conduit for the collection and expenditure of the Cooperative fees for the purposes outlined above. No marketing or promotional plans or materials may be used by the

Cooperative or furnished to its members without first obtaining our approval. Currently there are no Cooperatives in the System. The Cooperative is not required prepare periodic financial statements.

Neither the Fund nor any Cooperative will use any percentage of funds for marketing that is principally a solicitation for the sale of franchises for Restaurants.

Except as described above, we are not obligated to spend any amount on marketing in your Territory.

Website / Extranet / Social Media: Websites (as defined below) are considered as “marketing” under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described above). As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software, that you operate or authorize others to operate and that refers to Squisito® Pizza and Pasta Restaurant, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages.

In connection with any Website, the Franchise Agreement provides that you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Marks, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website.

We will have the right to establish a website or other electronic system providing private and secure communications (such as an extranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the extranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the extranet that you must acknowledge and/or sign.

You are strictly prohibited from promoting your Restaurant or using the Proprietary Marks in any manner on any social and/or networking Websites, such as Facebook, LinkedIn, MySpace and Twitter, without our prior written consent. We will control all social media initiatives.

Advisory Council: We may, in our discretion, form an advisory council to work with us to improve the System, the products offered by Squisito® Pizza and Pasta Restaurants, marketing conducted by the Fund, and any other matters that we deem appropriate. If an advisory council is formed, it will act solely in an advisory capacity, and will not have decision making authority. We will have the right to form, change, merge or dissolve any advisory council.

Training: No later than 60 days before the date the Restaurant begins operation, you, and two of your Managers (for a maximum of three people) must attend and complete, to our satisfaction, our initial training program. If you will not be participating in the daily operation of the Restaurant, then you must, at your expense, send an additional manager to training, which may be a separate training session due to space considerations at the training Restaurant. For multi-unit operators, you must attend at least the first training before opening your first Restaurant, and for each additional Restaurant you open you must send the management team for that Restaurant to our training program. We will conduct this training at one of our affiliate’s Restaurants in Anne Arundel County, Maryland, or at another location we designate, and our training program lasts for approximately 28 days. Initial training programs will be offered at various times during the year depending on the number of new franchisees entering the System, replacement Managers and other personnel needing training, the number of new Restaurants being opened and the timing of the

scheduled openings of Restaurants. Our initial training program is mandatory and must be completed to our satisfaction.

We will provide instructors and training materials for the initial training of you and your Managers at no additional charge, but you must pay the expenses incurred by you and your trainees while attending training. You may also have additional personnel trained by us for the Restaurant, at your expense. We will determine whether the Managers have satisfactorily completed initial training. If any Manager does not satisfactorily complete the initial training program or if we determine that this person cannot satisfactorily complete the training program, you must designate a replacement to satisfactorily complete the training before you will be permitted to open your Restaurant. Any Manager subsequently designated by you must also receive and complete the initial training to our satisfaction, even if this requires sending that Manager to the headquarters training program, at your expense. We reserve the right to charge a reasonable fee for the initial training we provide to a replacement or successor employee if we have not approved you to provide the training. You must also pay for all expenses you and your Managers incur for any training program, including costs of travel, lodging, meals and wages.

For the opening of the Restaurant, we may, at our option, provide you with one of our trained representatives. If provided, the trained representative will provide on-site pre-opening and opening training, supervision, and assistance to you for 7 to 14 days around your Restaurant's opening. You must pay our then-current per diem fee for each representative we send to you, and you must reimburse their expenses, including travel, lodging and meals.

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

Our officers will oversee training. We may also draw on the substantial experience of our Affiliate's personnel in conducting Restaurant operations training. The minimum experience of the instructors in the field that is relevant to the subject taught and our operations is from 2 to 14 years. The instructional materials used in the initial training consist of our Operations Manual, marketing and promotion materials, programs related to the operation of the point of sale system, and any other materials that we believe will be beneficial to our franchisees in the training process.

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

TRAINING PROGRAM

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Day 1: Orientation, Squisito® History, Review Training Agenda, Review Operating Forms	0	10	An existing Restaurant in Anne Arundel County, Maryland.
Day 2: Review Operations Manual, Review Recipes and Procedures, Opening Procedures, Menu Items, Daily Prep, Line Setup, Preparation and Serving, Mid-Day Procedures, Closing Procedures	0	10	An existing Restaurant in Anne Arundel County, Maryland.

Subject	Hours of Classroom Training	Hours of On-the-Job Training	Location
Days 3-4: Kitchen Open, Food Safety, Equipment Operation, Daily Prep List, Kitchen Operation, Machine Operation and Maintenance	0	20	An existing Restaurant in Anne Arundel County, Maryland
Days 5-7: Systems & Procedures, Pizza, Pasta, Cooking, Food Preparation, Store Maintenance, Cleaning,	0	30	An existing Restaurant in Anne Arundel County, Maryland.
Day 8: Customer Service, POS, FOH Operations	0	10	An existing Restaurant in Anne Arundel County, Maryland.
Day 9: Ordering Procedures, Stock Rotation, BOH Kitchen Control	0	10	An existing Restaurant in Anne Arundel County, Maryland
Days 10-12: Food storage, Inventory Control, Payroll and Employees, Food Preparation Review, Vendors, Inventory, Catering and Events	0	30	An existing Restaurant in Anne Arundel County, Maryland
Day 13: Opening/Closing Procedures, Staffing, Marketing and Promotions	0	10	An existing Restaurant in Anne Arundel County, Maryland
Days 14-15: Daily Operations, Review Opening/Closing Procedures, Brand Compliance and Customer Service, Marketing, Test	0	20	An existing Restaurant in Anne Arundel County, Maryland
Day 16: Local Store Marketing	0	10	An existing Restaurant in Anne Arundel County, Maryland
Days 17-18: Review Operations Forms, Reporting, Bookkeeping, P&Ls	0	20	An existing Restaurant in Anne Arundel County, Maryland
Days 19-20: Review daily operations and food preparation	0	20	An existing Restaurant in Anne Arundel County, Maryland
Days 20-28: Review and floor time	0	80	An existing Restaurant in Anne Arundel County, Maryland

All training will occur at an existing Squisito® Pizza and Pasta Restaurant in Anne Arundel County, Maryland. There is no formal classroom training.

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

In addition to the initial training program and any additional on-site assistance or training you request, as described above, we may offer refresher training programs or an annual meeting of our franchisees. We may designate that attendance at any refresher training program or annual meeting is mandatory for you and/or your Managers. We will bear the costs of presenting any refresher training program or annual meeting, or we may use money from the Fund to pay these costs. You must pay for the expenses of your trainees/attendees, including travel, lodging, meals and wages.

Operations Manual: The Table of Contents for our Operations Manual is attached to this Disclosure Document as Exhibit E. Our Operations Manual contains approximately 475 pages.

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

You must submit information and materials for the proposed site to us together with a written request for our approval of the proposed site. We will have 30 days after we receive your request and the required information and materials from you to approve or disapprove your request. In reviewing your request for approval we are relying, to a certain extent, on your analysis of the proposed site, your knowledge of the local area, history of restaurant performance in the market area and other research you have conducted. If we do not provide our specific approval of a proposed site, the site is deemed not approved. We do not warrant or guarantee that we will approve your request for any site you propose, or that your Restaurant will be successful at any site where we approve your request for site approval. Our approval only means that the site has met our minimum requirements for a Squisito® Pizza and Pasta Restaurant.

We will provide you with our current written site selection guidelines and any other site selection counseling and assistance we think is advisable. Our guidelines for site selection may require that you conduct, at your expense, an evaluation of the demographics of the market area for the location (including the population and income level of residents in the market area), competing businesses in the market area and how these businesses are performing, aerial photography, size and other physical attributes of the location, proximity to residential neighborhoods and proximity to schools, shopping centers, entertainment facilities and other businesses that attract consumers and generate traffic. We may use these and other factors, including general location and neighborhood, traffic patterns, availability of parking, and ease of access to the location, in our review of your request for approval of a proposed site.

We estimate that the time from when the Franchise Agreement is signed to the opening of the Restaurant will be approximately six to nine months. This time may be shorter or longer depending on the time necessary to obtain an accepted site, to obtain financing, to obtain the permits and licenses for the

construction and operation of the Restaurant, to complete construction or remodeling as it may be affected by weather conditions, shortages, delivery schedules and other similar factors, to complete the interior and exterior of the Restaurant, including decorating, purchasing and installing fixtures, equipment and signs, and to complete preparation for operating the Restaurant, including purchasing inventory and supplies. If you are purchasing a single Franchised Restaurant, then the timeline for opening your Restaurant will be identified in Attachment A to the Franchise Agreement. If you are purchasing development rights under the Multi-Unit Operator Agreement, then your Restaurants must be opened according to your Minimum Performance Schedule.

Computer and Point of Sale Systems: You must purchase and use certain point of sale systems, computer hardware and software that meet our specifications and that are capable of electronically interfacing with our computer system. The computer system is used to collect and monitor point of sale information and to create business reports and may be used to collect and monitor inventory control and shrinkage, payroll and accounting information, gift cards and loyalty program, on-line ordering and credit card processing.

The computer system is designed to enable us to have independent access to the information monitored by the system, and there is no contractual limitation on our access or use of the information we obtain. You must install and maintain equipment and a high-speed telecommunication line (such as minimum 50 mbps upload/ 50 mbps download or similar) in accordance with our specifications to permit us to access the point of sale (or other computer hardware and software) at the Restaurant premises as described above. This will permit us to electronically inspect and monitor information concerning your Restaurant's Gross Sales and any other information that may be contained or stored in the equipment and software. You must make sure that we have access at the times and in the manner we specify, at your cost.

Your point of sale system should include at least two terminals, kitchen print stations, back of house systems and installation. Our specific requirements, including the make and/or model of the point of sale system you will need, will be included in our Manual. You must purchase the point of sale system from the supplier we designate. We expect that the point of sale system will cost between \$5,000 and \$14,000 (depending on whether you are purchasing new or refurbished equipment and the number of terminals needed for your Restaurant, as well as additional technology package options such as, but not limited to, cameras, LTE Failover, Guest Wifi, Streaming Media). You must also purchase a maintenance contract for your point of sale system, which we anticipate will cost approximately \$3,216 to \$7,200 per year. The maintenance and licensing contacts may be higher depending on the additional technology items added to your establishment. We reserve the right to change the designated point of sale system in the future.

You will also be required to purchase a security system with a camera system. This system must be accessible by us at all times.

We will have independent, unlimited electronic access to the information generated by and stored in your computer software and applications. There are no contractual limitations on our right to have full access to this information. We may retrieve, download, analyze and store such information and data at any time. We own all customer data stored in your customer management account.

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

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

You must participate in the on-line ordering and loyalty program we designate, which will permit your customers to order menu items on-line for pick up at your Restaurant. There will be no upfront setup cost. We estimate that the continuing cost related to on-line ordering will be between \$1,500 -\$1,800 annually.

ITEM 12: TERRITORY

Franchise Agreement: Your Franchise Agreement will specify the site that will be the Approved Location for your Restaurant. Your Franchise Agreement may also specify a protected Territory. The size and scope of the Territory will be contained in the Franchise Agreement and will be determined according to whether the Approved Location is an urban area or a suburban area. The Territory is not the same area as, and will be smaller than, the trade area in which you will be looking for a site. We will provide you with information regarding our classification of each portion of your trade area as urban or suburban. The area that may be granted in a suburban area is a maximum of a two mile radius. For more densely populated urban areas, we reserve the right to limit the Territory size to as little as 1/8 of a mile.

If any non-traditional site (such as mall food courts, airports, hospitals, cafeterias, commissaries, schools, hotels, office buildings and stadiums, arenas, ballparks, festivals, fairs, military bases and other mass gathering locations or events) is located within the physical boundaries of your Territory, then the premises of this non-traditional site will not be included in your protected Territory and you will have no rights to this non-traditional site. If your Restaurant is located at a non-traditional site, you will not receive a protected territory. You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

During the term of the Franchise Agreement, we will not establish or operate, nor license any other person to establish or operate, a Restaurant in the Territory, except as may be permitted under the Franchise Agreement and those exceptions are described below. There are no circumstances under which the Territory may be altered before your Franchise Agreement expires or is terminated. Your territorial protection does not depend on your achieving a certain sales volume, market penetration, or other factor, other than compliance with the Franchise Agreement.

You must conduct catering services from your Franchised Restaurant according to the standards and practices we determine. You may not provide catering services to any customer outside of your Territory, unless that customer is in an area that has not yet been sold to a franchisee in the System.

If, during the term of the Franchise Agreement, you wish to relocate your Restaurant, or if the Restaurant is damaged or destroyed and cannot be repaired within 60 days, you must submit to us in writing the materials we require to consider your request, including information concerning the proposed new location for the Restaurant. You must also meet certain other requirements, such as being in compliance with the Franchise Agreement, the location meets our then-current requirements for a Squisito® Pizza and Pasta Restaurant and is located within your Territory, and you must sign our then-current form of Franchise Agreement. If we permit you to relocate, you will not pay a new initial franchise fee when you sign the new Franchise Agreement.

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

You may sell our products to retail customers and prospective retail customers who live anywhere but who choose to dine at or from your Restaurant. You may not engage in any promotional activities or sell the proprietary products or similar products or services, whether directly or indirectly, through or on the Internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the “Electronic Media”); through catalogs or other mail order devices sent or directed to customers or prospective customers located anywhere; or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located anywhere. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory, and you will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory, you may not make any sales or deliver any products to customers located outside of your Territory, unless the customer is located in an area where there is not another Squisito® Pizza and Pasta Restaurant in operation. You have no options, rights of first refusal, or similar rights to acquire additional franchises. You may not sell any products to any business or other customer at wholesale.

We and our affiliates may sell products under the Marks within and outside your Territory through any method of distribution other than a Squisito® Pizza and Pasta Restaurant, including sales through channels of distribution such as the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales (together, “alternative distribution channels”). You may not use alternative distribution channels to make sales outside or inside your Territory and you will not receive any compensation for our sales through alternative distribution channels. Any orders placed through our Website for non-menu items (such as memorabilia and bottled sauces) will be fulfilled by us and you will not receive any portion of our revenue from these sales, even if the order is delivered to a customer within your Territory.

We have not yet established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do anywhere and at any time.

Neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned Restaurants which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Multi-Unit Operator Agreement: Under the Multi-Unit Operator Agreement we grant you the right to develop and operate the number of Squisito® Pizza and Pasta Restaurants in the Designated Area that is specified in the Minimum Performance Schedule, which is an exhibit to the Multi-Unit Operator Agreement. The designated Area is typically described in terms of municipal or county boundaries but may be defined as a specified trade area in a municipality. The actual size of the Designated Area will vary depending upon the availability of contiguous markets, our long range development plans, your financial

and operational resources, population and market conditions. Our Real Estate team will assist on locating this designated area which we will need to approve prior to starting the opening process of units. Our designation of a particular Designated Area is not an assurance or warranty that there are a sufficient number of suitable sites for Restaurants in the Designated Area for you to meet your Minimum Performance Schedule. The responsibility to locate and prepare a sufficient number of suitable sites is solely yours and we have no obligation to approve sites which do not meet our criteria so you can meet the Minimum Performance Schedule.

Except as described below, during the term of the Multi-Unit Operator Agreement, we and our affiliates will not operate or grant a franchise for the operation of Restaurants to be located within the Designated Area. However, we have the right to terminate this Designation if you are not in full compliance with all of the terms and conditions of the Multi-Unit Operator Agreement and all of the Franchise Agreements signed under it. Your territorial rights to the Designated Area may, in our discretion, include the right to develop Restaurants at any Non-Traditional Site.

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

After you have completed the Minimum Performance Schedule, if we believe that it is desirable to establish additional Restaurants within the Designated Area, and if you are in compliance with your Multi-Unit Operator Agreement, we will offer you the right to develop these additional Restaurants. You must exercise this option, in full, within 60 days after our notice to you.

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

In addition, upon the earlier of the expiration of the term of the Multi-Unit Operator Agreement or upon your execution of a Franchise Agreement for the last Squisito® Pizza and Pasta Restaurant to be developed within the Designated Area, your rights under the Multi-Unit Operator Agreement with respect to the Designated Area will terminate and we and our affiliates will have the right to operate and to grant to others development rights and franchises to develop and operate Restaurants within the Designated Area. This right will be subject only to the territorial rights under the Franchise Agreements signed by you for Restaurants in the Designated Area. The Designated Area may not be altered unless we and you mutually agree to do so. There are no minimum sales goals, market penetration or other contingency that you must meet to keep the Designation of your Designated Area, except that you must meet your Minimum Performance Schedule.

You will not receive an exclusive territory. You will face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

ITEM 13: TRADEMARKS

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

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

Our Trademark Affiliate owns the following principal Marks which have been registered on the Principal Register of the U.S. Patent and Trademark Office (“USPTO”). Our Trademark Affiliate intends to file all required affidavits and to renew the registrations for the Marks when they become due.

Mark	Serial Number	Application Date	Registration Number	Registration Date
Squisito Pizza and Pasta (logo)	85/010,702	4/9/2010	3,876,991	11/16/2010
Squisito	85/010,723	4/9/2010	3,876,994	11/16/2010
Eat Well Eat Italian (logo)	85/128,464	9/13/2010	3,944,320	4/12/2011
Eat Well Eat Italian	85/124,060	9/7/2010	3,944,304	4/12/2011
Squisito NY Pizza & Pasta Too (Logo)	88/769776	1/22/2020	Not Applicable	Not Applicable
Be Cheesy	90/514,177	2/5/2021	Not Applicable	Not Applicable

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

There are no agreements currently in effect which limit our right to use or to license others to use the Marks, except for the perpetual non-cancelable trademark license agreements between Trademark Holding Company, LLC and us.

You must immediately notify us of any apparent infringement of the Marks or challenge to your use of any of the Marks or claim by any person of any rights in any of the Marks. You and your Controlling Principals are not permitted to communicate with any person other than us, or any designated affiliate, our counsel and your counsel involving any infringement, challenge or claim. We can take any action we deem advisable, including no action, and have the right to exclusively control any litigation or USPTO or other administrative or agency proceeding caused by any infringement, challenge or claim or otherwise relating to any of the Marks. You must sign any and all documents, and do what may, in our counsel’s opinion, be

necessary or advisable to protect our interests in any litigation or USPTO or other administrative or agency proceeding or to otherwise protect and maintain our interests and the interests of any other person or entity (including any affiliate) having an interest in the Marks.

We will not indemnify you against or reimburse you for any expenses or damages for which you are held liable for your use of any of the Marks. We are not obligated by the Franchise Agreement to protect any rights granted to you to use the Marks or to protect you against claims of infringement or unfair competition with respect to them. Although we are not contractually obligated to protect the Marks or your right to use them, as a matter of corporate policy we intend to defend the Marks vigorously.

We may require you, at your expense, to discontinue or modify your use of any of the Marks or to use one or more additional or substitute trade names, service marks, trademarks, symbols, logos, emblems and indicia of origin if we determine that an addition or substitution will benefit the System.

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

1. To grant other licenses for the use of the Marks in addition to those licenses already granted or to be granted to existing licensees and/or franchisees;
2. To develop and establish other systems using the Marks or other names or marks, and to grant licenses or franchises in those systems without providing any rights to you; and
3. To engage, directly or indirectly, at wholesale, retail or otherwise, in (a) the production, distribution, license and sale of products and services and (b) the use of the Marks and any and all trademarks, trade names, service marks, logos, insignia, slogans, emblems, symbols, designs and other identifying characteristics we may develop for that purpose.

ITEM 14: PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

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

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

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

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

Confidential Information: We claim proprietary rights in certain of our recipes which are included in the Manual and which are our trade secrets. You and each of your Controlling Principals are prohibited, during and after the term of your Agreement, from communicating, or using for the benefit of any other person or entity, and, after the term of your Agreement, from using for your or their own benefit,

any confidential information, knowledge or know-how concerning the methods of operation of the Restaurant that may be communicated to you or any of your Controlling Principals or that you may learn about, including these trade secrets. You and each of your Controlling Principals may divulge this confidential information only to your employees who must have access to it to operate the Restaurant. Neither you nor your Controlling Principals are permitted at any time, without first obtaining our written consent, to copy, record or otherwise reproduce the materials or information nor make them available to any unauthorized person. Any and all information, knowledge, know-how and techniques related to the System that we communicate to you, including the Manual, recipes, plans and specifications, marketing information and strategies and site evaluation, selection guidelines and techniques, are considered confidential.

If we ask, you must have your Managers and any of your personnel who have received or will have access to confidential information sign confidentiality covenants similar to the ones described above. Your Principals also must sign these covenants.

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

ITEM 15: OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

You must designate and retain at all times at least three Managers (including one full-time general manager, a kitchen manager and another full time manager). You must also retain other personnel as are needed to operate and manage the Restaurant. The Managers must satisfy our educational and business criteria as provided to you in the Manual or other written instructions and must be individually acceptable to us. In addition, all Managers must be responsible for the supervision and management of the Restaurant and must devote full time and best efforts to this activity. All Managers must also satisfy our applicable training requirements. If any Manager cannot serve in the position or does not meet the requirements, he or she must be replaced within 60 days after the Manager stops serving or no longer meets the requirements. Your Managers are not required to have an ownership interest in you.

You must also hire a bookkeeper, who must be approved by us, before you begin building out your Restaurant. Your bookkeeper must track expenses before the Restaurant opens and track income and expenses while the Restaurant is operating and must provide reports to us as we require.

You must also obtain covenants not to compete, including covenants applicable on the termination of the person's relationship with you, from your Managers and any of your other personnel who have received or will have access to our training before employment, and any holder of a beneficial interest in you (except for any limited partners). You must have all of your management personnel sign covenants that they will maintain the confidentiality of information they receive or have access to based on their relationship with you. We reserve the right, in our discretion, to decrease the period of time or geographic scope of the non-competition covenants contained in the attachments or eliminate the non-competition covenants altogether for any party that must sign an agreement as described in this paragraph.

As described in Item 1, we have identified certain persons under the Franchise Agreement that we refer to in this Disclosure Document as your Principals. Your Principals include your spouse, if you are a married individual; your Principals also include those of your business entity's officers and directors (including the officers and directors of your general partner, if applicable) whom we designate as your

Principals and all holders of an ownership interest in you and in any entity that directly or indirectly controls you, and any other person or entity controlling, controlled by, or under common control with you.

If we designate certain of your Principals as Controlling Principals, they must sign the Franchise Agreement and agree to be individually bound by certain obligations under the Franchise Agreement, including confidentiality and non-competition covenants and they must personally guarantee your performance under the Franchise Agreement. If you are a married individual, your spouse must sign our Personal Guaranty, which is attached to the Franchise Agreement as Attachment 10. We typically designate your principal equity owners and executive officers, as well as any other affiliated entities that operate Restaurants, as Controlling Principals.

ITEM 16: RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must sell or offer for sale all menu items, food products, and other products and services we require, in the manner and style we require. You must sell and offer for sale only the menu items and other products and services that we have expressly approved in writing. You must not deviate from our standards and specifications without first obtaining our written consent. You must discontinue selling and offering for sale any menu items, products or services that we may disapprove in writing at any time. We have the right to change the types of menu items, products and services offered by you at the Restaurant at any time, and there are no limits on our right to make those changes.

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

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

We do not impose any other restrictions in the Franchise Agreement or otherwise, as to the goods or services that you may offer or sell or as to the customers to whom you may offer or sell, except as described in Item 12.

ITEM 17: RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Provision	Section in Franchise Agreement	Summary
a. Length of the franchise term	3.1	Term continues for 10 years from the date of the Franchise Agreement unless terminated earlier.

Provision	Section in Franchise Agreement	Summary
b. Renewal or extension of the term	3.2	Agreement may be renewed at your option for one additional 10 year term.
c. Requirements for franchisee to renew or extend	3.2	Renewals are automatic. Not later than six months before the initial term of your Franchise Agreement ends, we will send you a bill for the renewal fee as well as any documents that you must sign for the renewal, which may include a renewal Franchise Agreement and a release. If you do not wish to renew your agreement, you must provide us with notice of this election no later than 60 days before your agreement expires. If you do not pay the renewal fee and sign the documents we require, your agreement will not be renewed. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the boundaries of your territory will remain the same, and the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees.
d. Termination by franchisee	Not applicable	You may terminate the Franchise Agreement on any grounds available by law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	17.1.1	Each of your obligations under the Franchise Agreement is a material and essential obligation, the breach of which may result in termination. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.

Provision	Section in Franchise Agreement	Summary
g. “Cause” defined – curable defaults	17.1.3 and 17.2	We may terminate you for cause if you fail to cure certain defaults, including: if you or any of your affiliates fail to pay any monies owed to us, or our affiliates or vendors, and do not cure within five days after notice (or longer period required), fail to obtain signed copies of the confidentiality and non-competition covenants contained in the Franchise Agreement within five days after a request, fail to procure and maintain required insurance within seven days after notice, use the Marks in an unauthorized manner and fail to cure within 24 hours after notice, fail to cure any other default that is susceptible of cure within 30 days after notice.
h. “Cause” defined – non-curable defaults	17.1.2 and 17.1.3	We may terminate you for cause if you fail to cure certain defaults, including: if you become insolvent, make a general assignment for benefit of creditors, file a petition or have a petition initiated against you under federal bankruptcy laws, have outstanding judgments against you for over 30 days, sell unauthorized products or services, fail to remodel when required, fail to comply with any term and condition of any sublease or related agreement and have not cured the default within the given cure period, abandon or lose right to the Restaurant premises, are convicted of a felony or other crime that may have an adverse affect on the System or Marks, transfer any interest without our consent or maintain false books or records. In addition, a default under one agreement with us may result in a termination of all of your other agreements with us. This is known as a cross-default provision.
i. Franchisee’s obligations on termination/non-renewal	XVIII	Obligations include: You must stop operating the Restaurant and using the Marks and System and completely de-identify the business, pay all amounts due to us or our affiliates, return the Manual and all other proprietary materials, comply with confidentiality requirements, pay liquidated damages, and, at our option, sell or assign to us your rights in the Restaurant premises and the equipment and fixtures used in the business.

Provision	Section in Franchise Agreement	Summary
j. Assignment of contract by franchisor	14.1	We have the right to transfer or assign the Franchise Agreement to any person or entity without restriction. However, no assignment will be granted except to an assignee who, in our good faith judgment, is willing and able to assume our obligations.
k. “Transfer” by franchisee – defined	14.2.1	Includes sale, assignment, conveyance, pledge, mortgage or other encumbrance of any interest in the Franchise Agreement, the Restaurant or you (if you are not a natural person).
l. Franchisor approval of transfer by franchisee	14.2.2	You must obtain our consent before transferring any interest. We will not unreasonably withhold our consent.
m. Conditions for franchisor approval of transfer	14.2.2	Conditions include: You must pay all amounts due us or our affiliates, not otherwise be in default, sign a general release, and pay a transfer fee. Transferee must meet our criteria, attend training and sign current Franchise Agreement.
n. Franchisor’s right of first refusal to acquire franchisee’s business	14.4	Within 30 days after notice, we have the option to purchase the transferred interest on the same terms and conditions.
o. Franchisor’s option to purchase franchisee’s business	18.11 and 14.4	Other than assets on termination, non-renewal or right of first refusal, we have no right or obligation to purchase your business.
p. Death or disability of franchisee	14.5	If you or a Controlling Principal are a natural person, on death or permanent disability, distributee must be approved by us, or franchise must be transfer to someone approved by us within 12 months after death or within six months after notice of permanent disability.
q. Non-competition covenants during the term of the franchise	10.3.1	You are prohibited from operating or having an interest in a similar business.
r. Non-competition covenants after the franchise is terminated or expires	10.3.2	You and your Controlling Principals are prohibited for two years from expiration or termination of the franchise from operating or having an interest in a similar business within 20 miles of any Restaurant in the System.
s. Modification of the agreement	10.1.5 and 19.2	Franchise Agreement may not be modified unless mutually agreed to in writing. You must comply with our Manual, as it may be amended

Provision	Section in Franchise Agreement	Summary
t. Integration/merger clause	19.2	Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Franchise Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	19.7, 19.8, 19.9, 19.10 and 19.11	Except for actions brought by us for monies owed, injunctive or extraordinary relief, or actions involving real estate, all disputes must be mediated and arbitrated in Maryland.
v. Choice of forum	19.8	Anne Arundel County, Maryland (see Disclosure Document Addendum and State Amendments to Agreements).
w. Choice of law	19.8	The Franchise Agreement is to be interpreted, governed and construed under Maryland law (see Disclosure Document Addendum and State Amendments to Agreement).

THE MULTI-UNIT OPERATOR RELATIONSHIP

Provision	Section in Multi-Unit Operator Agreement	Summary
a. Length of the franchise term	VI	Length of the Minimum Performance Schedule.
b. Renewal or extension of the term	V	After all Restaurants have been developed, we will negotiate in good faith another Multi-Unit Operator Agreement.
c. Requirements for you to renew or extend	Not applicable	
d. Termination by you	Not applicable	The Agreement does not provide for this. But you may seek to terminate on any grounds available to you at law.
e. Termination by franchisor without cause	Not applicable	
f. Termination by franchisor with cause	IX	We can terminate if you commit any one of several listed violations. We reserve the right to terminate each individual Franchise Agreement under the Multi-Unit Operator Agreement dependent on compliance and performance of each Restaurant.

Provision	Section in Multi-Unit Operator Agreement	Summary
g. “Cause” defined – curable defaults	IX	If you use the Marks or System without our consent; participating in a competing business; failure to pay money to us when due; you begin developing a Restaurant before all of your pre-development obligations are met; failure to obtain our consent when required; you open any Restaurant before a Franchise Agreement for that Restaurant has been signed. We reserve the right to terminate each individual Franchise Agreement under the Multi-Unit Operator Agreement dependent on compliance and performance of each Restaurant.
h. “Cause” defined – non-curable defaults	IX	Failure to meet your minimum performance schedule; failure to comply with applicable laws; if all of your Restaurants stop operating; unauthorized transfer; you make a material misrepresentation to us; conviction by you or your owners of an indictable offense; bankruptcy or insolvency; if a Franchise Agreement with us is terminated according to its terms (this is a cross-default provision). We reserve the right to terminate each individual Franchise Agreement under the Multi-Unit Operator Agreement dependent on compliance and performance of each Restaurant.
i. Your obligations on termination/non-renewal	X	You must stop selecting sites for Restaurants, and you may not open any more Restaurants.
j. Assignment of contract by franchisor	XI	No restriction on our right to assign. However, no assignment will be made except to an assignee who, in our good faith judgment, is willing and able to assume our obligations under the Multi-Unit Operator Agreement.
k. “Transfer” by you – defined	XI	Includes transfer of any interest in the Multi-Unit Operator Agreement.
l. Franchisor approval of transfer by you	XI	We have the right to approve all transfers, our consent not to be unreasonably withheld.
m. Conditions for franchisor approval of transfer	XI	Conditions for transfer include not being in default, at least 25% of all Restaurants required to be developed are open or under construction, all debts are paid, the buyer meets our current criteria for new Multi-Unit Operators, execution of a general release (where legal), payment of transfer fee, buyer personally guarantees all obligations.

Provision	Section in Multi-Unit Operator Agreement	Summary
n. Franchisor's right of first refusal to acquire your business	XI	We have the right to match the offer to purchase your Business.
o. Franchisor's option to purchase your business	Not applicable	
p. Your death or disability	XI	Interest must be transferred to an approved party within 12 months.
q. Non-competition covenants during the term of the franchise	XII	Can't divert business or operate a competing business anywhere.
r. Non-competition covenants after the franchise is terminated or expires	XII	No competing business for two years and within 20 miles of any Restaurant in the System.
s. Modification of the agreement	XVIII	No modifications except by mutual agreement of the parties.
t. Integration/merger clause	XVIII	Only the terms of the Multi-Unit Operator Agreement are binding (subject to state law). Any representations or promises made outside the Disclosure Document and Multi-Unit Operator Agreement may not be enforceable.
u. Dispute resolution by arbitration or mediation	XIX	Except for certain claims, all disputes must be mediated and arbitrated in Maryland (subject to state law).
v. Choice of forum	XIX	Anne Arundel County, Maryland (subject to state law).
w. Choice of law	XVIII	Maryland applies (subject to state law).

ITEM 18: PUBLIC FIGURES

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

ITEM 19: FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not furnish or authorize our salespersons to furnish any oral or written information concerning the actual or potential sales, costs, income or profits of a Restaurant, except as stated below. Actual results vary from Restaurant to Restaurant and we cannot estimate the results of any particular franchisee. The following represents of the actual revenues achieved by seven of our franchisees and four Restaurants owned and operated by our affiliates in the calendar years 2020. We have not included any results from Squisito® Pizza and Pasta Restaurants owned and operated by licensees who are not affiliated with us. We did not include any operating expenses, interest, depreciation, amortization, or income taxes. Your revenues may vary significantly depending on a number of factors, including the location of your Restaurant and how you operate your business.

During 2020, the nation was stricken by a global pandemic COVID-19. In an attempt to slow the spread of COVID-19, state governments where Squisito affiliate operated locations as well as franchisee locations were operating enacted business and personal restriction which impacted thee results of business performance during 2020.

Franchisee Operated Locations:

Location	Revenues – Calendar Year 2020
Squisito Ellicott City, MD	\$918,600
Squisito Queenstown, MD	\$963,123
Squisito Burtonsville, MD	\$1,225,689
Squisito Ashburn, VA	\$445,933
Squisito Lorton, VA	\$887,471
Squisito Sevierville, TN ³	\$49,538

Affiliate Operated Locations:

Location	Revenues – Calendar Year 2020
Squisito Riva, MD	\$1,301,312
Squisito Severna Park, MD	\$1,378,958
Squisito Glen Burnie, MD	\$941,518
Squisito Jessup, MD ⁴	\$153,888

General Notes to Item 19.

1. These results are unaudited
2. These results represent sales of products and services which will be available for franchisees to sell.
3. The Squisito Sevierville, TN location opened for business November 2020.
4. The Squisito Jessup, MD was closed from March 1st to October 1st due to local Covid-19 regulations.

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

The figures used in this statement are revenues only. Revenues expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds coupons or

adjustments. Revenues will vary from Restaurant to Restaurant depending upon factors such as rental or real estate costs, costs of goods sold, labor costs and other costs relating to the operation of the Restaurant.

We offered substantially the same services to the Restaurants described in this Statement. These Restaurants offered substantially the same products and services to the public as you will.

The Restaurants report gross receipts information to us based upon a uniform reporting system.

We strongly urge you to consult with your financial advisor or personal accountant concerning the financial analysis that you should make in determining whether or not to purchase a Squisito® Pizza and Pasta franchise.

Written substantiation of the data used in preparing these sales figures will be made available to you upon reasonable request. The information presented above has not been audited.

Other than the preceding financial performance representation, Squisito Franchise Enterprises, Inc. does not make any financial performance representations. 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 Michele DiMeo at 2024 West Street, Suite 302, Annapolis, Maryland 21401 and (410) 421-9555, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20: OUTLETS AND FRANCHISEE INFORMATION

Table No. 1
Systemwide Outlet Summary
For years 2018, 2019, 2020

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	2018	3	5	+2
	2019	5	5	0
	2020	5	6	+1
Company-Owned *	2018	6	6	0
	2019	6	6	0
	2020	6	4	-2
Total Outlets	2018	9	11	+2
	2019	11	11	0
	2020	11	10	-1

*The Company-Owned Outlets reflected in the chart above are owned and operated by our affiliates.

Table No. 2
Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2018, 2019, 2020

Column 1 State	Column 2 Year	Column 3 Number of Transfers
None	2018	0
	2019	0
	2020	0
Total	2018	0
	2019	0
	2020	0

Table No. 3
Status of Franchised Outlets
For years 2018, 2019, 2020

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Termina- tions	Col. 6 Non- Renewals	Col. 7 Reacquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
MD	2018	1	1	0	0	0	0	2
	2019	2	0	0	0	0	0	2
	2020	2	1	0	0	0	0	3
TN	2018	0	0	0	0	0	0	0
	2019	0	0	0	0	0	0	0
	2020	0	1	0	0	0	0	1
VA	2018	2	1	0	0	0	0	3
	2019	3	0	0	0	0	0	3
	2020	3	0	0	0	0	1	2
Total	2018	3	2	0	0	0	0	5
	2019	5	0	0	0	0	0	5
	2020	5	2	0	0	0	1	6

Table No. 4
Status of Company-Owned Outlets
For years 2018, 2019, 2020

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired from Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at End of the Year
Maryland	2018	6	0	0	0	0	6
	2019	6	0	0	0	0	6
	2020	6	0	0	1	1	4
Total	2018	6	0	0	0	0	6
	2019	6	0	0	0	0	6
	2020	6	0	0	1	1	4

*The Company-Owned Outlets reflected in the chart above are owned and operated by our affiliates.

Table No. 5
Projected Openings as of December 31, 2020

States	Franchise Agreements Signed But Restaurant Not Open	Projected Franchised Restaurant Openings	Projected Company- Owned Restaurant Openings
Delaware	0	0	1
Maryland	1	0	1
New York	0	1	0
Tennessee	1	1	0
Washington DC	1	1	0
Total	3	3	2

A list of the names of all franchisees and the addresses and telephones numbers of their franchises is provided in Exhibit C to this Disclosure Document.

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

During the last three fiscal years, we have not had any franchisees sign confidentiality provisions that would restrict their ability to speak openly about their experience with Squisito® Pizza and Pasta System or Squisito Too System.

There are no trademark-specific organizations formed by our franchisees that are associated with Squisito® Pizza and Pasta System or Squisito Too System.

ITEM 21: FINANCIAL STATEMENTS

Attached to this Disclosure Document as Exhibit A are our audited financial statements for the periods ending December 31, 2018, December 31, 2019 and of December 31, 2020.

Our fiscal year end is December 31st.

ITEM 22: CONTRACTS

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

- | | | |
|----|-------------------------------|-----------|
| 1. | Franchise Agreement | Exhibit B |
| 2. | Multi-Unit Operator Agreement | Exhibit C |
| 3. | Form of General Release | Exhibit J |

ITEM 23: RECEIPTS

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

EXHIBIT A TO THE DISCLOSURE DOCUMENT
FINANCIAL STATEMENTS

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2020 and 2019

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Table of Contents

December 31, 2020 and 2019

	PAGE
INDEPENDENT AUDITORS' REPORT	1
CONSOLIDATED FINANCIAL STATEMENTS	
Balance Sheets	2
Statements of Operations	3
Statements of Changes in Stockholder's (Deficiency)	4
Statements of Cash Flows.....	5
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	6-9

INDEPENDENT AUDITORS' REPORT

To the Stockholder
Squisito Franchise Enterprises, Inc. and Subsidiary
Annapolis, Maryland

We have audited the accompanying consolidated financial statements of Squisito Franchise Enterprises, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the related consolidated statements of operations, changes in stockholder's (deficiency), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Squisito Franchise Enterprises, Inc. and Subsidiary as of December 31, 2020 and 2019, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Raich Ende Malter & Co. LLP

RAICH ENDE MALTER & CO. LLP

Melville, New York
May 18, 2021

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

	<i>December 31,</i>	
	<i>2020</i>	<i>2019</i>
ASSETS		
Current Assets		
Cash	\$ 164,198	\$ 41,152
Accounts receivable	21,817	5,817
Franchise fee receivable	-	35,000
Deferred commissions	<u>3,400</u>	<u>2,800</u>
	<u>189,415</u>	<u>84,769</u>
Other Assets		
Deferred commissions - net current	52,200	82,100
Due from stockholder	<u>60,000</u>	<u>60,000</u>
	<u>112,200</u>	<u>142,100</u>
	<u>\$ 301,615</u>	<u>\$ 226,869</u>
LIABILITIES AND STOCKHOLDER'S (DEFICIENCY)		
Current Liabilities		
Accounts payable	\$ 5,687	\$ 7,995
Accrued commissions	-	14,000
Gift cards payable	41,979	36,617
Deferred revenue	17,500	17,500
Loan payable - SBA - PPP	<u>3,810</u>	<u>-</u>
	<u>68,976</u>	<u>76,112</u>
Other Liabilities		
Deferred revenue - net current	139,500	221,750
Economic injury disaster loan	<u>149,900</u>	<u>-</u>
	<u>289,400</u>	<u>221,750</u>
Stockholder's (Deficiency)		
Common stock - no par value - 1,000 shares authorized; 110 shares issued and outstanding	71,000	71,000
Additional paid-in capital	134,998	134,998
Accumulated (deficit)	<u>(262,759)</u>	<u>(276,991)</u>
	<u>(56,761)</u>	<u>(70,993)</u>
	<u>\$ 301,615</u>	<u>\$ 226,869</u>

See notes to consolidated financial statements.

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Statements of Operations

	<i>For the Years Ended December 31,</i>	
	<u>2020</u>	<u>2019</u>
Revenue		
Franchise fees	\$ 57,250	\$ 17,500
Royalty fees	221,638	294,967
Rebate income	<u>32,163</u>	<u>30,456</u>
	<u>311,051</u>	<u>342,923</u>
General and Administrative Expenses		
Salaries and wages	27,340	20,000
Payroll taxes and employee benefits	6,234	2,056
Insurance	22,495	23,891
Professional fees	48,911	47,238
Sales consulting	24,000	33,647
Commissions	15,300	2,800
Gift card expense	2,044	3,385
Travel	19,712	5,094
Management fees	68,100	137,460
Advertising	4,001	4,510
Supplies	45,863	68,910
Bank charges	1,761	361
Taxes, licenses, and fees	2,250	2,700
Office	<u>1,016</u>	<u>712</u>
	<u>289,027</u>	<u>352,764</u>
Income (Loss) Before Other Income	22,024	(9,841)
Other Income	<u>2,000</u>	<u>-</u>
Net Income (Loss)	<u>\$ 24,024</u>	<u>\$ (9,841)</u>

See notes to consolidated financial statements.

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholder's (Deficiency)

	For the Years Ended December 31, 2020 and 2019				
	Common Stock		Additional Paid-In Capital	Accumulated (Deficit)	Total Stockholder's (Deficiency)
	Shares	Amount			
Balance - January 1, 2019	220	\$ 71,000	\$ 134,998	\$ (252,738)	\$ (46,740)
Distributions	-	-	-	(14,412)	(14,412)
Net (loss)	-	-	-	(9,841)	(9,841)
Balance - January 1, 2020	220	71,000	134,998	(276,991)	(70,993)
Distributions	-	-	-	(9,792)	(9,792)
Net Income	-	-	-	24,024	24,024
Balance - December 31, 2020	<u>220</u>	<u>\$ 71,000</u>	<u>\$ 134,998</u>	<u>\$ (262,759)</u>	<u>\$ (56,761)</u>

See notes to consolidated financial statements.

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	<i>For the Years Ended December 31,</i>	
	<i>2020</i>	<i>2019</i>
<i>Cash Flows from Operating Activities</i>		
Net income (loss)	\$ 24,024	\$ (9,841)
Adjustments to reconcile net income (loss) to net cash (used in) operating activities:		
Changes in operating assets and liabilities:		
<i>(Increase) decrease in:</i>		
Accounts receivable	(16,000)	(987)
Deferred commissions	29,300	(45,700)
<i>Increase (decrease):</i>		
Accounts payable	(2,308)	(2,353)
Accrued commissions	(14,000)	(14,000)
Gift cards payable	5,362	(2,139)
Deferred revenue	(82,250)	69,500
	<u>(20,872)</u>	<u>(5,520)</u>
<i>Cash Flows from Financing Activities</i>		
Distribution to stockholder	(9,792)	(14,412)
Proceeds from loan payable - SBA - PPP	3,810	-
Proceeds from economic injury disaster loan	149,900	-
	<u>143,918</u>	<u>(14,412)</u>
<i>Net Increase (Decrease) in Cash</i>	123,046	(19,932)
<i>Cash - beginning</i>	41,152	61,084
<i>Cash - end</i>	\$ 164,198	\$ 41,152

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2020 and 2019

1 - ORGANIZATION

Squisito Franchise Enterprises, Inc. ("Squisito") and its wholly-owned subsidiary Squisito Too, LLC (the "Subsidiary") are collectively the "Company". Squisito is a Maryland corporation organized and incorporated on May 21, 2010. Squisito was formed to grant the rights to own and operate the *Squisito Pizza and Pasta* concept. The Subsidiary, a Maryland LLC, was formed in May 2015, under Meatballs LLC and rebranded as Squisito Too subsequent to December 31, 2019, to grant the rights to own and operate the "Squisito Too" concept. The *Squisito Pizza and Pasta* concept is a fast, casual restaurant offering pizzas, pastas, salads, and sandwiches. The Squisito Too concept is a fast fine "build your own" concept restaurant starting with a meatball and a variety of protein options, and building a salad bowl, sub, slider, and piada. Franchises are granted in restricted geographical territories ("Franchised Business"). The Company shall grant each franchisee a transferable right and sublicense to use the proprietary methods, the proprietary marks, and to provide services in accordance with the Franchised Businesses. The Franchised Business consists of certain trade names, service marks, trademarks, logos, and emblems. Prior to the formation of the Company, trademark licenses were granted, giving the licensees the right to use the marks and logo of *Squisito Pizza and Pasta*. During the year ended December 31, 2020 Squisito franchise granted one franchise which opened in 2020 and one franchise closed. As of December 31, 2020, Squisito had five operating franchises. Squisito Too had one operating franchise that opened in 2020 and three franchises that had not opened. As of December 31, 2019, Squisito had five operating franchises and one franchise that had not opened, and Squisito Too, previously Meatballs, granted five franchises that had not opened. In addition, the Company has four and six licensees as of December 31, 2020 and 2019, respectively.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Squisito and its wholly-owned subsidiary Meatballs etc. LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

b. Revenue Recognition

The Company adopted Accounting Standards Codification ("ASC") 606 - Revenue from Contracts with Customers ("ASC 606") as of January 1, 2019 using the full retrospective method. Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied, and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

Franchise Fees - Franchise fees, which are typically received prior to completion of the revenue recognition process, are initially recorded as deferred revenue. Initial franchise fees, which are nonrefundable, are recognized per ASC 606 over the life of the franchise agreement, as defined. Related direct franchise sales costs are deferred and amortized as they relate to the deferred revenue.

Royalty Fees - Royalty fees are recognized weekly based on gross sales, as defined in the franchise agreement.

Rebate Income - The Company receives a rebate (a percentage of franchisee purchases) from approved vendors.

- c. **Estimates** - The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.
- d. **Cash Equivalents** - Cash equivalents, if any, consist of liquid investments with maturities of three months or less at the time of purchase. There are no cash equivalents as of December 31, 2020 and 2019.
- e. **Accounts Receivable** - Accounts receivable are recorded at their estimated realizable value after reduction for an allowance for estimated uncollectible accounts. The allowance for uncollectible accounts is determined primarily through specific identification and evaluation of significant past due amounts, supplemented by an estimate applied to the remaining balance of past due accounts, which is based on historical experience. At December 31, 2020 and 2019, no allowance for doubtful accounts was deemed necessary.
- f. **Gift Cards Payable** - Gift cards payable represents funds received for the sale of gift cards that have not yet been activated and/or redeemed.
- g. **Advertising** - Advertising costs are expensed as incurred.
- h. **Income Taxes** - Squisito has elected to be taxed as an S Corporation under applicable federal and state statutes. Accordingly, the Company is treated for income tax purposes substantially as a partnership, instead of as a corporation and, therefore, there is no provision for federal or state income taxes. The subsidiary is a single-member LLC and, as such, is a disregarded entity for tax purposes.

The Company follows the accounting for uncertainty in income taxes guidance, which clarifies the accounting and disclosures for uncertainty in income taxes recognized in the Company's consolidated financial statements and addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position.

The Company did not have material unrecognized tax benefits as of December 31, 2020, and does not expect this to change significantly over the next 12 months. The Company will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

- i. **Management Fees** - The Company operates out of a facility in Annapolis, Maryland, leased by a related party. The Company reimbursed the related party for administrative expense, recorded in *management fees*, of approximately \$68,100 and \$137,500 for the years ended December 31, 2020 and 2019, respectively.

- j. **Paycheck Protection Program Loan (PPP)** - The Company has chosen to account for the loans under FASB ASC 470, Debt. Repayment amounts due within one year are recorded as current liabilities, and the remaining amounts due in more than one year, if any, as long-term liabilities. In accordance with ASC 835, Interest, no imputed interest is recorded as the below market interest rate applied to this loan is governmentally prescribed. If the Company is successful in receiving forgiveness for those portions of the loan used for qualifying expenses, those amounts will be recorded as a gain upon extinguishment as noted in ASC 405, Liabilities. See note 4.
- k. **Reclassifications** - Certain prior year amounts have been reclassified to conform with the current year's presentation.

3 - RELATED PARTY TRANSACTIONS

The Company's five license agreements at December 31, 2020, are with family members of the sole stockholder, who own and operate businesses of the type being franchised. The licensees did not pay an initial license fee, nor do they pay any continuing fees. During 2020, one licensed location was purchased by a franchisee and began operating as a franchisee in September 2020.

The Company's trademark affiliate, headquartered at the Company's address, owns the proprietary marks licensed to the Company without cost, which the Company sublicenses to its franchisees. During November 2013, the Company advanced \$60,000 to its sole stockholder. Such advances are noninterest-bearing, unsecured, and have no stated repayment terms.

In 2020, the Company deposited funds belonging to a related party in error amounting to approximately \$4,000, included in accounts payable on the balance sheet at December 31, 2020. These funds were repaid in 2021.

4 - LOAN PAYABLE - SBA - PPP

In April 2020, the Company obtained funding through the Small Business Administration ("SBA") Paycheck Protection Program ("PPP") for \$3,810. The loan may be fully forgiven if the funds are used for payroll costs, interest on mortgages, rent, and utilities, with at least 60% being used for payroll. Forgiveness will be reduced if full-time headcount declines, or if salaries and wages decrease. Loan payments will also be deferred for ten months. No collateral or personal guarantees were required for the loan. This loan has an interest rate of 1% and a maturity of 2 years, which can be extended to up to 5 years if the Company and the lender agree.

5 - ECONOMIC INJURY DISASTER LOAN

In June 2020, the Company obtained an Economic Injury Disaster Loan ("EIDL") for \$149,900 through the SBA. The loan has a fixed rate of 3.75% with monthly payments of \$750. There are no pre-payment penalties or fees. The EIDL is not forgivable. The first payment is deferred two years and interest accrues during the deferral period. The proceeds of the loan must be used for working capital and normal operating expenses.

As part of the EIDL, the Company received an EIDL advance of \$2,000. This amount was based on the number of employees listed on the Company's EIDL application, \$1,000 per employee. The EIDL advance does not have to be repaid, and therefore has been classified as "other income" on the statements of operations.

6 - COMMITMENTS AND CONTINGENCIES

COVID-19 - The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Company, except as described in Note 4 with respect to the funding obtained from the Small Business Administration (SBA).

7 - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality credit institutions. Cash in banks is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution, per entity. At times cash in the bank may exceed the FDIC limit.

8 - SUBSEQUENT EVENTS

The Company's management has evaluated subsequent events through May 18, 2021, the date the consolidated financial statements were available to be issued.

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Financial Statements

December 31, 2019 and 2018

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Table of Contents

December 31, 2019 and 2018

	PAGE
INDEPENDENT AUDITORS' REPORT	1-2
CONSOLIDATED FINANCIAL STATEMENTS	
Balance Sheets	3
Statements of Operations	4
Statements of Changes in Stockholder's Equity (Deficiency)	5
Statements of Cash Flows.....	6
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.....	7-9

INDEPENDENT AUDITORS' REPORT

To the Stockholder
Squisito Franchise Enterprises, Inc. and Subsidiary
Annapolis, Maryland

We have audited the accompanying consolidated financial statements of Squisito Franchise Enterprises, Inc. and Subsidiary, which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in stockholder's equity (deficiency), and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Squisito Franchise Enterprises, Inc. and Subsidiary as of December 31, 2019 and 2018, and the results of their operations and their cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Notes 2b and 3 to the financial statements, the Company adopted Accounting Standards Codification 606 - Revenue from Contracts with Customers as of January 1, 2019. Our opinion is not modified with respect to that matter.

Raich Ende Malter & Co. LLP

RAICH ENDE MALTER & CO. LLP

Melville, New York
April 24, 2020

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Balance Sheets

	<i>December 31,</i>	
	<i>2019</i>	<i>2018</i>
ASSETS		
Current Assets		
Cash	\$ 41,152	\$ 61,084
Accounts receivable	5,817	4,830
Franchise fee receivable	35,000	35,000
Deferred commissions	<u>84,900</u>	<u>39,200</u>
	166,869	140,114
Other Assets		
Due from stockholder	<u>60,000</u>	<u>60,000</u>
	<u>\$ 226,869</u>	<u>\$ 200,114</u>
LIABILITIES AND STOCKHOLDER'S (DEFICIENCY)		
Current Liabilities		
Accounts payable	\$ 7,995	\$ 10,348
Accrued commissions	14,000	28,000
Gift cards payable	36,617	38,756
Deferred revenue	<u>239,250</u>	<u>169,750</u>
	<u>297,862</u>	<u>246,854</u>
Stockholder's (Deficiency)		
Common stock - no par value - 1,000 shares authorized; 110 shares issued and outstanding	71,000	71,000
Additional paid-in capital	134,998	134,998
Accumulated (deficit)	<u>(276,991)</u>	<u>(252,738)</u>
	<u>(70,993)</u>	<u>(46,740)</u>
	<u>\$ 226,869</u>	<u>\$ 200,114</u>

See notes to consolidated financial statements.

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Statements of Operations

	<i>For the Years Ended December 31,</i>	
	<i>2019</i>	<i>2018</i>
Revenue		
Franchise fees	\$ 17,500	\$ 14,000
Royalty fees	294,967	206,668
Rebate income	30,456	23,173
	<u>342,923</u>	<u>243,841</u>
General and Administrative Expenses		
Salaries and wages	20,000	-
Payroll taxes	2,056	-
Insurance	23,891	18,550
Professional fees	47,238	40,264
Sales consulting	33,647	55,091
Commissions	2,800	2,100
Gift card expense	3,385	12,069
Travel	5,094	6,670
Management fees	137,460	59,035
Advertising	4,510	2,830
Supplies	68,910	75,146
Bank charges	361	15,845
Registration fees	2,700	1,000
Taxes and licenses	-	650
Office	712	34
	<u>352,764</u>	<u>289,284</u>
Net (Loss)	<u>\$ (9,841)</u>	<u>\$ (45,443)</u>

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Statements of Changes in Stockholder's Equity (Deficiency)

	For the Years Ended December 31, 2019 and 2018				
	Common Stock		Additional Paid-In Capital	Accumulated (Deficit)	Total Stockholder's Equity (Deficiency)
	Shares	Amount			
Balance - January 1, 2018 - previously stated	110	\$ 71,000	\$ 134,998	\$ (141,845)	\$ 64,153
Cumulative effect of adjustments due to adoption of new revenue standard	-	-	-	(65,450)	(65,450)
Balance - January 1, 2018 - amended	110	71,000	134,998	(207,295)	(1,297)
Net (loss)	-	-	-	(45,443)	(45,443)
Balance - December 31, 2018	220	142,000	269,996	(252,738)	(46,740)
Distributions	-	-	-	(14,412)	(14,412)
Net (loss)	-	-	-	(9,841)	(9,841)
Balance - December 31, 2019	220	\$ 142,000	\$ 269,996	\$ (276,991)	\$ (70,993)

See notes to consolidated financial statements.

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Consolidated Statements of Cash Flows

	<i>For the Years Ended December 31,</i>	
	<i>2019</i>	<i>2018</i>
<i>Cash Flows from Operating Activities</i>		
Net (loss)	\$ (9,841)	\$ (45,443)
Adjustments to reconcile net (loss) to net cash provided by (used in) operating activities:		
Prior period adjustment	-	44,100
Changes in operating assets and liabilities:		
(Increase) decrease in:		
Accounts receivable	(987)	(1,973)
Franchise fee receivable	-	35,000
Deferred commissions	(45,700)	-
Increase (decrease):		
Accounts payable	(2,353)	9,534
Accrued commissions	(14,000)	14,000
Gift cards payable	(2,139)	20,889
Deferred revenue	69,500	(35,000)
	<u>(5,520)</u>	<u>41,107</u>
<i>Cash Flows from Financing Activities</i>		
Distribution to stockholder	<u>(14,412)</u>	-
<i>Net Increase (Decrease) in Cash</i>	(19,932)	41,107
<i>Cash - beginning</i>	<u>61,084</u>	<u>19,977</u>
<i>Cash - end</i>	<u>\$ 41,152</u>	<u>\$ 61,084</u>

See notes to consolidated financial statements.

SQUISITO FRANCHISE ENTERPRISES, INC. AND SUBSIDIARY

Notes to Consolidated Financial Statements

December 31, 2019 and 2018

1 - ORGANIZATION

Squisito Franchise Enterprises, Inc. ("Squisito") and its wholly-owned subsidiary Meatballs Etc. LLC (the "subsidiary") are collectively the "Company". Squisito is a Maryland corporation organized and incorporated on May 21, 2010. Squisito was formed to grant the rights to own and operate the *Squisito Pizza and Pasta* concept. The subsidiary, a Maryland LLC, was formed in May 2015 to grant the rights to own and operate the "Meatballs" concept. The *Squisito Pizza and Pasta* concept is a fast, casual restaurant offering pizzas, pastas, salads, and sandwiches. The Meatball concept is a fast fine "build your own" concept restaurant starting with a meatball and a variety of protein options, and building a salad bowl, sub, slider, and piada. Franchises are granted in restricted geographical territories ("Franchised Business"). The Company shall grant each franchisee a transferable right and sublicense to use the *System*, the proprietary methods, the proprietary marks, and to provide services in accordance with the Franchised Businesses. The Franchised Business consists of certain trade names, service marks, trademarks, logos, and emblems. Prior to the formation of the Company, trademark licenses were granted, giving the licensees the right to use the marks and logo of *Squisito Pizza and Pasta*. As of December 31, 2019, Squisito has five operating franchises and one franchise that had not opened, and Meatballs granted five franchises that had not opened. As of December 31, 2018, Squisito had five operating franchisees and one franchise that had not opened, and no franchises had been granted by Meatballs. In addition, Squisito has five licensees as of December 31, 2019 and 2018, and Meatballs has one licensee as of December 31, 2019 and 2018. Subsequent to December 31, 2019, Meatballs concept has been rebranded to Squisito Too. All franchises granted by Meatballs have been rebranded to Squisito Too Restaurants.

2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Principles of Consolidation

The accompanying consolidated financial statements include the accounts of Squisito and its wholly-owned subsidiary Meatballs etc. LLC. All material intercompany accounts and transactions have been eliminated in consolidation.

b. Revenue Recognition

The Company adopted Accounting Standards Codification ("ASC") 606 - Revenue from Contracts with Customers ("ASC 606") as of January 1, 2019 using the full retrospective method. This method allows the Company to apply ASC 606 to new contracts entered into after December 31, 2018, and to restate the prior reporting period presented. (See Note 3).

Under ASC 606, a performance obligation is a promise within a contract to transfer a distinct good or service, or a series of distinct goods and services, to a customer. Revenue is recognized when performance obligations are satisfied, and the customer obtains control of promised goods or services. The amount of revenue recognized reflects the consideration to which the Company expects to be entitled to receive in exchange for goods or services. Under the standard, a contract's transaction price is allocated to each distinct performance obligation. To determine revenue recognition for arrangements that the Company determines are within the scope of ASC 606, the Company performs the following five steps: (i) identifies the contracts with a customer; (ii) identifies the performance obligations within the contract, including whether they are distinct and capable of being distinct in the context of the contract; (iii) determines the transaction price; (iv) allocates the transaction price to the performance obligations in the contract; and (v) recognizes revenue when, or as, the Company satisfies each performance obligation.

Franchise Fees - Franchise fees, which are typically received prior to completion of the revenue recognition process, are initially recorded as deferred revenue. Initial franchise fees, which are nonrefundable, are recognized per ASC 606 over the life of the franchise agreement, as defined. Related direct franchise sales costs are deferred and amortized as they relate to the deferred revenue.

Royalty Fees - Royalty fees are recognized weekly based on gross sales, as defined in the franchise agreement.

Rebate Income - The Company receives a rebate (a percentage of franchisee purchases) from approved vendors.

- c. **Estimates** - The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the dates of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from those estimates.
- d. **Cash Equivalents** - Cash equivalents, if any, consist of liquid investments with maturities of three months or less at the time of purchase. There are no cash equivalents as of December 31, 2019 and 2018.
- e. **Accounts Receivable** - Accounts receivable are recorded at their estimated realizable value after reduction for an allowance for estimated uncollectible accounts. The allowance for uncollectible accounts is determined primarily through specific identification and evaluation of significant past due amounts, supplemented by an estimate applied to the remaining balance of past due accounts, which is based on historical experience. At December 31, 2019 and 2018, no allowance for doubtful accounts was deemed necessary.
- f. **Gift Cards Payable** - Gift cards payable represents funds received for the sale of gift cards that have not yet been activated and/or redeemed.
- g. **Advertising** - Advertising costs are expensed as incurred.
- h. **Income Taxes** - Squisito has elected to be taxed as an S Corporation under applicable federal and state statutes. Accordingly, the Company is treated for income tax purposes substantially as a partnership, instead of as a corporation and, therefore, there is no provision for federal or state income taxes. The subsidiary is a single-member LLC and, as such, is a disregarded entity for tax purposes.

The Company follows the accounting for uncertainty in income taxes guidance, which clarifies the accounting and disclosures for uncertainty in income taxes recognized in the Company's consolidated financial statements and addresses the determination of whether tax benefits claimed or expected to be claimed on a tax return should be recorded in the consolidated financial statements. The Company may recognize the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained upon examination by the taxing authorities based on the technical merits of the position.

The Company did not have material unrecognized tax benefits as of December 31, 2019, and does not expect this to change significantly over the next 12 months. The Company will recognize interest and penalties accrued on any unrecognized tax benefits as a component of income tax expense.

- i. **Management Fees** - The Company operates out of a facility, in Annapolis, Maryland, leased by a related party. The Company reimbursed the related party for administrative expense, recorded in *management fees*, of approximately \$137,500 and \$59,000 for the years ended December 31, 2019 and 2018, respectively.

- j. **Reclassifications** - Certain prior year amounts have been reclassified to conform with the current year's presentation.

3 - EFFECT OF ADJUSTMENTS DUE TO ADOPTION OF NEW REVENUE STANDARD

Retained earnings at January 1, 2018 has been restated due to the implementation of ASC 606. As such, deferred revenue has been increased at December 31, 2017 by \$78,750, deferred commissions has been increased by \$13,300 and retained earnings has been decreased by \$65,450. In addition, revenue for the year ended December 31, 2018 has been decreased by \$56,000 and expenses have been decreased by \$11,900. Deferred revenue at December 31, 2018 has been increased by \$134,750 and deferred commissions at December 31, 2018 has increased by \$25,200.

4 - RELATED PARTY TRANSACTIONS

The Company's six license agreements are with family members of the sole stockholder, who own and operate businesses of the type being franchised. The licensees did not pay an initial license fee, nor do they pay any continuing fees.

The Company's trademark affiliate, headquartered at the Company's address, owns the proprietary marks licensed to the Company without cost, which the Company sublicenses to its franchisees. During November 2013, the Company advanced \$60,000 to its sole stockholder. During 2019, the Company advanced another \$14,412 to its sole stockholder throughout the year. Such advances are noninterest-bearing, unsecured, and have no stated repayment terms.

5 - COMMITMENTS

In February 2017, the Company entered into a consulting agreement for franchise sales services. The agreement was for five, one year terms. The consultant was to receive a fee each month to manage leads, plus an additional fee for each sale. Sale fees varied depending upon the number of units sold. During July 2018, this agreement was terminated. Fees to this consultant incurred for the year ended December 31, 2018 amounted to \$49,341, in the accompanying consolidated statements of operations. Subsequent to the balance sheet date, this agreement has been renewed thru December 31, 2020, at \$3,000 per month.

6 - CONCENTRATION OF CREDIT RISK

The Company's financial instruments that are exposed to concentrations of credit risk consist primarily of cash. The Company places its cash with high quality credit institutions. Cash in banks is insured by the Federal Deposit Insurance Corporation ("FDIC") up to \$250,000 per institution, per entity. At times cash in the bank may exceed the FDIC limit.

7 - SUBSEQUENT EVENTS

The World Health Organization characterized the COVID-19 virus as a global pandemic on March 11, 2020. The duration and economic impact of this pandemic are uncertain. At this time, management is unable to quantify its potential effects on the operations and financial performance of the Company.

Subsequent events have been evaluated through April 24, 2020, the date the consolidated financial statements were available to be issued.

EXHIBIT B TO THE DISCLOSURE DOCUMENT
FRANCHISE AGREEMENT

SQUISITO FRANCHISE ENTERPRISES, INC.

FRANCHISE AGREEMENT

FRANCHISEE

DATE

- ☐ Squisito® Pizza and Pasta Restaurant
- ☐ Squisito Too Restaurant

TABLE OF CONTENTS

ARTICLE I: GRANT	2
ARTICLE II: SITE SELECTION, PLANS AND CONSTRUCTION	3
ARTICLE III: TERM AND RENEWAL	5
ARTICLE IV: FEES.....	7
ARTICLE V: OUR OBLIGATIONS	9
ARTICLE VI: YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS.....	10
ARTICLE VII: FRANCHISE OPERATIONS	15
ARTICLE VIII: MARKETING AND RELATED FEES.....	19
ARTICLE IX: MARKS.....	23
ARTICLE X: CONFIDENTIALITY AND NON-COMPETITION COVENANTS	25
ARTICLE XI: BOOKS AND RECORDS.....	29
ARTICLE XII: INSURANCE.....	30
ARTICLE XIII: DEBTS AND TAXES	32
ARTICLE XIV: TRANSFER OF INTEREST	33
ARTICLE XV: INDEMNIFICATION.....	38
ARTICLE XVI: RELATIONSHIP OF THE PARTIES	40
ARTICLE XVII: TERMINATION	41
ARTICLE XVIII: POST-TERMINATION	45
ARTICLE XIX: MISCELLANEOUS	49
ARTICLE XX: TECHNOLOGY	55
ARTICLE XXI: SECURITY INTERESTS.....	57
ARTICLE XXII: YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS	58

ATTACHMENTS

- 1 - Accepted Location and Territory
- 2 - Trademarks
- 3 - Collateral Assignment of Lease
- 4 - Statement of Ownership Interests
- 5 - Confidentiality and Non-Competition Agreement
- 6 - Electronic Transfer Authorization
- 7 - Internet Websites and Listings Agreement; Telephone Listing Agreement
- 8 - Power of Attorney (Tax)
- 9- Franchisee Acknowledgement Statement
- 10- Spousal Guaranty
- 11- General Release

SQUISITO FRANCHISE ENTERPRISES, INC.

FRANCHISE AGREEMENT

THIS FRANCHISE AGREEMENT (the “Agreement”) is made and entered into by and between Squisito Franchise Enterprises, Inc., a Maryland corporation having its principal place of business at 2024 West St. #302, Annapolis, Maryland 21401 (“we”, “us” or “our”) and _____, a(n) _____, with its principal place of business located at _____ and _____’s principals _____, an individual residing at _____ and _____, an individual residing at _____ (“Principal(s)”). _____ and Principal(s) shall be collectively referred to in this Agreement as (“Franchisee”, “you” or “your”) on the date this Agreement is executed by us below (the “Effective Date”).

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of restaurants under the name “Squisito® Pizza and Pasta” providing guests a “true authentic Italian” experience in fast casual environment offering pizzas, pastas, salads and sandwiches created with the finest and freshest quality ingredients on a dine-in and take-out basis and under the name “Squisito® Pizza and Pasta Too” (“Squisito Too”) providing guests a “true authentic Italian” experience in fast casual environment offering build your own pasta bowls, build your own pasta bowls, build your own pizzas, build your own salad bowls, subs, and wraps;

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

WHEREAS, we identify the System by means of certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including, but not limited to, the marks “Squisito®”, “Squisito® Pizza and Pasta”, “Squisito Pizza and Pasta Too” and the logo associated therewith, and such other trade names, service marks, and trademarks as are now designated (and may hereafter be designated by us in writing) for use in connection with the System (hereinafter referred to collectively as “Marks”);

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

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

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

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

ARTICLE I: GRANT

1.1 Grant of Franchise

In reliance on the representations and warranties of you and your Principals (as defined in Section 19.18) hereunder, we hereby grant to you, upon the terms and conditions in this Agreement, the right and license, and you hereby accept the right and obligation, to operate a Squisito® Pizza and Pasta Restaurant or Squisito Too Restaurant under the Marks and the System in accordance with this Agreement (“Restaurant” or “Franchised Business”). You and the Principals have represented to us that you have entered into this Agreement with the intention to comply fully with the obligations to construct a Restaurant hereunder and not for the purpose of reselling the rights to develop the Restaurant hereunder. You and the Principals understand and acknowledge that we have granted such rights in reliance on the business skill, financial capacity, personal character of, and expectations of performance hereunder by, you and the Principals and that this Agreement and the rights and obligations hereunder may not be transferred until after the Restaurant is open for business to the public in accordance with Section 2.6, and then only in accordance with Article XIV hereof.

1.2 Accepted Location

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

1.3 Relocation

If you are unable to continue the operation of the Restaurant at the Accepted Location because of the occurrence of a force majeure event (as described in Section 17.1.3(c)), then you may request our approval to relocate the Restaurant to another location in the Territory, as that term is defined below, which approval shall not be unreasonably withheld. Any other relocation outside the Territory or a relocation of the Restaurant not caused by force majeure shall also be subject to our prior approval. If we elect to grant you the right to relocate the Restaurant, then you shall comply with the site selection and construction procedures set forth in Article II.

1.4 Territory

Upon the execution of this Agreement, you will be assigned an exclusive territory (the “Territory”) that will also be described in Attachment A. If your Restaurant will be located in a suburban area, your Territory will be a maximum of a two (2) mile radius around the Restaurant. If your Restaurant will be located in a densely populated area, we reserve the right to limit your Territory to as little as one-eighth (1/8) of a mile. Except as provided in this Agreement, and subject to your and the Principals’ material compliance with this Agreement, any other agreement among you or any of your affiliates (defined for the purposes hereof as any entity that is controlled by, controlling or under common control with such other entity) and us, we shall not establish or authorize any other person or entity, other than you, to establish a Restaurant in the Territory during the term of this Agreement and any extensions hereof. You acknowledge and understand that the rights granted hereunder pertain only to the establishment of a Restaurant. You acknowledge and agree that our affiliates currently operate, or may in the future operate, restaurants under different marks and with operating systems that are the same as or similar to the System, and that any such

restaurants might compete with your Restaurant. You further agree and acknowledge that the license granted hereby is only for the operation of one (1) Restaurant and only at a location approved by us.

1.5 Our Reserved Rights

Except as expressly limited by Section 1.4, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any products and services outside of your Territory, including, without limitation, the right:

1.5.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Territory, and under any terms and conditions we deem appropriate. “Alternative distribution channels” include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other direct marketing sales;

1.5.2 to operate and to grant others the right to operate Restaurants located outside the Territory under any terms and conditions we deem appropriate and regardless of proximity to your Restaurant;

1.5.3 to operate and to grant others the right to operate Restaurants at non-traditional sites within and outside the Territory under any terms and conditions we deem appropriate; and

1.5.4 to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Territory.

As used in this Agreement, Non-Traditional Sites shall include, without limitation, military bases, shopping malls, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, beaches, parks and other seasonal facilities, government buildings and establishments, prisons, hospitals, convenience stores, cafeterias, snack bars, trucks, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

ARTICLE II: SITE SELECTION, PLANS AND CONSTRUCTION

2.1 Your Responsibility to Locate a Site

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

2.2 Site Selection

2.2.1 Prior to acquiring by lease or purchase a site for the Restaurant, you shall locate a site for the Restaurant that satisfies the site selection guidelines provided to you by us pursuant to Section 5.1 and shall submit to us in the form specified by us a description of the site, including evidence reasonably

satisfactory to us demonstrating that the site satisfies our site selection guidelines, together with a written request for our approval of the proposed site and such other information and materials as we may reasonably require, including, but not limited to, a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. You understand that in reviewing your request for approval, we shall rely, to a certain extent, on your analysis of the proposed site, your knowledge of the local area, history of restaurant performance in the market area and other research you have conducted. We shall have thirty (30) days after receipt of your request and all required information and materials to approve or disapprove, in our sole discretion, the proposed site as the location for the Restaurant. You understand and acknowledge that nothing herein requires us to approve a site. We shall, in accordance with Section 5.2, provide location assistance, at your expense. No site may be used for the location of the Restaurant unless it is first accepted in writing by us. You acknowledge and agree that our approval of your request regarding a location for the Restaurant is not a warranty or guaranty, express or implied, that you will achieve any particular level of success at the location or that your Restaurant will be profitable. Our approval of your request regarding a location for the Restaurant only signifies that the location has met our then-current minimum criteria for a Squisito® Pizza and Pasta Restaurant or Squisito Too Restaurant.

2.2.2 If you elect to purchase the premises for the Restaurant, you shall submit a copy of the proposed contract of sale to us for our written approval prior to its execution and shall furnish to us a copy of the executed contract of sale within ten (10) days after execution. If you will occupy the premises of the Restaurant under a lease or sublease, you shall submit a copy of the lease or sublease to us for written approval prior to its execution and shall furnish to us a copy of the executed lease or sublease within ten (10) days after execution. No lease or sublease for the Restaurant premises shall be accepted by us unless a Collateral Assignment of Lease, prepared by us and executed by us, you and the lessor or sublessor, in substantially the form attached as Attachment 3, is attached to the lease and incorporated therein. We shall have ten (10) days after receipt of the lease, sublease or the proposed contract of sale to either approve or disapprove such documentation prior to its execution.

2.2.3 After a location for the Restaurant is accepted by us and acquired by you pursuant to this Agreement the location shall be described in Attachment A.

2.3 Zoning Clearances, Permits and Licenses

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

2.4 Design of Restaurant

You must obtain any architectural, engineering and design services you deem necessary for the construction of the Restaurant at your own expense from an architectural design firm approved by us, which approval shall not be unreasonably withheld. All architectural and design plans must include interior and exterior architecture and design features according to our specifications. You shall adapt the prototypical architectural and design plans and specifications for construction of the Restaurant provided to you by us in accordance with Section 5.3 as necessary for the construction of the Restaurant and shall submit such adapted plans to us for our review. If we determine, in our reasonable discretion, that any such plans are not consistent with the best interests of the System, we may prohibit the implementation of such plans, and

in this event will notify you of any objection(s) within ten (10) days of receiving such plans. If we fail to notify you of an objection to the plans within this time period, you may use such plans. If we object to any such plans, we shall provide you with a reasonably detailed list of changes necessary to make the plans acceptable. We shall, upon a re-submission of the plans with such changes, notify you within ten (10) days of receiving the resubmitted plans whether the plans are acceptable. If we fail to notify you in writing of any objection within such time period, you may use the resubmitted plans. You acknowledge that our review of such plans relates only to compliance with the System and that acceptance by us of such plans does not constitute a representation, warranty, or guarantee, express or implied, by us that such plans are accurate or free of error concerning their design or structural application.

2.5 Build-Out of Restaurant

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

2.6 Opening Date; Time is of the Essence

You acknowledge that time is of the essence. Subject to your compliance with the conditions stated below, you shall open the Restaurant and commence business by the date identified on Attachment A hereto, unless you obtain an extension of such time period from us in writing. The date the Restaurant actually opens for business to the public is herein called the "Opening Date". Prior to opening, you shall complete all exterior and interior preparations for the Restaurant, including installation of equipment, fixtures, furnishings and signs, pursuant to the plans and specifications reasonably approved by us, and shall comply with all of your other pre-opening obligations, including, but not limited to, those obligations described in Sections 6.2 through 6.7, to our reasonable satisfaction. If you fail to reasonably comply with any of such obligations, we shall have the right to prohibit you from commencing business.

ARTICLE III: TERM AND RENEWAL

3.1 Term

Unless sooner terminated as provided in Article XVII hereof, the term of this Agreement shall continue from the Effective Date for a period of ten (10) years (the "Initial Term").

3.2 Renewal

This Agreement shall automatically renew for one (1) additional term of ten (10) years, as set forth in this Section 3.2.

3.2.1 You shall have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, your

lease or sublease and all other agreements between you and us or companies or persons associated or affiliated with us.

3.2.2 We shall, not later than six (6) months before the expiration of the Initial Term, provide you with any documents that you are required to execute for the renewal term, which documents may include, but are not limited to, a general release, our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of business franchises (all of which will contain terms and fees substantially the same as those included in Franchise Agreements being executed at the time of renewal, and which will not obligate you to pay a further initial franchise fee, but will require payment of the then-current renewal fee) (the "Renewal Franchise Documents"). The renewal fee you are required to pay to us will be 50% of the then-current initial franchise fee or reimbursement of our direct costs related to the renewal, whichever is greater.

3.2.3 You shall execute the Renewal Franchise Documents and all other documents and instruments that we require in order to renew this Agreement. You shall return the executed Renewal Franchise Documents to us, together with payment of our then-current renewal fee, by no later than the expiration date of the Initial Term. If we do not receive the executed documents and renewal fee by such expiration date, then this Agreement shall expire, you shall have no further rights under this Agreement, and you shall comply with the provisions of Article XVIII and any other provisions that survive termination or expiration of this Agreement.

3.2.4 After we have received from you all executed Renewal Franchise Documents and the renewal fee, we shall inspect your Franchised Business to determine the extent of any required updating, remodeling, redecorating or other refurbishment for the Franchised Business in order to bring the Franchised Business up to our then-current image and standards for new Squisito® Pizza and Pasta Restaurants. We will provide notice to you of the modifications you shall be required to make and you shall have six (6) months from the date of such notice to effectuate such modifications. If you fail or refuse to make the required modifications, we shall have the right to terminate the Renewal Franchise Documents.

3.3 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise if your lease, sublease or other document by which you have the right to occupy the Restaurant premises is not extended before your renewal term is to take effect to cover the period of the renewal or if you do not have a written commitment from your landlord to renew the lease or sublease for a period at least equal to the renewal term. We may also refuse to renew your franchise under other circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the Initial Term of this Agreement, if applicable.

3.4 Renewal Under Law

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

3.5 Your Election Not to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us any of the Renewal Franchise Documents required by us for a renewal franchise, together with payment of our then-current renewal fee, or if you provide written notice to us within the final sixty (60) days of the Initial Term indicating that you do not wish to renew this Agreement.

ARTICLE IV: FEES

4.1 Initial Franchise Fee

4.1.1 You shall pay to us an initial franchise fee of Thirty-Five Thousand Dollars (\$35,000) which shall be paid upon the execution of this Agreement. The amount of the initial franchise fee when so paid shall be deemed fully earned in consideration of the administrative and other expenses incurred by us in granting the franchise hereunder and for our lost or deferred opportunity to grant such franchise to any other party. If you or your Managers are unable to complete the initial training program to our satisfaction (after having provided you an opportunity to designate a replacement Manager), then we shall have the option, to be exercised in our discretion, to terminate this Agreement.

4.1.2 Notwithstanding the foregoing, if this Agreement is being executed pursuant to a Multi-Unit Operator Agreement between you (as multi-unit operator) and us and this Agreement is for your first Franchised Restaurant, then the initial franchise fee due has been paid in full under such Multi-Unit Operator Agreement and is being applied by us in full satisfaction of such initial franchise fee. If this Agreement is being executed pursuant to a Multi-Unit Operator Agreement and this Agreement is for your second (2nd) or later Franchised Restaurant, then the initial franchise fee payable hereunder shall be reduced by any applicable development fee credit heretofore paid to us under such Multi-Unit Operator Agreement, and the balance of the initial franchise fee shall be payable to us in a lump sum upon the earliest to occur of (i) ninety (90) days before the Restaurant is scheduled to open, or (ii) upon execution of the lease for the Restaurant premises.

4.2 Royalty Fees

4.2.1 During the term of this Agreement, you shall pay to us, in partial consideration for the rights herein granted, a continuing weekly royalty fee of six percent (6%) of Gross Sales (the "Royalty Fee"). Such Royalty Fee shall be due and payable each week based on the Gross Sales for the preceding week ending Sunday so that it is received by us by electronic funds transfer on or before the Wednesday following the end of each week, provided that such day is a business day. If the date on which such payments would otherwise be due is not a business day, then payment shall be due on the next business day.

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

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

4.2.4 If a state or local law in which the Restaurant is located prohibits or restricts in any way your ability to pay and our ability to collect Royalty Fees or other amounts based on Gross Sales derived from the sale of alcoholic beverages at the franchised Restaurant, then we and you shall increase the percentage rate for calculating Royalty Fees, and change the definition of Gross Sales to exclude sales of alcoholic beverages, in a manner such that the Royalty Fees to be paid by you, and received by us, shall be equal to such amounts as you would have been required to pay, and we would have received, if sales from alcoholic beverages were included in Gross Sales.

4.3 Creative Fund Contribution

In addition to the Royalty Fee described in Section 4.2 above, you agree to pay to us a Creative Fund contribution in an amount equal up to two percent (2%) of the Restaurant's Gross Sales. Such amount shall be contributed to a Creative Fund maintained by us, as described in Section 8.3 below. If the Creative Fund has not yet been established when this Agreement is executed by you and us, then you shall begin paying this marketing fee upon thirty (30) days' advance notice from us that the Creative Fund has been established. The Creative Fund contribution is payable to us at the same time and in the same manner as the Royalty Fee. Up to one-half (1/2) of your Creative Fund contribution (equal to one percent (1%) of Gross Sales) will count toward your local marketing requirement.

4.4 Payments to Us

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

4.5 Interest on Overdue Amounts

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

no such amounts are due and owing hereunder then such excess shall be repaid to the party that paid such interest.

4.6 Definition of Gross Sales

“Gross Sales” shall mean the total selling price of all services and products and all income of every other kind and nature related to the Restaurant (including, without limitation, income related to catering and delivery activities, and any sales or orders of food products or food preparation services provided from or related to the Restaurant), whether for cash or credit and regardless of collection in the case of credit. In the event of a cash shortage, the amount of Gross Sales shall be determined based on the records of the electronic cash register system and any cash shortage shall not be considered in the determination. Gross Sales expressly excludes taxes collected from your customers and paid to the appropriate taxing authority and customer refunds or adjustments.

4.7 Payment of Additional Fees

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

ARTICLE V: OUR OBLIGATIONS

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

5.1 Site Selection Assistance

We will provide our written site selection guidelines and such site selection assistance as we may deem advisable.

5.2 Location Assistance; On-Site Evaluation

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

5.3 Prototype Design Plans

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

5.4 Confidential Operations Manual

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

5.5 Visits and Evaluations

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

5.6 Marketing and Promotional Materials

We will provide certain marketing and promotional materials and information developed by us and/or our affiliate from time to time for use by you in marketing and conducting local marketing for the Restaurant at a reasonable cost to you. We shall have the right to review and approve or disapprove all marketing and promotional materials that you propose to use, pursuant to Article VIII.

5.7 Management and Operations Advice

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

5.8 Products for Resale

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

5.9 Approved Suppliers

We will provide a list of approved suppliers as described in Section 7.4 from time to time as we deem appropriate.

5.10 Initial Training Program

We will provide an initial training program for you and up to two (2) Managers, as well as other training programs in accordance with the provisions of Sections 6.4.1, 6.4.2 and 6.4.4.

5.11 Opening Assistance

We will provide on-site opening assistance at the Restaurant in accordance with the provisions of Section 6.4.2.

5.12 Creative Fund; Marketing Cooperatives

We fully intend to establish and administer a Creative Fund and/or marketing cooperatives in accordance with Article VIII.

ARTICLE VI: YOUR AGREEMENTS, REPRESENTATIONS, WARRANTIES AND COVENANTS

6.1 Use Commercially Reasonable Efforts

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

6.2 Representations of Corporate Entity

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

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

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

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

6.2.4 The execution of this Agreement and the consummation of the transactions contemplated hereby are within your corporate power, if you are a corporation, or if you are a limited liability company, permitted under your operating agreement, or if you are a partnership, permitted under your written partnership agreement and have been duly authorized by you;

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

6.2.6 If you are a corporation, limited liability company, partnership or other form of legal entity other than an individual, the direct and indirect ownership interests in you are accurately and completely described in Attachment 4. Further, if you are a corporation, you shall maintain at all times a current list of all owners of record and all beneficial owners of any class of voting securities in you or, if you are a limited liability company, partnership or other form of legal entity, you shall maintain at all times a current list of all owners of an interest in the partnership or entity. You shall immediately provide a copy of the updated list of all owners to us upon the occurrence of any change of ownership and otherwise make your list of owners available to us upon reasonable written request;

6.2.7 If you are a corporation, you shall maintain stop-transfer instructions against the transfer on your records of any of equity securities and each stock certificate representing stock of the corporation shall have conspicuously endorsed upon it a statement in a form satisfactory to us that it is held subject to all restrictions imposed upon assignments by this Agreement; provided, however, that the requirements of this Section shall not apply to the transfer of equity securities of a publicly held corporation (as defined in Section 19.18). If you are a partnership or limited liability company, your written agreement shall provide that ownership of an interest in the entity is held subject to all restrictions imposed upon transfers and assignments by this Agreement;

6.2.8 You must have provided us with your most recent financial statements. Such financial statements present fairly your financial position, at the dates indicated therein and with respect to you, the results of your operations and your cash flow for the years then ended. You agree that you shall

maintain at all times, during the term of this Agreement, sufficient working capital to fulfill your obligations under this Agreement. Each of the financial statements mentioned above shall be certified as true, complete and correct and shall have been prepared in conformity with generally accepted accounting principles applicable to the respective periods involved and, except as expressly described in the applicable notes, applied on a consistent basis. No material liabilities, adverse claims, commitments or obligations of any nature exist as of the date of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise, which are not reflected as liabilities on your financial statements.

6.2.9 If, after the execution of this Agreement, any person ceases to qualify as one of your Principals (defined in Section 19.18) or if any individual succeeds to or otherwise comes to occupy a position which would, upon designation by us, qualify him as one of your Principals, you shall notify us within ten (10) days after any such change and, upon designation of such person by us as one of your Principals or as a Principal, as the case may be, such person shall execute such documents and instruments (including, as applicable, this Agreement) as may be required by us to be executed by others in such positions;

6.2.10 Your Principals shall each execute and bind themselves to the confidentiality and non-competition covenants set forth in the Confidentiality and Non-Competition Agreement which forms Attachment 5 to this Agreement (see Sections 10.2.2 and 10.3.4). The Principals shall, jointly and severally, guarantee your performance of all of your obligations, covenants and agreements hereunder pursuant to the terms and conditions of the spousal guaranty contained herein, and shall otherwise bind themselves to the terms of this Agreement as stated herein; and

6.2.11 You and the Principals acknowledge and agree that the representations, warranties and covenants set forth above in Sections 6.2.1 through 6.2.10 are continuing obligations of you and the Principals, as applicable, and that any failure to comply with such representations, warranties and covenants shall constitute a material event of default under this Agreement. You and the Principals will cooperate with us in any efforts made by us to verify compliance with such representations, warranties and covenants.

6.3 Restaurant Managers; Bookkeeper

You shall designate and retain at all times three (3) managers, including a full-time general manager, a kitchen manager and another full-time manager (collectively, “Managers”), to direct the operation and management of the Restaurant. The Manager shall be responsible for the daily operation of the Restaurant and may be one of the Principals. Each Manager shall, during the entire period he serves as Manager, meet the following qualifications:

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

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

6.3.3 The Manager shall be an individual acceptable to us; and

6.3.4 The Manager shall satisfy the training requirements set forth in Section 6.4 and shall be certified by us. If, during the term of this Agreement, any Manager is not able to continue to serve in such capacity or no longer qualifies to act as such in accordance with this Section, you shall promptly notify us and designate a replacement within sixty (60) days after the Manager ceases to serve, such replacement being subject to the same qualifications listed above (including completing all training and obtaining all certifications required by us). You shall provide for interim management of the Restaurant

until such replacement is so designated, such interim management to be conducted in accordance with the terms of this Agreement. Any failure to materially comply with the requirements of this Section 6.3 shall be deemed a material event of default under Section 17.1.3(m) hereof.

You shall also hire a bookkeeper, subject to our approval, before the build-out of your Restaurant begins. Such bookkeeper shall track all expenses related to the construction and build-out of the Restaurant and, after the Opening Date, shall track all income and expenses of the Restaurant's operations. The bookkeeper shall provide us with such reports as we may require.

6.4 Training

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

6.4.1 Not later than sixty (60) days prior to the Opening Date, you and two (2) Managers (for a maximum of three (3) persons) shall attend and complete, to our reasonable satisfaction, our initial training program, including classroom training and training in an operating Restaurant at such location(s) as may be designated by us. If you wish to send additional employees to our initial training program, whether before the Restaurant opens or while the Restaurant is operating, you shall pay to us our then-current training fee for each additional trainee. You understand and acknowledge that, regardless of whether you intend to participate in the daily operation of your Restaurant, you shall be required to attend and satisfactorily complete the initial training program. You further understand and acknowledge that if you will not participate day-to-day in the operation of your Restaurant, then you shall send an additional Manager to the training program in order to ensure that you have at least three (3) qualified and trained Managers for the operation of your Restaurant. In such circumstance, you agree to pay our then-current training fee for the additional Manager. Training of additional Managers or other personnel is subject to space availability at our training facility, and these additional trainees may attend a separate training session.

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

If you are a multi-unit operator, you must attend the initial training program as described above; however, if this Agreement is for your second (2nd) or later Restaurant, you shall not be required to attend the initial training program a second time, but the management team for each Restaurant you develop under the multi-unit operator agreement must attend and complete the initial training program.

6.4.2 In connection with the opening of the Restaurant, we may, in our sole discretion, provide you with opening assistance by a trained representative of us or our designee. If provided, the trainer will provide on-site pre-opening and opening training, supervision, and assistance to you for a period of seven (7) to fourteen (14) days around the Restaurant's opening. You agree to pay us our then-current per diem fee for each representative we send to your Restaurant for the duration of their stay, and to reimburse each representative's expenses, including travel, lodging and meals.

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

6.4.4 We reserve the right to conduct additional or refresher training programs, seminars and other related activities regarding the operation of the Restaurant. Such training programs and seminars may be offered to the Managers or other Restaurant personnel generally, and we may designate that such training programs and seminars are mandatory for your Managers and other Restaurant personnel. We will present the training program at our cost, or we may use money from the Creative Fund to do this, but you must pay for your trainees' expenses, including travel, lodging, meals and applicable wages.

6.5 Franchisee Meetings

We reserve the right to hold meetings for all franchisees and other Squisito® Pizza and Pasta Restaurant or Squisito Too Restaurant operators, which meetings shall not occur more frequently than annually. We shall not be required to hold such meetings until we believe it is prudent to do so. These meetings may be used to provide additional training, introduce new products or changes to the System, or for other reasons. We reserve the right to designate that attendance at any franchisee meeting is mandatory for you and/or your Managers. We may use money from the Creative Fund to pay for the cost of presenting the annual meeting. You shall pay for all of the expenses incurred by your attendees at the meeting, including travel, lodging, meals and wages.

6.6 Compliance with Laws

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

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

6.7 Compliance with All Other Obligations

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

ARTICLE VII: FRANCHISE OPERATIONS

7.1 Compliance with Standards

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

7.2 Maintenance of Restaurant

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

7.3 Remodeling and Redecorating

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

7.4 Approved Suppliers

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

If you desire to purchase, lease or use any products or other items from an unapproved supplier, you shall submit to us a written request for such approval, or shall request the supplier itself to do so. We reserve the right to require you to pay to us our then-current fee for evaluation and testing. You shall not

purchase or lease from any supplier until and unless such supplier has been approved in writing by us. We shall have the right to require that our representatives be permitted to inspect the proposed supplier's facilities, and that samples from the supplier be delivered, either to us or to an independent laboratory designated by us, for testing. We reserve the right, at our option, to re-inspect from time to time the facilities and products of any such approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria. Nothing herein shall be construed to require us to approve any particular supplier.

7.5 Operation of Restaurant in Compliance with Our Standards

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

7.5.1 To sell or offer for sale all menu items, products and services required by us and in the method, manner and style of distribution prescribed by us, including, but not limited to, dine-in and take-out, only as expressly authorized by us in writing in the Manuals or otherwise in writing.

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

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

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

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

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

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

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

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

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

7.6 Proprietary Products

You acknowledge and agree that we and our affiliates have developed, and may continue to develop, for use in the System certain products which are prepared from confidential proprietary recipes and which are trade secrets of us and our affiliates, and other proprietary products bearing the Marks. Because of the importance of quality and uniformity of production and the significance of such products in the System, it is to the mutual benefit of the parties that we closely control the production and distribution of such products. Accordingly, you agree that if such products become a part of the System, you shall use only our secret recipes and proprietary products and shall purchase all of your requirements for such products solely from us or from a source designated by us. You further agree to purchase from us or our

designated supplier for resale to your customers certain merchandise identifying the System as we shall require, such as logoed merchandise, memorabilia and promotional products, in amounts sufficient to satisfy your customer demand.

7.7 Marketing and Promotional Materials

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

7.8 Complaints

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

7.9 Power of Attorney for Telephone Listings, etc.

Upon the execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary, attached to this Agreement as Attachment 7, to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of assigning to us only upon the termination or expiration of this Agreement, as required under Section 17.15: (i) all rights to the telephone numbers of the Restaurant and any related and other business listings; and (ii) Internet listings, domain names, Internet Accounts, marketing on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usages related to the Franchised Business. You agree that you have no authority to and shall not establish any website or listing on the Internet or World Wide Web without our express written consent, which consent may be denied without reason.

7.10 Power of Attorney for Taxes

Upon execution of this Agreement or at any time thereafter, you shall, at our option, execute such forms and documents as we deem necessary to appoint us as your true and lawful attorney-in-fact with full power and authority for the sole purpose of obtaining any and all returns and reports filed by you with any state or federal taxing authority relating to the Franchised Business. Such form is attached to this Agreement as Attachment 9.

7.11 Vehicles

Any vehicle used by you to deliver Restaurant products and services to customers, if we permit you to do so, shall meet our standards with respect to appearance and ability to satisfy the requirements imposed on you hereunder. You shall place such signs and décor items on the vehicle as we reasonably require and shall at all times keep such vehicle clean and in good working order. You shall not engage or utilize any individual in the operation of a motor vehicle in connection with providing services hereunder who is under the age of eighteen (18) years or who does not possess a valid driver's license under the laws of the state in which you provide such services. You shall require each such individual to comply with all laws, regulations and rules of the road and to use due care and caution in the operation and maintenance of motor

vehicles. Except as noted above, we do not set forth any standards or exercise control over any motor vehicle utilized by you.

7.12 Unapproved Products and Services

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

7.13 Customer Surveys

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

7.14 Pricing

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

7.15 On-Line Ordering

You must participate in an on-line ordering program, whereby your customers are able to place orders from your Restaurant through the internet. You agree to pay any then-current fees to our approved supplier for participation in the on-line ordering program, and to comply with all rules and procedures applicable to such program.

ARTICLE VIII: MARKETING AND RELATED FEES

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

8.1 Participation in Marketing

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

8.2 Local Marketing; Marketing Cooperatives

In addition to the ongoing Creative Fund contributions set forth herein, you shall spend, throughout the term of this Agreement, not less than two percent (2%) of Gross Sales each month on marketing for the Restaurant in your Territory, whether individually or through a Cooperative (“Local Marketing”). If your landlord requires you to participate in any marketing or promotion fund, the amounts you pay may be applied towards satisfying your Local Marketing obligations, if first approved in writing by us. You shall submit to us, as described in Section 8.4 below, an annual marketing plan of which we must approve, monthly updates to your marketing plan, and marketing expenditure reports accurately reflecting your Local Marketing expenditures. As described in Section 4.3 above, up to one-half (1/2) of your Creative Fund contribution (equal to one percent (1%) of Gross Sales) will count toward your local marketing requirement.

We may, in our discretion, create a regional marketing cooperative in any area, or we may approve the creation of such an marketing cooperative by franchisees in the System, and establish the rules and regulations therefor. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of your Territory is located. In no event may the Restaurant be required to be a member of more than one cooperative. The Cooperative must be governed in the manner we prescribe. The following provisions apply to each cooperative:

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

8.2.2 the Cooperative must be organized for the exclusive purpose of administering marketing programs and developing, subject to our approval, standardized promotional materials for the members’ use in Local Marketing within the Cooperative’s area;

8.2.3 the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement. The Cooperative may, in our discretion, operate from written governing documents;

8.2.4 except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative (including, without limitation, imposing assessments for Local Marketing) at a meeting attended by members possessing more than fifty percent (50%) of the total voting power in the Cooperative is binding upon you if approved by members possessing more than fifty percent (50%) of the total voting power possessed by members in attendance, with each Restaurant having one (1) vote, but no franchisee (or commonly controlled group of franchisees) may have more than twenty-five percent (25%) of the vote in the Cooperative regardless of the number of franchised businesses owned;

8.2.5 without our prior written approval, the Cooperative may not use, nor furnish to its members, any marketing or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 8.4;

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

8.2.7 no later than the fifteenth (15th) day of each month, each member/franchisee must submit its contribution under Section 8.2.6 for the preceding calendar month to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval; and

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

8.3 Creative Fund

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

8.3.1 We shall direct all marketing programs and shall have sole discretion to approve or disapprove the creative concepts, materials and media used in such programs and the placement and allocation thereof. You agree and acknowledge that the Creative Fund is intended to maximize general public recognition and acceptance of the Marks and enhance the collective success of all Restaurants operating under the System. We may use monies from the Creative Fund to present refresher training programs, conduct mystery shopper programs to ensure 4 Walls Marketing and/or to offset the costs of an annual meeting of our franchisees where, among other things, we will discuss marketing strategies. We shall, with respect to Restaurants operated by us, contribute to the Creative Fund generally on the same basis as you. You understand and acknowledge that Restaurants operated by our affiliates and/or licensees may, but are not required to, contribute to the Creative Fund. In administering the Creative Fund, we and our designees undertake no obligation to make expenditures for you which are equivalent or proportionate to your contribution or to ensure that any particular franchisee benefits directly or pro rata from the placement of marketing. We shall be entitled to reimbursement from the Creative Fund for our reasonable expenses in managing the Creative Fund.

8.3.2 You agree that the Creative Fund may be used to satisfy any and all costs of maintaining, administering, directing and preparing marketing (including, without limitation, the cost of preparing and conducting television, radio, magazine and newspaper marketing campaigns; direct mail and outdoor billboard marketing; internet marketing; public relations activities; employing marketing agencies to assist therein; employing mystery shopper services; development and maintenance of our website and social media initiatives; and costs of our personnel and other departmental costs for marketing that is internally administered or prepared by us). All sums paid by you to the Creative Fund shall be maintained in a separate account by us and may be used to defray our expenses, if any, as we may incur in activities reasonably related to the administration or direction of the Creative Fund and marketing programs for franchisees and the System. The Creative Fund and its earnings shall not otherwise inure to our benefit. The Creative Fund is operated solely as a conduit for collecting and expending the Creative Fund contributions as outlined above.

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

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

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

8.4 Conduct of Marketing; Our Approval

All marketing and promotion by you in any medium shall be conducted in a professional manner and shall conform to our standards and requirements as set forth in the Manuals or otherwise. You shall obtain our approval of all marketing and promotional plans and materials prior to use if such plans and materials have not been prepared by us or previously approved by us during the twelve (12) months prior to their proposed use. You shall submit such unapproved plans and materials to us, and we shall have fifteen (15) days to notify you of our approval or disapproval of such materials. If we do not provide our specific approval of the proposed materials within this fifteen (15) days period, the proposed materials are deemed to be not approved. Any plans and materials that you submit to us for our review will become our property and there will be no restriction on our use or dissemination of such materials. You shall not advertise or use the Marks in any fashion on the Internet, World Wide Web or via other means of marketing through telecommunication without our express written consent.

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

Not later than December 1st of each year during the Initial Term, you agree to submit to us, for our review and approval, a proposed marketing plan for the next calendar year. In addition, you shall submit to us by the end of each month an update to the marketing plan we approved, including an expenditure report evidencing your compliance with the approved marketing plan and your Local Marketing requirement, as described in Section 8.2 above, including verification copies of all marketing and any other information that we require.

8.5 Grand Opening Marketing

In addition to the ongoing marketing requirements set forth herein, you shall be required to spend not less than Fifteen Thousand Dollars (\$15,000) on a grand opening marketing campaign to advertise the opening of the Restaurant. The grand opening marketing campaign shall be conducted in the sixty (60) day period comprising thirty (30) days prior to and thirty (30) days following the Opening Date. All advertisements proposed to be used in the grand opening marketing campaign are subject to our review and approval before you may conduct the grand opening marketing campaign and before we will send our representative to your Restaurant to provide opening assistance. We may, in our discretion, require that your grand opening marketing campaign include promotional give-aways; provided, however, that the cost of any products given away to patrons shall not count toward the required grand opening expenditure described herein. At our request, if we do not approve of the proposed grand opening marketing campaign you submit to us for our review, you shall give your grand opening marketing money to us and we will conduct the grand opening marketing campaign on your behalf.

8.6 Websites and Social Media

As used in this Agreement, the term “Website” means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

8.6.1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Marks, Squisito® Pizza and Pasta Restaurants and any or all of the products offered at Restaurants, the franchising of Squisito® Pizza and Pasta Restaurants, and/or the System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

8.6.2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or the Franchised Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

8.6.3 You shall not establish a separate Website related to the Marks or the System without our prior written approval (which we shall not be obligated to provide). If approved to establish such a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any such Website owned or maintained by you or for your benefit shall be deemed “marketing” under this Agreement, and will be subject to (among other things) our approval under this Article VIII.

8.6.4 We shall have the right to modify the provisions of this Section 8.6 relating to Websites as we shall solely determine is necessary or appropriate.

8.6.5 You understand and agree that you may not promote your Restaurant or use any Mark in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, MySpace and Twitter, without our prior written consent.

ARTICLE IX: MARKS

9.1 Use of Marks

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

9.2 Ownership of Marks; Limited License

You expressly understand and acknowledge that:

9.2.1 As between you and us, we are the exclusive owner or the licensee of the owner of all right, title and interest in and to the Marks and the goodwill associated with and symbolized by them.

9.2.2 Neither you nor any Principal shall take any action that would prejudice or interfere with the validity of our rights with respect to the Marks, including but not limited to by seeking applications/registrations for the Marks or by purporting to sublicense the Marks to third parties. Nothing in this Agreement shall give the you any right, title, or interest in or to any of the Marks or any service marks, trademarks, trade names, trade dress, logos, copyrights or proprietary materials, except the right to use the Marks and the System in accordance with the terms and conditions of this Agreement for the operation of the Restaurant and only at or from its accepted location or in approved marketing related to the Restaurant with reference to its accepted location.

9.2.3 You understand and agree that the limited license to use the Marks granted hereby applies only to such Marks as are designated by us, and which are not subsequently designated by us as

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

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

9.2.5 You shall not contest the validity of or our interest in the Marks or any applications/registrations for the Marks, or assist others to contest the validity of or our interest in the Marks.

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

9.2.7 If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Marks and/or to adopt or use one or more additional or substitute proprietary marks, then you shall be obligated to comply with any such instruction by us. We shall not have any obligation in such event to reimburse you for your documented expenses of compliance. You waive any claim arising from or relating to any Marks' change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you as a result of any Marks' addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages. You agree to use the common-law trademark notice (i.e., TM) in subscript or superscript on the right-hand side of the Marks when using the Marks; or, if instructed by us, use the trademark registration notice (i.e., "®") in place of the common-law trademark notice.

9.2.8 You agree that the form, manner, nature, and quality of your use of the Marks shall conform to standards set by and be under our control. You agree to cooperate with us to facilitate such control, including but not limited to supplying us with specimens or examples of your use of the Marks upon our request.

9.3 Limitation on Use of Marks

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

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

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

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

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

9.4 Notification of Infringement or Claim

You shall notify us immediately by telephone and thereafter in writing of any apparent infringement of or challenge to your use of any Mark, of any claim by any person of any rights in any Mark, and you and the Principals shall not communicate with any person other than us, our counsel and your counsel in connection with any such infringement, challenge or claim. We shall have complete discretion to take such action as we deem appropriate in connection with the foregoing, including the right to take no action, and the right to control exclusively, any settlement, litigation or Patent and Trademark Office or other proceeding arising out of any such alleged infringement, challenge or claim or otherwise relating to any Mark. You agree to execute any and all instruments and documents, render such assistance, and do such acts or things as may, in our opinion, reasonably be necessary or advisable to protect and maintain our interests in any litigation or other proceeding or to otherwise protect and maintain the interests of us or any other interested party in the Marks. We will not indemnify you from and against, and shall have no liability to you for, any claims, liabilities, costs, damages and reasonable expenses for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts).

9.5 Retention of Rights by Us

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

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

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

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

ARTICLE X: CONFIDENTIALITY AND NON-COMPETITION COVENANTS

10.1 Confidential Operations Manuals

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

10.1.2 You and the Principals shall at all times treat the Manuals, any of our written directives, and any other manuals and materials, and the information contained therein as confidential and shall maintain such information as trade secret and confidential in accordance with this Article X. You and

the Principals shall divulge and make such materials available only to such of your employees as must have access to it in order to operate the Restaurant. You and the Principals shall not at any time copy, duplicate, record or otherwise reproduce these materials, in whole or in part, or otherwise make the same available to any person other than those authorized above.

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

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

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

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

10.2 Confidential Information

10.2.1 Neither you nor any Principal shall, during the term of this Agreement or thereafter, communicate, divulge or use for the benefit of any other person, persons, partnership, association, limited liability company, corporation or other entity and, following the expiration or termination of this Agreement, they shall not use for their own benefit any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to them or of which they may be apprised in connection with the operation of the Restaurant under the terms of this Agreement. You and the Principals shall divulge such confidential information only to such of your employees as must have access to it in order to operate the Restaurant. Any and all information, knowledge, know-how, techniques and any materials used in or related to the System which we provide to you in connection with this Agreement shall be deemed confidential for purposes of this Agreement. Neither you nor the Principals shall at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person. The covenants in this Section shall survive the expiration, termination or transfer of this Agreement or any interest herein and shall be perpetually binding upon you and each of the Principals.

10.2.2 You shall require and obtain the execution of covenants similar to those set forth in Section 10.2.1 from your Managers and all other of your personnel who have received or will have access to confidential information. Such covenants shall be substantially in the form set forth in Attachment 5. All of your Principals not required to sign this Agreement as a Principal also must execute such covenants.

10.2.3 If you, the Principals, the Managers or any of your employees develop any new concept, process, product, recipe, or improvement in the operation or promotion of the Restaurant, you are required to promptly notify us and provide us with all necessary related information, without compensation. You and the Principals acknowledge that any such concept, process product, recipe, or improvement will

become our property, and we may use or disclose such information to other franchisees as we determine to be appropriate.

10.3 Non-Competition

10.3.1 You and the Principals specifically acknowledge that, pursuant to this Agreement, you and the Principals will receive valuable training, trade secrets and confidential information, including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees. You and the Principals acknowledge that such specialized training, trade secrets and confidential information provide a competitive advantage and will be valuable to them in the development and operation of the Restaurant, and that gaining access to such specialized training, trade secrets and confidential information is, therefore, a primary reason why they are entering into this Agreement. In consideration for such specialized training, trade secrets and confidential information (including, without limitation, information regarding the operational, sales, promotional and marketing methods and techniques of us and the System which are beyond the present skills and experience of you and the Principals and your managers and employees), you and the Principals covenant that with respect to you, during the term of this Agreement (or with respect to each of the Principals, during the term of this Agreement for so long as such individual or entity satisfies the definition of “Principals” as described in Section 19.18 of this Agreement), except as otherwise approved in writing by us, which approval may be withheld or denied in our sole and absolute discretion, neither you nor any of the Principals shall, either directly or indirectly, for themselves or through, on behalf of or in conjunction with any person(s), partnership or corporation:

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

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

10.3.2 With respect to you, and for a continuous uninterrupted period commencing upon the expiration, termination of, or transfer of all of your interest in, this Agreement (or, with respect to each of the Principals, commencing upon the earlier of: (i) the expiration, termination of, or transfer of all of your interest in, this Agreement or (ii) the time such individual or entity ceases to satisfy the definition of “Principals” as described in Section 19.18 of this Agreement) and continuing for two (2) years thereafter, except as otherwise approved in our sole and absolute discretion, neither you, nor any of the Principals shall, directly or indirectly, for themselves, or through, on behalf of or in conjunction with any person, persons, partnership, association, limited liability company, corporation or other entity:

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

(b) Own, maintain, operate, engage in, or have any financial or beneficial interest in (including any interest in corporations, partnerships, trusts, unincorporated associations or joint ventures), advise, assist or make loans to any Competitive Business, which business is, or is intended to be, located within a twenty (20) mile radius of the location of any Restaurant in the System.

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

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

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

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

10.3.4 You shall require and obtain execution of covenants similar to those set forth in this Section 10.3 (including covenants applicable upon the termination of a person's employment with you) from your Managers and all other of your personnel who have received or will have access to training from us. Such covenants shall be substantially in the form set forth in Attachment 5. All of your Principals not required to sign this Agreement as a Principal also must execute such covenants. Notwithstanding the foregoing, we reserve the right, in our sole discretion, to decrease the period of time or geographic scope of the non-competition covenant set forth in Attachment 5 or eliminate such non-competition covenant altogether for any party that is required to execute such agreement under this Section 10.3.4.

10.4 Failure to Comply

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

ARTICLE XI: BOOKS AND RECORDS

11.1 Books and Records

You shall maintain during the term of this Agreement, and shall preserve for at least three (3) years from the dates of their preparation, full, complete and accurate books, records and accounts, including, but not limited to, sales slips, coupons, purchase orders, payroll records, check stubs, bank statements, sales tax records and returns, cash receipts and disbursements, journals and ledgers, records of EFT transactions, and backup or archived records of information maintained on any computer system in accordance with generally accepted accounting principles and in the form and manner prescribed by us from time to time in the Manuals or otherwise in writing.

11.2 Reports

In addition to the remittance reports required by Article IV hereof, you shall comply with the following reporting obligations:

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

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

11.2.3 You shall also submit to us, for review or auditing, such other forms, reports, records, information and data as we may reasonably designate, and which pertain to the Franchised Business, in the form and at the times and places reasonably required by us, upon request and as specified from time to time in writing.

11.3 Inspections; Audits

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

11.4 Correction of Errors

You understand and agree that our receipt or acceptance of any of the statements furnished or royalties paid to us (or the cashing of any royalty checks or processing of any EFTs) shall not preclude us from questioning the correctness thereof at any time and, in the event that any inconsistencies or mistakes

are discovered in such statements or payments, they shall immediately be rectified by you and the appropriate payment shall be made by you.

11.5 Authorization of Us

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

11.6 We are Attorney-in-Fact

Notwithstanding any forms and documents which may have been executed by you under Section 7.10, you hereby appoint us as your true and lawful attorney-in-fact with full power and authority, for the sole purpose of obtaining any and all returns and reports filed by you with any state and/or federal taxing authority pertaining to the Franchised Business. This power of attorney shall survive the expiration or termination of this Agreement.

ARTICLE XII: INSURANCE

12.1 You shall procure, upon execution of this Agreement, and shall maintain in full force and effect at all times during the term of this Agreement (and for such period thereafter as is necessary to provide the coverages required hereunder for events having occurred during the term of this Agreement) at your expense, an insurance policy or policies protecting you and us, our successors and assigns, our officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of each of them against any demand or claim with respect to personal injury, death or property damage, or any loss, liability or expense whatsoever arising or occurring upon or in connection with the Restaurant.

12.2 Such policy or policies shall be written by a responsible, duly licensed carrier or carriers reasonably acceptable to us and shall include, at a minimum (except as additional coverages and higher policy limits may reasonably be specified by us from time to time), in accordance with standards and specifications set forth in writing, the following:

12.2.1 General liability in the amount of One Million Dollars (\$1,000,000) per occurrence, Two Million Dollars (\$2,000,000) aggregate limit.

12.2.2 Liquor liability coverage in the amount of One Million Dollars (\$1,000,000) per occurrence, Three Million Dollars (\$3,000,000) aggregate, if we permit you to offer beer and/or wine at your Restaurant.

12.2.3 “All Risks” coverage for the full cost of replacement of the Restaurant premises and all other property in which we may have an interest with no coinsurance clause for the premises.

12.2.4 Business Interruption insurance in a sufficient amount to cover profit margins, maintenance of competent and desirable personnel and fixed expenses for a period of at least Twelve (12) months.

12.2.5 Worker’s compensation insurance in amounts provided by applicable law (but not less than Five Hundred Thousand Dollars (\$500,000) per occurrence) or, if permissible under applicable

law, a legally appropriate alternative providing substantially similar compensation for injured workers reasonably satisfactory to us.

12.2.6 Employment Practices Liability Insurance (EPLI) for sexual harassment, discrimination, wrongful termination in the amount of One Hundred Thousand Dollars \$100,000.

12.2.7 Data Breach Insurance for at least Fifty Thousand Dollars (\$50,000) in coverage.

12.2.8 Such other insurance as may be required by the state or locality in which the Restaurant is located and operated or as may be required by the terms of the lease for the Restaurant.

12.2.9 You may, with our prior written consent, which consent may be withheld or denied, elect to have deductible NOT to exceed Twenty-Five Hundred Dollars (\$2,500) in connection with the coverages required herein. Such policies shall also include a waiver of subrogation in favor of us, our affiliates, and our respective officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees.

12.3 In connection with any construction, renovation, refurbishment or remodeling of the Restaurant, you shall maintain Builder's Risks/installation insurance in forms and amounts, and written by a responsible, duly licensed carrier or carriers, reasonably satisfactory to us. The contractors need to have BOTH Contractors General Liability and Worker's Compensation Insurance for amounts that meet the lease requirements section for contractors. We and you must be listed as additional insured on the contractor's policy and a certificate of insurance should be obtained and submitted to us.

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

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

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

12.7 Should you, for any reason, fail to procure or maintain the insurance required by this Agreement, as such requirements may be revised from time to time by us in writing, we shall have the right and authority (without, however, any obligation to do so) immediately to procure such insurance and to

charge same to you, which charges shall be payable by you immediately upon notice. The foregoing remedies shall be in addition to any other remedies we may have at law or in equity.

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

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

ARTICLE XIII: DEBTS AND TAXES

13.1 Taxes

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

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

13.2 Payments to Us

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

13.3 Tax Disputes

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

13.4 Compliance with Laws

You shall comply with all federal, state and local laws, rules and regulations and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the Franchised Business, including, without limitation, licenses to do business, fictitious name registrations, sales tax permits, fire clearances, health permits, certificates of occupancy and any permits, certificates or licenses required by any environmental law, rule or regulation.

13.5 Notification of Action or Proceeding

You shall notify and deliver to us, in writing within five (5) days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court,

agency or other governmental instrumentality, which may adversely affect the operation or financial condition of the Franchised Business.

ARTICLE XIV: TRANSFER OF INTEREST

14.1 Transfer by Us

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

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

In the event we sell, transfer, assign or otherwise convey our rights in the franchise agreements(s) for which commissions are earned by our agent, then our compensation obligations under any agreement with such agent shall automatically transfer to the new owner. Any attempt to transfer the rights to the revenue stream of our franchise agreements without transferring any such agreement with said agent shall be void.

14.2 Transfer by You

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

14.2.2 If you wish to transfer all or part of your interest in the Restaurant, any of the Restaurant’s material assets (except as provided in Section 14.2.1 above) or this Agreement, or if you or a Principal wishes to transfer or permit a transfer of any ownership interest in you or in a Principal that is an entity, then in each such case (any or all of which are referred to in this Article XIV as a “Restricted Transfer”), transferor and the proposed transferee shall apply to us for our consent. We shall not unreasonably withhold our consent to a Restricted Transfer; provided, however, that under no

circumstances shall we be required to consent to a Restricted Transfer to a transferee that is a competitor of ours. We may, in our sole discretion, require any or all of the following as conditions of our approval:

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

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

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

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

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

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

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

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

(i) At the transferee's expense, the transferee, the transferee's managers and/or any other applicable Restaurant personnel shall complete any training programs then in effect for franchisees of Restaurants upon such terms and conditions as we may reasonably require;

(j) You shall pay to us a transfer fee equal to fifty percent (50%) of our then-current initial franchise fee to reimburse us for reviewing the application to transfer, including, without limitation, training expenses, legal and accounting fees;

(k) The transferee shall make and will be bound by the representations, warranties and covenants set forth in Section 6.7, and if the transferee is a corporation, limited liability company or a partnership, the transferee shall make and will be bound by any or all of the other representations, warranties and covenants set forth at Article VI as we request. Transferee shall provide to us evidence satisfactory to us that the terms of such Section(s) have been satisfied and are true and correct on the date of transfer.

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

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

14.3 Transfer to a Corporation or Limited Liability Company

In the event the proposed transfer is to a corporation or limited liability company in which you own all of the stock or ownership interests and is formed solely for the convenience of ownership, our consent may be conditioned upon any of the requirements set forth at Section 14.2.2, except that the requirements set forth at Sections 14.2.2(c), 14.2.2(d), 14.2.2(f), 14.2.2(g), 14.2.2(i), 14.2.2(j) and 14.2.2(k) shall not apply. With respect to a transfer to a corporation or limited liability company formed for the convenience of ownership, you shall be the owner of all of the voting stock or ownership interests of the corporation or limited liability company or if you are a legal entity owned by more than one (1) individual, each such individual shall have the same proportionate ownership interest in the newly formed corporation or limited liability company as he had in you prior to the transfer. A transfer under this Section 14.3 may occur one (1) time only.

14.4 Our Right to Purchase Business

14.4.1 If you wish to transfer all or part of your interest in the Restaurant or this Agreement or if you or a Principal wish to transfer any ownership interest in you, pursuant to any bona fide offer received from a third party to purchase such interest, then such proposed seller shall promptly notify us in writing of each such offer, and shall provide such information and documentation relating to the offer as we may require. We shall have the right and option, exercisable within thirty (30) days after receipt of such written notification and copies of all documentation required by us describing such offer, to send written notice to the seller that we intend to purchase the seller's interest on the same terms and conditions offered by the third party. In the event that we elect to purchase the seller's interest, closing on such purchase must occur within the latest of (i) sixty (60) days from the date of notice to the seller of the election to purchase by us, (ii) sixty (60) days from the date we receive or obtain all necessary documentation, permits and approvals, or (iii) such other date as the parties agree upon in writing. Any material change in the terms of any offer prior to closing shall constitute a new offer subject to the same right of first refusal

by us as in the case of an initial offer. Our failure or refusal to exercise the option afforded by this Section 14.4 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of Article XIV, with respect to a proposed transfer.

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

(b) Notwithstanding the provisions of Section 14.4.1(a) above, where the Restricted Transfer (alone or together with any other Restricted Transfer or event effected within the prior twenty-four (24) month period) results in a “Change of Control”, we may elect, in our sole discretion, to treat the notice given pursuant to such Section 14.4.1(a) as an offer to assign to us all of your rights under this Agreement and to the Restaurant (including lease and contract rights and other assets of you and your affiliates used in connection with the Restaurant, excluding the assets of your benefit plans) (collectively, the “Restaurant Interests”). As used in this Section 14.4.1(b), Change of Control means any circumstance resulting in one or more of your Principals ceasing to be a Principal and/or the addition of any new Principal. In such case, we shall notify you of the special election provided for in this Section 14.4.1(b) at the time we exercise our option as provided in Section 14.4.1(a). The terms of such purchase shall be the same as the Offer Terms (subject to the other provisions of this Section 14.4), but the price shall be the lesser of (1) the Implied Market Price or (2) the fair market value of the Restaurant Interests, determined in a manner consistent with Section 18.12.1. As used herein, “Implied Market Price” shall mean an amount equal to the total price to be paid by the transferee under the Offer Terms, divided by the percentage (expressed as a decimal) of ownership of you proposed to be acquired (directly or indirectly) by the transferee, less the fair market value (determined as provided in Section 18.12.1) of any assets included in the Restricted Transfer that are not related to the Restaurant. If you have more than one (1) Restaurant, then the Implied Market Price shall, unless otherwise agreed by us and you, be allocated among all Restaurants equally.

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

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

14.4.2 In the event an offer from a third party provides for payment of consideration other than cash or involves certain intangible benefits, we may elect to purchase the interest proposed to be sold for the reasonable cash equivalent. If the parties cannot agree within a reasonable time on the reasonable cash equivalent of the non-cash part of the Offer Terms, then such amount shall be determined by two (2) appraisers, with each party selecting one (1) appraiser, and the average of their determinations shall be binding. In the event of such appraisal, each party shall bear its own legal and other costs and each shall

pay one-half (1/2) of the appraisal fees. In the event that we exercise our right of first refusal herein provided, we shall have the right to set off against any payment therefor (i) all fees for any such independent appraiser due from you hereunder and (ii) all amounts due from you or your Principals to us.

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

14.5 Death or Disability

14.5.1 Upon your death (if you are a natural person) or upon the death of any Principal who is a natural person and who has an interest in this Agreement, the Restaurant or you (the “Deceased”), the executor, administrator or other personal representative of the Deceased shall transfer such interest to a third party approved by us within twelve (12) months after the death. If no personal representative is designated or appointed or no probate proceedings are instituted with respect to the estate of the Deceased, then the distributee of such interest must be approved by us. If the distributee is not approved by us, then the distributee shall transfer such interest to a third party approved by us within twelve (12) months after the death of the Deceased.

14.5.2 Upon your permanent disability (if you are a natural person) or upon the permanent disability of any Principal who is a natural person and who has an interest in this Agreement, the Restaurant or you, we may, in our reasonable discretion, require such interest to be transferred to a third party in accordance with the conditions described in this Article XIV within six (6) months after notice to you. “Permanent disability” shall mean any physical, emotional or mental injury, illness or incapacity which would prevent a person from performing the obligations set forth in this Agreement or in the spousal guaranty made part of this Agreement for at least ninety (90) consecutive days and from which condition recovery within ninety (90) days from the date of determination of disability is unlikely. Permanent disability shall be determined by a licensed practicing physician selected by us, upon examination of the person; or if the person refuses to submit to an examination, then such person automatically shall be deemed permanently disabled as of the date of such refusal for the purpose of this Section 14.5. The costs of any examination required by this Section shall be paid by us.

14.5.3 Upon the death or claim of permanent disability of you or any Principal, you or a representative of yours must notify us of such death or claim of permanent disability within ten (10) days of its occurrence. Any transfer upon death or permanent disability shall be subject to the same terms and conditions as described in this Section for any *inter vivos* transfer. If an interest is not transferred upon death or permanent disability as required in this Section, then such failure shall constitute a material event of default under this Agreement.

14.5.4 In order to prevent any interruption of the Restaurant operations which would cause harm to the Restaurant, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Restaurant to our required standards, operate the Restaurant for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Restaurant during such period of operation by us shall be kept in a separate account, and the expenses of the Restaurant, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Restaurant franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

14.6 No Waiver of Claims

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

14.7 Transfer Among Owners

If any person holding an interest in you, this Agreement or the Restaurant (other than you or a Principal, which parties shall be subject to the provisions set forth above) transfers such interest, then you shall promptly notify us of such proposed transfer in writing and shall provide such information relative thereto as we may reasonably request prior to such transfer. Such transferee may not be a competitor of ours and shall make and will be bound by the representations, warranties and covenants set forth in Section 6.7. Such transferee will be your Principal and as such will have to execute a confidentiality agreement and ancillary covenants not to compete in the form then required by us, which form shall be in substantially the same form attached hereto as Attachment 5 (see Sections 10.2.2 and 10.3.4). We also reserve the right to designate the transferee as one of the Principals. Notwithstanding the provisions contained in Section 14.2 to the contrary, the Principals may freely transfer their ownership interests in you among themselves and to their family members (or to trusts for the benefit of such family members), and our right of first refusal shall be inapplicable with respect to such transfers, provided you provide us with thirty (30) days prior written notice of such transfer, which notice shall include the names and percentages transferred.

ARTICLE XV: INDEMNIFICATION

15.1 Indemnification by You

You and each of the Principals shall, at all times, indemnify and hold harmless to the fullest extent permitted by law us, our successors and assigns, their respective partners and affiliates and the officers, directors, shareholders, partners, agents, representatives, independent contractors, servants and employees of each of them (“Indemnitees”), from all “losses and expenses” (as defined in Section 15.4.2 below) incurred in connection with any action, suit, proceeding, claim, demand, investigation or inquiry (formal or informal), or any settlement thereof (whether or not a formal proceeding or action has been instituted) which arises out of or is based upon any of the following:

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

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

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

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

15.1.5 Acts, errors, or omissions of you, any of your affiliates and any of the Principals and the officers, directors, shareholders, partners, agents, representatives, independent contractors and employees of you and your affiliates in connection with the establishment, construction, renovation,

refurbishment, remodeling or operation of the Restaurant, including, but not limited to, any acts, errors or omissions of any of the foregoing in the operation of any motor vehicle. The parties understand and agree that we cannot and do not exercise control over the manner of operation of any motor vehicles used by, or on behalf of, you or any employee, agent or independent contractor of yours and that the safe operation of any motor vehicle is, therefore, entirely your responsibility.

15.2 Notification of Action or Claim

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

15.3 We May Settle

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

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

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

15.4 Losses and Expenses

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

As used in this Article XV, the phrase “losses and expenses” shall include, without limitation, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, expenses, lost profits, reasonable attorneys’ fees, court costs, settlement amounts, judgments, compensation for damages to our reputation and goodwill, costs of or resulting from delays, financing, costs of marketing material and media time/space, and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described.

15.5 Indemnitees Do Not Assume Liability

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

parties arising in connection therewith and whether such negligence be sole, joint or concurrent, or active or passive.

15.6 Recovery from Third Parties

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

15.7 Survival of Terms

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

ARTICLE XVI: RELATIONSHIP OF THE PARTIES

16.1 No Relationship

The parties acknowledge and agree that this Agreement does not create a fiduciary relationship between them, that you shall be an independent contractor, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee, joint employer or servant of the other for any purpose.

16.2 Independent Contractor

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

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

You may not, without our prior written approval, have any power to obligate us for any expenses, liabilities or other obligations, other than as specifically provided in this Agreement. Except as expressly provided in this Agreement, we may not control or have access to your funds or the expenditure of your funds or in any other way exercise dominion or control over your Squisito Restaurant. Except as otherwise expressly authorized by this agreement, neither party will make any express or implied agreements, warranties, guarantees or representations or incur any debt in the name of or on behalf of the other party, or represent

that the relationship between us and you is other than that of franchisor and franchisee. We do not assume any liability, and will not be considered liable, for any agreements, representations, or warranties made by you which are not expressly authorized under this Agreement. We will not be obligated for any damages to any person or property which directly or indirectly arise from or relate to your operation of the Squisito.

16.3 Sole and Exclusive Employer of Your Employees

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

16.4 You are Not Authorized

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

ARTICLE XVII: TERMINATION

17.1 Automatic Termination – No Right to Cure

17.1.1 You acknowledge and agree that each of your obligations described in this Agreement is a material and essential obligation of yours; that non-performance of such obligations will

adversely and substantially affect us and the System; and that our exercise of the rights and remedies set forth herein is appropriate and reasonable.

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

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

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

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

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

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

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

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

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

(h) If you or any of the Principals fail to comply with the in-term covenants in Section 10.3 hereof, you fail to obtain execution of the covenants and related agreements required under Section 10.3.4 hereof within thirty (30) days following notice from us, or if any of your Principals breaches any of the non-competition covenants under Attachment 5;

(i) If, contrary to the terms of Section 10.2.1 hereof, you or any of the Principals disclose or divulge any confidential information provided to you or the Principals by us, or fail to obtain execution of covenants and related agreements required under Section 10.2.2 hereof within thirty (30) days following notice from us, or if any of your Principals breaches any of the confidentiality covenants under Attachment 5;

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

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

(l) If you or any of your Principals breach in any material respect any of the covenants in any material respect set forth in Article VI or have falsely made any of the representations or warranties set forth in Article VI;

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

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

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

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

(q) If any of your Managers is not able to complete our initial training program to our satisfaction, after having given you the opportunity to designate a replacement Manager; and

(r) If you fail to comply with all applicable laws and ordinances relating to the Restaurant, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation.

17.2 Notice of Termination – 30 Days to Cure

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

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

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

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

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

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

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

17.4 Our Right to Discontinue Services to You

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

obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and/or suspension of your webpage on our Website, until such time as you correct the breach, if such breach may be cured under the terms of this Agreement.

ARTICLE XVIII: POST-TERMINATION

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

18.1 Cease Operations

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

18.2 Stop Using the System

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

18.3 Cancellation of Assumed Names

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

18.4 No Use of Similar Marks

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

18.5 Payment of Sums Owed

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

18.6 Payment of Damages, Costs and Expenses

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

18.7 Delivery of Manuals and Materials

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

18.8 Confidential Information

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

18.9 Marketing and Promotional Materials

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

18.10 Assignment to Us

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

18.11 Assignment of Lease

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

18.12 Our Right to Purchase

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

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

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

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

18.13 Restaurant Assets

Notwithstanding anything to the contrary contained in Sections 18.11 and 18.12, if you operate the Restaurant from a premises that is subleased to you by us, upon termination (or expiration if you do not renew) of this Agreement, we shall have the right to take immediate possession of the assets of the Restaurant, including, any or all of the furnishings, equipment (including any point of sale or computer

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

18.14 Assignment of Options by Us

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

18.15 Telephone Numbers, Yellow Pages Listings, etc.

You, at our option, shall assign to us all rights to the telephone numbers of the Restaurant and any related Yellow Pages trademark listing or other business listings and execute all forms and documents required by us and any telephone company at any time to transfer such service and numbers to us. Further, you shall assign to us all Internet listings, domain names, Internet Accounts, marketing on the Internet or World Wide Web, websites, listings with search engines, e-mail addresses or any other similar listing or usage related to the Franchised Business. The forms we may require you to execute include, but are not limited to, those included in Attachment 7 hereto. Notwithstanding any forms and documents which may have been executed under Section 7.9, you hereby appoint us as your true and lawful agent and attorney-in-fact with full power and authority, for the sole purpose of taking such action as is necessary to complete such assignment. This power of attorney shall survive the expiration or termination of this Agreement. You shall thereafter use different telephone numbers, email addresses or other listings or usages at or in connection with any subsequent business conducted by you.

18.16 Liquidated Damages

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

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages and agree that any liquidated damages calculated in accordance with this provision shall constitute our actual damages in accordance with Section 19.11.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not

give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

ARTICLE XIX: MISCELLANEOUS

19.1 Notices

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

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

19.2 Entire Agreement

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

19.3 No Waiver

No delay, waiver, omission or forbearance on our part to exercise any right, option, duty or power arising out of any breach or default by you or the Principals under this Agreement shall constitute a waiver by us to enforce any such right, option, duty or power against you or the Principals, or as to a subsequent breach or default by you or the Principals. Acceptance by us of any payments due to us hereunder subsequent to the time at which such payments are due shall not be deemed to be a waiver by us of any preceding breach by you or the Principals of any terms, provisions, covenants or conditions of this Agreement.

19.4 Our Prior Approval

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

19.5 No Warranty or Guaranty

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

19.6 Continued Obligation to Pay Sums

If a Force Majeure event shall occur, then, in addition to payments required under Section 17.1.3(e), you shall continue to be obligated to pay to us any and all amounts that you shall have duly become

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

19.7 Mediation and Arbitration

19.7.1 We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 19.7.3. If we and you cannot agree on a location, the mediation will be conducted in Anne Arundel County, Maryland. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.7.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.7.3.

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

19.8 Governing Law; Injunctive Relief

With respect to any claims, controversies or disputes which are not finally resolved through mediation or arbitration, or as otherwise provided above, you and the Principals hereby irrevocably submit themselves to the jurisdiction of the state courts of Anne Arundel County, Maryland and the Federal District Court nearest to our corporate headquarters. You and the Principals hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and the Principals hereby agree that service

of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Maryland or federal law. You and the Principals further agree that venue for any proceeding relating to or arising out of this Agreement shall be Anne Arundel County, Maryland; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Maryland law, without regard to the application of Maryland conflict of law rules.

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

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

19.9 Agreement Regarding Governing Law and Choice of Forum

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

19.10 Acceptance of Agreement

You, the Principals and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Anne Arundel County, Maryland, and further acknowledge that the performance of certain obligations of yours arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in Anne Arundel County, Maryland.

19.11 Waiver of Punitive Damages

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

punitive, exemplary, incidental, indirect, special, consequential or other damages (including, without limitation, loss of profits) shall continue in full force and effect.

19.12 Execution in Multiple Counterparts

This Agreement may be executed in multiple counterparts, each of which when so executed shall be an original, and all of which shall constitute one and the same instrument.

19.13 Captions

The captions used in connection with the sections and subsections of this Agreement are inserted only for purpose of reference. Such captions shall not be deemed to govern, limit, modify or in any other manner affect the scope, meaning or intent of the provisions of this Agreement or any part thereof nor shall such captions otherwise be given any legal effect.

19.14 Survival of Terms

Any obligation of you or the Principals that contemplates performance of such obligation after termination or expiration of this Agreement or the transfer or assignment of any interest of you or the Principals therein, shall be deemed to survive such termination, expiration or transfer or assignment.

19.15 Severability of Provisions

Except as expressly provided to the contrary herein, each portion, section, part, term and provision of this Agreement shall be considered severable; and if, for any reason, any portion, section, part, term or provision is determined to be invalid and contrary to, or in conflict with, any existing or future law or regulation by a court or agency having valid jurisdiction, this shall not impair the operation of, or have any other effect upon, the other portions, sections, parts, terms or provisions of this Agreement that may remain otherwise intelligible, and the latter shall continue to be given full force and effect and bind the parties; the invalid portions, sections, parts, terms or provisions shall be deemed not to be part of this Agreement; and there shall be automatically added such portion, section, part, term or provision as similar as possible to that which was severed which shall be valid and not contrary to or in conflict with any law or regulation.

19.16 Joint and Several Obligations

All references herein to the masculine, neuter or singular shall be construed to include the masculine, feminine, neuter or plural, where applicable. Without limiting the obligations individually undertaken by the Principals under this Agreement, all acknowledgments, promises, covenants, agreements and obligations made or undertaken by you in this Agreement shall be deemed, jointly and severally, undertaken by all of the Principals.

19.17 Rights and Remedies Cumulative

All rights and remedies of the parties to this Agreement shall be cumulative and not alternative, in addition to and not exclusive of any other rights or remedies which are provided for herein or which may be available at law or in equity in case of any breach, failure or default or threatened breach, failure or default of any term, provision or condition of this Agreement or any other agreement between you or any of your affiliates and us. The rights and remedies of the parties to this Agreement shall be continuing and shall not be exhausted by any one or more uses thereof, and may be exercised at any time or from time to time as often as may be expedient; and any option or election to enforce any such right or remedy may be exercised or taken at any time and from time to time. The expiration, earlier termination or exercise of our rights pursuant to Article XVII of this Agreement shall not discharge or release you or any of the Principals from any liability or obligation then accrued, or any liability or obligation continuing beyond, or arising out of, the expiration, the earlier termination or the exercise of such rights under this Agreement.

19.18 Terminology

The term “your Principals” shall include, collectively and individually, (1) your spouse, if you are an individual, (2) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of you and (3) all officers, directors, managers and general partners (or persons holding comparable positions in non-corporate entities) of any Principal that itself is an entity, in each case whom we designate as your Principals and all holders of an ownership interest in you and of any entity directly or indirectly controlling you, and any other person or entity controlling, controlled by or under common control with you. As used in this Section 19.18, the terms “control” and “controlling” shall mean the power to influence the management decisions of the specified person and shall in any case be deemed to exist where the second person holds ten percent (10%) or more of the total ownership interest in the specified person, serves on any board of directors or comparable body of such specified person or acts as an officer, general partner or manager thereof (or holds a comparable position in a non-corporate entity). The initial Principals shall be listed on Attachment 4. The term “Principals” shall include, collectively and individually, any Principal who has been designated by us as a Principal hereunder. For purposes of this Agreement, a publicly held corporation is a corporation registered pursuant to Section 12 of the Securities Exchange Act of 1934, as amended, or a corporation subject to the requirements of Section 15(d) of such Act.

19.19 References

Each reference in this Agreement to a corporation or partnership shall be deemed to also refer to a limited liability company and any other entity or organization similar thereto. Each reference to the organizational documents, equity owners, directors, and officers of a corporation in this Agreement shall be deemed to refer to the functional equivalents of such organizational documents, equity owners, directors, and officers, as applicable, in the case of a limited liability company or any other entity or organization similar thereto.

19.20 No Rights or Remedies Except to the Parties

Except as expressly provided to the contrary herein, nothing in this Agreement is intended, nor shall be deemed, to confer upon any person or legal entity other than you, us, our officers, directors, members and employees and such of your and our respective successors and assigns as may be contemplated (and, as to you, authorized by Article XIV), any rights or remedies under or as a result of this Agreement.

19.21 Effectiveness of Agreement

This Agreement shall not become effective until signed by an authorized officer of ours.

19.22 Modification of the System

You understand and agree that the System must not remain static if it is to meet, without limitation, presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time to time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another system in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and

all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying, or substituting other words or designs for, the Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions and alterations; provided, however, that such changes shall not materially and unreasonably increase your obligations hereunder.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby. You expressly waive any claims, demands or damages arising from or related to the foregoing activities including, without limitation, any claim of breach of contract, breach of fiduciary duty, fraud, and/or breach of the implied covenant of good faith and fair dealing.

19.23 Operation in the Event of Absence or Disability

In order to prevent any interruption of the Franchised Business operations which would cause harm to the Franchised Business, thereby depreciating the value thereof, you authorize us, who may, at our option, in the event that you are absent for any reason or are incapacitated by reason of illness and are unable, in our sole and reasonable judgment, to operate the Franchised Business, operate the Franchised Business for so long as we deem necessary and practical, and without waiver of any other rights or remedies we may have under this Agreement. All monies from the operation of the Franchised Business during such period of operation by us shall be kept in a separate account, and the expenses of the Franchised Business, including reasonable compensation and expenses for our representative, shall be charged to said account. If, as herein provided, we temporarily operate the Franchised Business franchised herein for you, you agree to indemnify and hold harmless us and any representative of ours who may act hereunder, from any and all acts which we may perform, as regards the interests of you or third parties.

19.24 Step-In Rights

If we determine in our sole judgment that the operation of your business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your business for as long as we deem necessary and practical, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your business; or we determine that operational problems require that we operate your business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the business as a going concern.

We shall keep in a separate account all monies generated by the operation of your business, less the expenses of the business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

19.25 Costs and Legal Fees

If we are required to enforce this Agreement in a judicial or arbitration proceeding, you shall reimburse us for our costs and expenses, including, without limitation, reasonable accountants', attorneys', attorney assistants', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, whether incurred prior to, in preparation for or in contemplation of the filing of any such proceeding. If we are required to engage legal counsel in connection with any failure by you to comply with this Agreement, you shall reimburse us for any of the above-listed costs and expenses incurred by us.

ARTICLE XX: TECHNOLOGY

20.1 Computer Systems and Software

The following terms and conditions shall apply with respect to your computer system:

20.1.1 We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among Squisito® Pizza and Pasta Restaurants, including without limitation: (a) back office and point of sale systems, data, audio, video, and voice storage, retrieval, and transmission systems for use at Squisito® Pizza and Pasta Restaurants, between or among Restaurants, and between and among the franchised Restaurant and us and/or you; (b) Point of Sale Systems; (c) physical, electronic, and other security systems; (d) printers and other peripheral devices; (e) archival back-up systems; and (f) internet access mode and speed (collectively, the "Computer System").

20.1.2 We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (a) computer software programs and accounting system software that you must use in connection with the Computer System ("Required Software"), which you shall install; (b) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (c) the tangible media upon which you shall record data; and (d) the database file structure of your Computer System.

20.1.3 You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing ("Point of Sale Systems"), which shall be deemed part of your Computer System.

20.1.4 You shall make, from time to time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, "Computer Upgrades").

20.1.5 You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

20.2 Data

We may, from time-to-time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at the Restaurant, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Restaurant, and all data created or collected by you in connection with the System, or in connection with your operation of the Restaurant (including without limitation data pertaining to or otherwise

concerning the Restaurant's customers) or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us upon our request. We hereby license use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

20.3 Privacy

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals ("Privacy"), and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

20.4 Telecommunications

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

20.5 Extranet

We may establish a website providing private and secure communications between us, you, franchisees, licensees and other persons and entities as determined by us, in our sole discretion (an "Extranet"). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet, and utilizing the Extranet in connection with the operation of the Restaurant. The Extranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Extranet.

20.6 On-line Use of Proprietary Marks

You shall not use the Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

20.7 No Outsourcing Without Prior Written Consent

Except in the case of emergency services, you shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor's entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

20.8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article XX were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

ARTICLE XXI: SECURITY INTERESTS

21.1 Collateral

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Restaurant, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds, and products thereof, wherever located, used in connection with the Restaurant. All items in which a security interest is granted are referred to as the “Collateral”.

21.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the “Indebtedness”):

21.2.1 All amounts due under this Agreement or otherwise by you;

21.2.2 All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;

21.2.3 All expenses, including reasonable attorneys’ fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and

21.2.4 All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Restaurant, including, but not limited to, a real property mortgage and equipment leases.

21.3 Additional Documents

You will from time to time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

21.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

21.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of Maryland (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

21.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

ARTICLE XXII: YOUR REPRESENTATIONS AND ACKNOWLEDGMENTS

22.1 Your Representations

You represent and warrant to us, with the intention that we are relying thereon in entering into this Agreement, that:

22.1.1 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, then you are organized under the laws of the state of your principal place of business (or another state which you have identified to us) and are in good standing with and qualified to do business in each state and political/governmental subdivision having jurisdiction over the Restaurant.

22.1.2 If you are a corporation, limited liability company, general partnership, partnership, or limited partnership, you have all corporate power and authority to execute, deliver, consummate and perform this Agreement, and it will be binding upon you and your successors and assigns when executed.

22.1.3 You do not have any material liabilities, adverse claims, commitments or obligations of any nature as of the date of execution of this Agreement, whether accrued, unliquidated, absolute, contingent or otherwise which are not reflected as liabilities on the balance sheets of your current financial statements, which you have furnished to us before the execution of this Agreement.

22.1.4 As of the date of execution of this Agreement, there are no actions, suits, proceedings or investigations pending or, to your knowledge or the knowledge any of your officers, directors, principal shareholders, proprietors, partners or principals (as applicable) after due inquiry, threatened, in any court or arbitral forum, or before any governmental agency or instrumentality, nor to the best of your knowledge or the knowledge of any such persons or entities (after due inquiry) is there any basis for any claim, action, suit, proceeding or investigation which affects or could affect, directly or indirectly, any of your assets, properties, rights or business; your right to operate and use your assets, properties or rights to carry on your business; and/or which affects or could affect your right to assume and carry out in all respects the duties, obligations and responsibilities specified in this Agreement.

22.1.5 Neither you nor any of your Principals is a party to any contract, agreement, covenant not to compete or other restriction of any type which may conflict with, or be breached by, the execution, delivery, consummation and/or performance of this Agreement.

22.1.6 All of your representations and warranties contained in this Agreement are complete, correct and accurate as of the date of execution of this Agreement and will survive any termination or expiration of this Agreement.

22.2 Your Acknowledgments

Franchisee shall acknowledge the truthfulness of the statements contained in Attachment 9 hereto. Franchisee's acknowledgments are an inducement for Franchisor to enter into this Agreement. Franchisee shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 9 is incomplete or incorrect

Remainder of page intentionally left blank.

The parties hereto have executed this Franchise Agreement the day and year first above written.

FRANCHISOR:
SQUISITO FRANCHISE ENTERPRISES, INC

By: _____

_____, _____
(Print Name, Title)

FRANCHISEE:

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 1 TO THE FRANCHISE AGREEMENT

ACCEPTED LOCATION AND TERRITORY

1. ACCEPTED LOCATION

Pursuant to Section 1.2 of the Franchise Agreement, the Restaurant shall be located at the following Accepted Location:

2. TERRITORY:

Pursuant to Section 1.4 of the Franchise Agreement, the Territory shall be:

3. OPENING:

If the Franchise Agreement is not being executed pursuant to a Multi-Unit Operator Agreement, then the Opening Date for the Franchised Restaurant shall be: _____.

If the Franchise Agreement is being executed pursuant to a Multi-Unit Operator Agreement, then the Opening Date for the Franchised Restaurant shall be as set forth in the Minimum Performance Schedule of the Multi-Unit Operator Agreement.

SQUISITO FRANCHISE ENTERPRISES, INC.

FRANCHISEE

By: _____ (SEAL)

Name: _____

Title: _____

Date: _____

By: _____ (SEAL)

Name: _____

Title: _____

Date: _____

ATTACHMENT 2 TO THE FRANCHISE AGREEMENT

TRADEMARKS



SQUISITO
EAT WELL EAT ITALIAN

ATTACHMENT 3 TO THIS FRANCHISE AGREEMENT

COLLATERAL ASSIGNMENT OF LEASE

FOR VALUE RECEIVED, the undersigned (“Assignor”) assigns, transfers and sets over to Squisito Franchise Enterprises, Inc., a Maryland corporation (“Assignee”), all of Assignor’s right and title to and interest in that certain “Lease” a copy of which is attached as Exhibit A respecting premises commonly known as _____. This assignment is for collateral purposes only and except as specified in this document Assignee will have no liability or obligation of any kind whatsoever arising from or in connection with this assignment or the Lease unless and until Assignee takes possession of the premises the Lease demises according to the terms of this document and assumes Assignor’s obligations under the Lease.

Assignor represents and warrants to Assignee that it has full power and authority to assign the Lease and that Assignor has not previously assigned or transferred and is not otherwise obligated to assign or transfer any of its interest in the Lease or the premises it demises.

Upon Assignor’s default under the Lease or under the “Franchise Agreement” for a Restaurant between Assignee and Assignor or in the event Assignor defaults under any document or instrument securing the Franchise Agreement Assignee has the right to take possession of the premises the Lease demises and expel Assignor from the premises. In that event Assignor will have no further right and title to or interest in the Lease but will remain liable to Assignee for any past due rental payments or other charges Assignee is required to pay Lessor to effectuate the assignment this document contemplates.

Assignor agrees that it will not suffer or permit any surrender, termination, amendment or modification of the Lease without Assignee’s prior written consent. Throughout the term of the Franchise Agreement Assignor agrees that it will elect and exercise all options to extend the term of or renew the Lease not less than thirty (30) days before the last day upon which the option must be exercised unless Assignee agrees otherwise in writing. Upon Assignee’s failure to agree otherwise in writing and upon Assignor’s failure to elect to extend or renew the Lease as required Assignor appoints Assignee as its true and lawful attorney-in-fact with the authority to exercise the extension or renewal options in the name, place and stead of Assignor for the sole purpose of effecting the extension or renewal.

ASSIGNEE:

SQUISITO FRANCHISE ENTERPRISES, INC.

By: _____ (SEAL)
Name: _____
Title: _____
Date: _____

ASSIGNOR:

By: _____ (SEAL)
Name: _____
Title: _____
Date: _____

CONSENT TO COLLATERAL ASSIGNMENT AND AGREEMENT OF LESSOR

The undersigned Lessor under the Lease:

(a) Agrees to notify Assignee in writing of and upon Assignor's failure to cure any default by Assignor under the Lease;

(b) Agrees that Assignee will have the right, but not the obligation, to cure any default by Assignor under the Lease within thirty (30) days after Lessor's delivery of notice of the default under section (a) above;

(c) Consents to the Collateral Assignment and agrees that if Assignee takes possession of the premises the Lease demises and confirms to Lessor that it has assumed the Lease as tenant, Lessor will recognize Assignee as tenant under the Lease, provided that Assignee cures within the thirty (30) day period noted in section (b) above Assignor's defaults under the Lease; and

(d) Agrees that Assignee may further assign the Lease to or enter into a sublease with a person, firm or corporation who agrees to assume the tenant's obligations under the Lease and is reasonably acceptable to Lessor and that upon that assignment Assignee will have no further liability or obligation under the Lease as assignee, tenant or otherwise, other than to certify that the additional assignee or sublessee operates the premises the Lease demises as a Restaurant.

Dated: _____

_____, Lessor

ATTACHMENT 4 TO THE FRANCHISE AGREEMENT

STATEMENT OF OWNERSHIP INTERESTS

- A. The following is a list of all shareholders, partners or other investors in Franchisee, including all investors who own or hold a direct or indirect interest in Franchisee, and a description of the nature of their interest:

Name

Percentage of Ownership/Nature of Interest

ATTACHMENT 5 TO THE FRANCHISE AGREEMENT

CONFIDENTIALITY AND NON-COMPETITION AGREEMENT

**(for trained employees, shareholders, officers, directors,
general partners, members and managers of Franchisee)**

In consideration of my being a _____ of _____ (“Franchisee”), and other good and valuable consideration, the receipt and sufficiency of which is acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated _____ (the “Franchise Agreement”), Franchisee has acquired the right and franchise from Squisito Franchise Enterprises, Inc. (the “Company”) to establish and operate a Squisito® Pizza and Pasta Restaurant or Squisito Too Restaurant (the “Franchised Business”) and the right to use in the operation of the Franchised Business the Company’s trade names, service marks, trademarks, logos, emblems, and indicia of origin (the “Proprietary Marks”), as they may be changed, improved and further developed from time to time in the Company’s sole discretion, only at the following authorized and Accepted Location: _____ (the “Accepted Location”).

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the “System”) relating to the establishment and operation of Franchised Businesses featuring pizzas, pastas, salads and sandwiches created with the finest and freshest quality ingredients. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, recipes, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the “Confidential Information”).

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As _____ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me in furnishing to me training programs, the Company’s Confidential Operations Manuals (the “Manuals”), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as _____ of the Franchisee, and will continue not to disclose any such information even after I cease to be in that position and will not use any such information even after I cease to be in that position unless I can demonstrate that such information has become generally known or easily accessible other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any food service business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products offered by a Franchised Business where the sale of such products constitutes or is intended to constitute twenty percent (20%) or more of the gross sales of the business operated or intended to be operated (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for two (2) years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 Twenty (20) miles of Franchisee's Territory; or

7.3 Twenty (20) miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than five percent (5%) beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate, or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of Maryland, without regard to the application of Maryland conflict of law rules. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

_____(SEAL)
Signature

Name

Address

Title

ACKNOWLEDGED BY FRANCHISEE

By:_____(SEAL)

Name:_____

Title:_____

ATTACHMENT 6 TO THE FRANCHISE AGREEMENT
ELECTRONIC TRANSFER AUTHORIZATION

**AUTHORIZATION TO HONOR CHARGES DRAWN BY AND
PAYABLE TO SQUISITO FRANCHISE ENTERPRISES, INC. ("COMPANY")**

Depositor hereby authorizes and requests _____ (the "Depository") to initiate debit and credit entries to Depositor's ☐ checking or ☐ savings account (select one) indicated below drawn by and payable to the order of Squisito Franchise Enterprises, Inc. by Electronic Funds Transfer, provided there are sufficient funds in said account to pay the amount upon presentation.

Depositor agrees that the Depository's rights with respect to each such charge shall be the same as if it were a check drawn by the Depository and signed by Depositor. Depositor further agrees that if any such charge is dishonored, whether with or without cause and whether intentionally or inadvertently, the Depository shall be under no liability whatsoever.

Depository Name: _____

City: _____ State: _____ Zip Code: _____

Transit/ABA Number: _____ Account Number: _____

This authority is to remain in full force and effect until Company has received written notification from me (or either of us) of its termination in such time and in such manner to afford Company and Depository a responsible opportunity to act on such request.

Depositor: (Please Print)

Date Signed

Signature(s) of Depositor, as Printed Above

Please attach a voided blank check, for purposes of setting up Bank and Transit Numbers.

ATTACHMENT 7 TO THE FRANCHISE AGREEMENT

INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT

THIS INTERNET ADVERTISING, SOCIAL MEDIA AND TELEPHONE ACCOUNT AGREEMENT (the “Agreement”) is made and entered into this day of _____ (the “Effective Date”) by and between Squisito Franchise Enterprises, Inc., a Maryland corporation (the “Franchisor”), and _____, a _____ (the “Franchisee”).

WHEREAS, Franchisee desires to enter into a franchise agreement with Franchisor for a Squisito Pizza & Pasta or Squisito Too business (“Franchise Agreement”) which will allow Franchisee to conduct internet-based advertising, maintain social media accounts, and use telephone listings linked to the Squisito Pizza and Pasta or Squisito Too brand.

WHEREAS, Franchisor would not enter into the Franchise Agreement without Franchisee’s agreement to enter into, comply with, and be bound by all the terms and provisions of this Agreement;

NOW, THEREFORE, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions

All terms used but not otherwise defined in this Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

2. Internet Advertising and Telephone Accounts

2.1 Interest in Websites, Social Media Accounts and Other Electronic Listings. Franchisee may acquire (whether in accordance with or in violation of the Franchise Agreement) during the term of Franchise Agreement, certain right, title, or interest in and to certain domain names, social media accounts, hypertext markup language, uniform resource locator addresses, access to corresponding internet websites, and the right to hyperlink to certain websites and listings on various internet search engines (collectively, “Electronic Advertising”) related to the Franchised Business or the Marks.

2.2 Interest in Telephone Numbers and Listings. Franchisee has or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, internet page, and other telephone directory listings (collectively, the “Telephone Listings”) related to the Franchised Business or the Marks.

2.3 Transfer. On Termination of the Franchise Agreement, or on periodic request of Franchisor, Franchisee will immediately:

2.3.1 direct all internet service providers, domain name registries, internet search engines, social media companies, and other listing agencies (collectively, the “Internet Companies”) with which Franchisee has Electronic Advertising: (i) to transfer all of Franchisee’s interest in such Electronic Advertising to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Electronic

Advertising, Franchisee will immediately direct the Internet Companies to terminate such Electronic Advertising or will take such other actions with respect to the Electronic Advertising as Franchisor directs; and

2.3.2 direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which Franchisee has Telephone Listings: (i) to transfer all Franchisee’s interest in such Telephone Listings to Franchisor; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event Franchisor does not desire to accept any or all such Telephone Listings, Franchisee will immediately direct the Telephone Companies to terminate such Telephone Listings or will take such other actions with respect to the Telephone Listings as Franchisor directs.

2.4 Appointment; Power of Attorney. Franchisee hereby constitutes and appoints Franchisor and any officer or agent of Franchisor, for Franchisor’s benefit under the Franchise Agreement and this Agreement or otherwise, with full power of substitution, as Franchisee’s true and lawful attorney-in-fact with full power and authority in Franchisee’s place and stead, and in Franchisee’s name or the name of any affiliated person or affiliated company of Franchisee, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Agreement. Franchisee further agrees that this appointment constitutes a power coupled with an interest and is irrevocable until Franchisee has satisfied all of its obligations under the Franchise Agreement and any and all other agreements to which Franchisee and any of its affiliates on the one hand, and Franchisor and any of its affiliates on the other, are parties, including without limitation this Agreement. Without limiting the generality of the foregoing, Franchisee hereby grants to Franchisor the power and right to do the following:

2.4.1 Direct the Internet Companies to transfer all Franchisee’s interest in and to the Electronic Advertising to Franchisor, or alternatively, to direct the Internet Companies to terminate any or all of the Electronic Advertising;

2.4.2 Direct the Telephone Companies to transfer all Franchisee’s interest in and to the Telephone Listings to Franchisor, or alternatively, to direct the Telephone Companies to terminate any or all of the Telephone Listings; and

2.4.3 Execute such standard assignment forms or other documents as the Internet Companies and/or Telephone Companies may require in order to affect such transfers or terminations of Franchisee’s interest.

2.5 Certification of Termination. Franchisee hereby directs the Internet Companies and Telephone Companies to accept, as conclusive proof of Termination of the Franchise Agreement, Franchisor’s written statement, signed by an officer or agent of Franchisor, that the Franchise Agreement has terminated.

2.6 Cessation of Obligations. After the Internet Companies and the Telephone Companies have duly transferred all Franchisee’s interests as described in paragraph 2.3 above to Franchisor, as between Franchisee and Franchisor, Franchisee will have no further interest in, or obligations with respect to the particular Electronic Advertising and/or Telephone Listing. Notwithstanding the foregoing, Franchisee will remain liable to each and all of the Internet Companies and Telephone Companies for the respective sums Franchisee is obligated to pay to them for obligations Franchisee incurred before the date Franchisor duly accepted the transfer of such interests, or for any other obligations not subject to the Franchise Agreement or this Agreement.

3. Miscellaneous

3.1 Release. Franchisee hereby releases, remises, acquits, and forever discharges each and all of the Internet Companies and/or Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertible in, or in any way related to this Agreement.

3.2 Indemnification. Franchisee is solely responsible for all costs and expenses related to its performance, its nonperformance, and Franchisor's enforcement of this Agreement, which costs and expenses Franchisee will pay Franchisor in full, without defense or setoff, on demand. Franchisee agrees that it will indemnify, defend, and hold harmless Franchisor and its affiliates, and its and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from and against, and will reimburse Franchisor and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Agreement.

3.3 No Duty. The powers conferred on Franchisor hereunder are solely to protect Franchisor's interests and shall not impose any duty on Franchisor to exercise any such powers. Franchisee expressly agrees that in no event shall Franchisor be obligated to accept the transfer of any or all of Franchisee's interest in any matter hereunder.

3.4 Further Assurances. Franchisee agrees that at any time after the date of this Agreement, Franchisee will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Agreement.

3.5 Successors, Assigns, and Affiliates. All Franchisor's rights and powers, and all Franchisee's obligations, under this Agreement shall be binding on Franchisee's successors, assigns, and affiliated persons or entities as if they had duly executed this Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Agreement, all provisions of the Franchise Agreement and attachments and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Agreement shall survive the Termination of the Franchise Agreement.

3.8 Governing Law. This Agreement shall be governed by and construed under the laws of the State of Maryland, without regard to the application of Maryland conflict of law rules.

-Remainder of Page Intentionally Blank-

The undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISOR:

Squisito Franchise Enterprises, Inc.

By: _____

_____, _____
(Print Name, Title)

FRANCHISEE:

By: _____

_____, _____
(Print Name, Title)

PRINCIPAL:

(Print Name)

PRINCIPAL:

(Print Name)

ATTACHMENT 8 TO THE FRANCHISE AGREEMENT
POWER OF ATTORNEY (TAX)

Taxes

IRREVOCABLE POWER OF ATTORNEY

STATE OF _____)
)
COUNTY OF _____)

KNOW ALL MEN BY THESE PRESENTS

That _____, a _____ (“Franchisee”), does hereby irrevocably constitute and appoint Squisito Franchise Enterprises, Inc., a Maryland corporation (“Franchisor”), true and lawful attorney-in-fact and agent for Franchisee and in Franchisee’s name, place and stead to do or cause to be done all things and to sign, execute, acknowledge, certify, deliver, accept, record and file all such agreements, certificates, instruments and documents as, in the sole discretion of Franchisor, shall be necessary or advisable for the sole purpose of obtaining any and all returns, records, reports and other documentation relating to the payment of taxes filed by Franchisee with any state and/or federal taxing authority, including, but not limited to, the State Comptroller of the State of _____, hereby granting unto Franchisor full power and authority to do and perform any and all acts and things which, in the sole discretion of Franchisor, are necessary or advisable to be done as fully to all intents and purposes as Franchisee might or could itself do, hereby ratifying and confirming all that Franchisor may lawfully do or cause to be done by virtue of this Power of Attorney and the powers herein granted.

During the term of this Power of Attorney, and regardless of whether Franchisee has designated any other person to act as its attorney-in-fact and agent, no governmental agency, person, firm or corporation dealing with Franchisor, if acting in good faith, shall be required to ascertain the authority of Franchisor, nor to see to the performance of the agency, nor be responsible in any way for the proper application of documents delivered or funds or property paid or delivered to Franchisor. Any governmental agency, person, firm or corporation dealing with Franchisor shall be fully protected in acting and relying on a certificate of Franchisor that this Power of Attorney on the date of such certificate has not been revoked and is in full force and effect, and Franchisee shall not take any action against any person, firm, corporation or agency acting in reliance on such a certificate or a copy of this Power of Attorney. Any instrument or document executed on behalf of Franchisee by Franchisor shall be deemed to include such a certificate on the part of Franchisor, whether or not expressed. This paragraph shall survive any termination of this Power of Attorney.

This Power of Attorney shall terminate two (2) years following the expiration or termination of that certain Franchise Agreement dated as of _____, 20__ by and between Franchisor and Franchisee. Such termination, however, shall not affect the validity of any act or deed that Franchisor may have effected prior to such date pursuant to the powers herein granted.

This instrument is to be construed and interpreted as an irrevocable power of attorney coupled with an interest. It is executed and delivered in the State of _____ and the laws of the State of _____ shall govern all questions as to the validity of this Power of Attorney and the construction of its provisions.

IN WITNESS WHEREOF, the undersigned has executed this Power of Attorney as of the _____ day of _____, 20__.

_____, a

By: _____ (SEAL)

Name: _____

Title: _____

STATE OF _____)

)

COUNTY OF _____)

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of _____, known to me to be the person whose name is subscribed to the foregoing instrument, who acknowledged to me that s/he executed the same for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this _____ day of _____, 20__.

(SEAL)

Notary Public in and for
The State of _____

My commission expires:

ATTACHMENT 9 TO THE FRANCHISE AGREEMENT

FRANCHISEE DISCLOSURE ACKNOWLEDGMENT STATEMENT

Franchisee hereby acknowledges the following:

1. Franchisee has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of operating the Franchised Business. Franchisee further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Business provided for in this Agreement has been made to Franchisee by Franchisor and Franchisee and any and all Principals hereby waive any claim against Franchisor for any business failure Franchisee may experience as a franchisee under this Agreement.

Initial

2. Franchisee has conducted an independent investigation of the business contemplated by this Agreement and understands and acknowledges that the business contemplated by this Agreement involves business risks making the success of the venture largely dependent upon the business abilities and participation of Franchisee and its efforts as an independent business operation.

Initial

3. Franchisee agrees that no claims of success or failure have been made to it or him or her prior to signing the Franchise Agreement and that it/she/he understands all the terms and conditions of the Franchise Agreement. Franchisee further acknowledges that the Franchise Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

4. Franchisee has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by the Franchise Agreement that are contrary to the terms of the Franchise Agreement or the documents incorporated herein. Franchisee acknowledges that no representations or warranties are made or implied, except as specifically set forth in the Franchise Agreement. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining the Franchise Agreement.

Initial

5. Franchisor expressly disclaims the making of, and Franchisee acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by the Franchise Agreement.

Initial

6. Franchisee acknowledges that Franchisor's approval or acceptance of Franchisee's Business location does not constitute a warranty, recommendation or endorsement of the location for the Franchised Business, nor any assurance by Franchisor that the operation of the Franchised Business at the premises will be successful or profitable.

Initial

7. Franchisee acknowledges that it has received the Squisito Franchise Enterprises, Inc Franchise Disclosure Document with a complete copy of the Franchise Agreement and all related Attachments and agreements at least fourteen (14) calendar days prior to the date on which the Franchise Agreement was executed. Franchisee further acknowledges that Franchisee has read such Franchise Disclosure Document and understands its contents.

Initial

8. Franchisee acknowledges that it has had ample opportunity to consult with its own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Franchisee with respect to the Franchise Agreement or the relationship thereby created.

Initial

9. Franchisee, together with Franchisee's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the Franchise granted by the Franchise Agreement.

Initial

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

Initial

11. It is recognized by the parties that Franchisor is also (or may become) a manufacturer or distributor of certain products under the Marks licensed herein; and it is understood that

Franchisor does not warrant that such products will not be sold within the Franchisee's Territory by others who may have purchased such products from Franchisor.

Initial

12. BY EXECUTING THE FRANCHISE AGREEMENT, FRANCHISEE AND ANY PRINCIPAL, INDIVIDUALLY AND ON BEHALF OF FRANCHISEE'S AND SUCH PRINCIPAL'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SQUISITO FRANCHISE ENTERPRISES, INC, OTHER AFFILIATES, AND ANY OF SQUISITO FRANCHISE ENTERPRISES, INC'S PARENT COMPANY, SUBSIDIARIES, DIVISIONS, AFFILIATES, SUCCESSORS, ASSIGNS AND DESIGNEES, AND THE FOREGOING ENTITIES' DIRECTORS, OFFICERS, EMPLOYEES, AGENTS, SHAREHOLDERS, SUCCESSORS, DESIGNEES AND REPRESENTATIVES FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THE FRANCHISE AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

FRANCHISEE:

By: _____

_____,
(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

ATTACHMENT 10

SPOUSAL GUARANTY

This Guaranty and Covenant (this “Guaranty”) is given by the undersigned (“Guarantor”) on _____ to Squisito Franchise Enterprises, Inc., a Maryland corporation having its principal place of business at 2024 West St. #302, Annapolis, Maryland 21401 (“Franchisor”), in order to induce Franchisor to enter into that certain Franchise Agreement dated of even date herewith (the “Franchise Agreement”) with _____, a(n) _____, _____ and _____ (collectively “Franchisee”).

Guarantor acknowledges that Guarantor is the spouse of Franchisee’s Principal, as that term is used in the Franchise Agreement.

Guarantor acknowledges that Guarantor has read the terms and conditions of the Franchise Agreement and acknowledges that the execution of this Guaranty are in partial consideration for, and a condition to the granting of, the rights granted in the Franchise Agreement to Franchisee, and that Franchisor would not have granted these rights without the execution of this Guaranty by Guarantor.

Guarantor hereby individually makes, agrees to be bound by, and agrees to perform, all of the monetary obligations and non-competition covenants and agreements of the Franchisee as set forth in the Franchise Agreement, including but not limited to, the covenants set forth in Sections 19.2, 19.5, 19.6, 19.8 and 19.9 of the Franchise Agreement (“Guaranteed Obligations”). Guarantor shall perform and/or make punctual payment to Franchisor of the Guaranteed Obligations in accordance with the terms of the Franchise Agreement or other applicable document forthwith upon demand by Franchisor.

This Guaranty is an absolute and unconditional continuing guaranty of payment and performance of the Guaranteed Obligations. This Guaranty shall not be discharged by renewal of any claims guaranteed by this instrument, change in ownership or control of the Franchisee entity, transfer of the Franchise Agreement, the suffering of any indulgence to any debtor, extension of time of payment thereof, nor the discharge of Franchisee by bankruptcy, operation of law or otherwise. Presentment, demand, protest, notice of protest and dishonor, notice of default or nonpayment and diligence in collecting any obligation under any agreement between Franchisee and Franchisor are each and all waived by Guarantor and/or acknowledged as inapplicable. Guarantor waives notice of amendment of any agreement between Franchisee and Franchisor and notice of demand for payment by Franchisee. Guarantor further agrees to be bound by any and all amendments and changes to any agreement between Franchisee and Franchisor.

Franchisor may pursue its rights against Guarantor without first exhausting its remedies against Franchisee and without joining any other guarantor hereto and no delay on the part of Franchisor in the exercise of any right or remedy shall operate as a waiver of such right or remedy, and no single or partial exercise by Franchisor of any right or remedy shall preclude the further exercise of such right or remedy.

If other guarantors have guaranteed any and or all of the Guaranteed Obligations, their liability shall be joint and several to that of Guarantor.

Until all of the Guaranteed Obligations have been paid in full and/or performed in full, Guarantor shall not have any right of subrogation, unless expressly given to Guarantor in writing by Franchisor.

All Franchisor’s rights, powers and remedies hereunder and under any other agreement now or at any time hereafter in force between Franchisor and Guarantor shall be cumulative and not alternative and shall be in addition to all rights, powers and remedies given to Franchisor by law.

Should any one or more provisions of this Guaranty be determined to be illegal or unenforceable, all other provisions nevertheless shall remain effective.

This Guaranty shall extend to and inure to the benefit of Franchisor and its successors and assigns and shall be binding on Guarantor and its successors and assigns.

Guarantor has signed this Guaranty as of the date set forth above.

GUARANTOR - SPOUSE OF FRANCHISEE'S PRINCIPAL:

Print Name: _____

ATTACHMENT 11

GENERAL RELEASE

_____ (“Franchisee”) and its principal(s):

(collectively, “Franchisee’s Principal(s)”), on behalf of themselves and their respective officers, directors, employees, successors, assigns, heirs, personal representatives, and all other persons acting on their behalf or claiming under them (collectively, the “Franchisee Releasors”), hereby release, discharge and hold harmless Squisito Franchise Enterprises, Inc. (“Franchisor”), all licensees/affiliates, and each of their respective officers, directors, shareholders, employees, agents, attorneys, successors, and assigns (collectively, the “Franchisor Releasees”) from any suits, claims, controversies, rights, promises, debts, liabilities, demands, obligations, costs, expenses, actions, and causes of action of every nature, character and description, in law or in equity, whether presently known or unknown, vested or contingent, suspected or unsuspected arising under, relating to, or in connection with the Franchise Agreement dated _____ between Franchisee and Franchisor and any related agreements and the relationship created thereby, or the Franchised Business operated under the Franchise Agreement, or any claims or representations made relative to the sale of the franchise to operate such Franchised Business or under any federal or state franchise or unfair or deceptive trade practice laws, which any of the Franchisee Releasors now own or hold or have at any time heretofore owned or held against the Franchisor Releasees (collectively, the “Franchisee Released Claims”).

FRANCHISEE AND FRANCHISEE’S PRINCIPAL(S) ON BEHALF OF THEMSELVES AND THE FRANCHISEE RELEASORS WAIVE ANY RIGHTS AND BENEFITS CONFERRED BY ANY APPLICABLE PROVISION OF LAW EXISTING UNDER ANY FEDERAL, STATE OR POLITICAL SUBDIVISION THEREOF WHICH WOULD INVALIDATE ALL OR ANY PORTION OF THE RELEASE CONTAINED HEREIN BECAUSE SUCH RELEASE MAY EXTEND TO CLAIMS WHICH THE FRANCHISEE RELEASORS DO NOT KNOW OR SUSPECT TO EXIST IN THEIR FAVOR AT THE TIME OF EXECUTION OF THIS AGREEMENT. The Franchisee Releasors also covenant not to bring any suit, action, or proceeding, or make any demand or claim of any type, against any Franchisor Releasees with respect to any Franchisee Released Claim, and Franchisee and Franchisee’s Principal(s) shall defend, indemnify and hold harmless each of Franchisor Releasees against same.

Executed as of _____.

Signature Page to Follow

FRANCHISEE:

By: _____

_____, _____
(Name, Title)

FRANCHISEES'S PRINCIPAL:

Print Name: _____

Print Name: _____

Print Name: _____

Print Name: _____

EXHIBIT C TO THE DISCLOSURE DOCUMENT
MULTI-UNIT DEVELOPMENT AGREEMENT

SQUISITO FRANCHISE ENTERPRISES, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

MULTI-UNIT DEVELOPER

DATE OF AGREEMENT

TABLE OF CONTENTS

SECTION I: GRANT	1
SECTION II: DEVELOPMENT FEE	2
SECTION III: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS.....	2
SECTION IV: DEVELOPMENT RIGHTS AND OBLIGATIONS	3
SECTION V: RENEWAL	4
SECTION VI: TERM AND RIGHT OF FIRST REFUSAL	4
SECTION VII: YOUR OBLIGATIONS	5
SECTION VIII: OUR SERVICES	6
SECTION IX: DEFAULT AND TERMINATION	6
SECTION X: OBLIGATIONS FOLLOWING TERMINATION.....	8
SECTION XI: TRANSFER OF INTEREST	8
SECTION XII: COVENANTS	11
SECTION XIII: NOTICES.....	13
SECTION XIV: INDEPENDENT CONTRACTOR AND INDEMNIFICATION	13
SECTION XV: APPROVALS.....	13
SECTION XVI: NON-WAIVER.....	14
SECTION XVII: SEVERABILITY AND CONSTRUCTION	14
SECTION XVIII: ENTIRE AGREEMENT; APPLICABLE LAW.....	14
SECTION XIX: DISPUTE RESOLUTION	15
SECTION XX: TIMELY PERFORMANCE	16
SECTION XXI: ACKNOWLEDGMENTS	16

ATTACHMENTS:

- 1 Developer Acknowledgement Statement
- 2 Certification by Multi-Unit Developer
- 3 Minimum Performance Schedule
- 4 Exclusive Area
- 5 Existing Restaurants in Exclusive Area

SQUISITO FRANCHISE ENTERPRISES, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

THIS MULTI-UNIT DEVELOPMENT AGREEMENT (“Agreement”) is made and entered into the _____, between Squisito Franchise Enterprises, Inc., a Maryland corporation having its principal place of business at 2024 West St. #302, Annapolis, Maryland 21401 (“we”, “us” or “our”), and _____ whose principal address is _____ (hereinafter “you” or “your”).

W I T N E S S E T H:

WHEREAS, as the result of the expenditure of time, skill, effort and money, we and our affiliate have developed and own a unique and distinctive system (hereinafter “System”) relating to the establishment and operation of restaurants providing guests a “true authentic Italian” experience in fast casual environment offering pizzas, pastas, salads and sandwiches created with the finest and freshest quality ingredients on a dine-in and take-out basis (“Restaurant” or “Franchised Business”);

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

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

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

WHEREAS, you wish to obtain certain development rights to open and operate Restaurants operating under the Marks under the System within the Exclusive Area described in this Multi-Unit Development Agreement.

NOW, THEREFORE, the parties, in consideration of the undertakings and commitments of each party to the other party stated herein, hereby agree as follows:

SECTION I: GRANT

1.1 We hereby grant to you, pursuant to the terms and conditions of this Multi-Unit Development Agreement, certain development rights (“Development Rights”) to establish and operate _____ (_____) franchised Restaurants, and to use the System solely in connection therewith at specific locations to be designated in separate Franchise Agreements executed as provided in Section 3.1 hereof, and pursuant to the schedule established in Attachment 3 of this Agreement (hereinafter “Minimum

Performance Schedule”). Each Restaurant developed hereunder shall be located in the area described in Attachment 4 of this Agreement (hereinafter “Exclusive Area”).

1.2 Each Restaurant for which a Development Right is granted hereunder shall be established and operated pursuant to a Franchise Agreement to be entered into between you and us in accordance with Section 3.1 hereof.

1.3 Except as otherwise provided in this Agreement, we shall not establish, nor franchise anyone other than you to establish, a Restaurant in the Exclusive Area during the term of this Agreement, provided you are not in default hereunder.

1.4 This Agreement is not a Franchise Agreement and does not grant to you any right to use the Marks or System.

1.5 You shall have no right under this Agreement to franchise others under the Marks or System.

SECTION II: DEVELOPMENT FEE

In consideration of the development rights granted herein, you shall pay to us a Development Fee of _____ Thousand Dollars (\$_____), which is calculated as Thirty Five Thousand Dollars (\$35,000), being one hundred percent (100%) of the initial franchise fee for the first Restaurant to be developed hereunder, plus a deposit equal to Seventeen Thousand Five Hundred Dollars (\$17,500), being fifty percent (50%) of the initial franchise fee, multiplied by the total number of Restaurants to be developed pursuant to this Agreement.

You acknowledge and agree that the Development Fee shall be fully earned by us upon execution of this Agreement, is not refundable, and shall be for administrative and other expenses incurred by us and for the development opportunities lost or deferred as a result of the Development Rights granted to you herein.

SECTION III: SCHEDULE AND MANNER FOR EXERCISING DEVELOPMENT RIGHTS

3.1 You shall assume all responsibility and expense for locating potential sites for Restaurants and shall submit to us for our evaluation and approval, in the form specified by us, a description of the site, the terms of the lease or purchase, a market feasibility study for the site and such other information and materials as we may reasonably require, together with a letter of intent or other evidence satisfactory to us which confirms your favorable prospects for obtaining the site. We shall have thirty (30) days after receipt of such information and materials from you to approve or disapprove the site in our sole discretion. If the site is approved, you will then be presented with the Franchise Agreement for execution.

3.2 Recognizing that time is of the essence, you agree to exercise each of the Development Rights granted hereunder in the manner specified herein, and to satisfy the Minimum Performance Schedule in a timely manner. Your failure to adhere to the Minimum Performance Schedule shall constitute a default under this Agreement as provided in Section 9.1 hereof. Under no circumstances, however, may you open a Restaurant for business unless and until there is a fully executed Franchise Agreement in place for such Restaurant and you have complied with all requirements under the Franchise Agreement for opening such Restaurant.

3.3 You shall exercise each Development Right granted herein only by executing a Franchise Agreement for each Restaurant at a site approved by us in the Exclusive Area as hereinafter provided within ten (10) days after receipt of said Franchise Agreement from us for the approved site and return same to us for our execution. The Franchise Agreement for the first Development Right exercised hereunder has been executed contemporaneously with this Agreement. The Franchise Agreement for each additional Development Right exercised hereunder shall be the then-current Franchise Agreement, except that the Royalty Fees and Creative Fund contributions shall not increase and shall be the same as stated in the first Franchise Agreement executed, subject to any non-material changes therein which are required to be made by changes in any applicable law, regulation or ordinance in effect from time to time. In the event we do not receive the properly executed Franchise Agreement with the appropriate number of copies within said ten (10) days from delivery thereof to you, our approval of the site shall be void, you shall have no rights with respect to said site and you shall be in default under this Agreement.

The initial franchise fees to be paid by you shall be Thirty Five Thousand Dollars (\$35,000) for each Restaurant to be developed hereunder. For the first Restaurant to be developed hereunder, we will apply Thirty Five Thousand Dollars (\$35,000) from the Development Fee in full satisfaction of such initial franchise fee. For each additional Restaurant developed hereunder, we will apply a pro rata portion of the Development Fee toward the applicable initial franchise fee payable for each Restaurant, and the balance of the initial franchise fee due for each Restaurant developed after the first one shall be payable in a lump sum upon the earliest to occur of (i) ninety (90) days before the Restaurant is scheduled to open, or (ii) upon your execution of the lease for the Restaurant premises.

3.4 You acknowledge that the approval of a particular site for a Restaurant by us shall not be deemed to be an assurance or guaranty that the Restaurant will operate successfully or at a profit from such site.

3.5 You shall be required to execute each Franchise Agreement and own a minimum of fifty-one percent (51%) of the issued and outstanding stock for each Restaurant to be opened pursuant to said Franchise Agreement. In no event shall you relinquish control over each entity operating each Restaurant.

SECTION IV: DEVELOPMENT RIGHTS AND OBLIGATIONS

4.1 Subject to the provisions of this Agreement, we grant to you the Development Rights, as described in Section 1.1. Notwithstanding any other provision of this Agreement, Development Rights under this Agreement may, in our sole discretion, include the right to develop Restaurants at any "Non-Traditional Sites". Non-Traditional Sites include without limitation military bases, hotels, high school and college campuses, airports, train stations, travel plazas, toll roads, prisons, hospitals, convenience stores, casinos, sports or entertainment venues or stadiums, and retail restaurant locations being sublet under a lease to a master concessionaire, whether currently existing or constructed or established subsequent to the date hereof.

4.2 Provided you are in full compliance with all the terms and conditions of this Agreement, including without limitation your development obligations described in Section 3.2, and you are in full compliance with all of your obligations under all franchise agreements executed pursuant to this Agreement, then during the term of this Agreement neither we nor any of our affiliates will develop or operate or grant franchises for the development or operation of Restaurants within the Exclusive Area, except the franchises that are granted to you pursuant to this Agreement and except as otherwise expressly provided in this Agreement.

4.3 Upon the termination or expiration of this Agreement, we and our affiliates shall have the right to develop and operate, and to grant to others development rights and franchises to develop and

operate, Restaurants within the Exclusive Area subject only to the territorial rights granted to you with respect to Restaurants operated by you pursuant to the Franchise Agreements.

4.4 Except as expressly limited by Section 3.2 above, we and our affiliates retain all rights with respect to Restaurants, the Marks and the sale of any goods and services, anywhere in the world, including, without limitation, the right:

4.4.1 to produce, offer and sell and to grant others the right to produce, offer and sell the products offered at Restaurants and any other goods displaying the Marks or other trade and service marks through alternative distribution channels, as described below, both within and outside the Exclusive Area, and under any terms and conditions we deem appropriate. "Alternative distribution channels" include, but are not limited to, the Internet, catalog sales, grocery stores, club stores, telemarketing or other marketing methods;

4.4.2 to operate and to grant others the right to operate Restaurants located outside the Exclusive Area under any terms and conditions we deem appropriate and regardless of proximity to a Restaurant;

4.4.3 to operate and to grant others the right to operate Restaurants at Non-Traditional Sites within and outside the Exclusive Area under any terms and conditions we deem appropriate; and

4.4.4 to acquire and operate a business operating one or more restaurants or food service businesses located or operating in the Exclusive Area.

SECTION V: RENEWAL

This Agreement shall not be subject to renewal; however, if you wish to purchase a new Exclusive Area and continue to develop Restaurants, we will, in good faith, negotiate a new Multi-Unit Development Agreement with you.

SECTION VI: TERM AND RIGHT OF FIRST REFUSAL

6.1 Unless sooner terminated in accordance with the terms of this Agreement, the term of this Agreement and all Development Rights granted hereunder shall expire on the date the last Restaurant is opened pursuant to the Minimum Performance Schedule established in Attachment 3.

6.2 If, following your completion of the Minimum Performance Schedule, we determine that it is desirable to operate one or more additional Restaurants in the Exclusive Area, and provided you have timely complied with the Minimum Performance Schedule and are then in compliance with all terms and conditions of all Franchise Agreements, you shall have a right of first refusal to obtain the Development Rights to such additional Restaurant(s) upon such reasonable terms and conditions as are then determined by us including, but not limited to, the imposition of a new Development Fee and the payment of the then-current Initial Franchise Fee upon execution of the then-current Franchise Agreement. In such case, we shall advise you in writing of the terms and conditions for the acquisition of the Development Rights for such additional Restaurant(s). You must notify us in writing within sixty (60) days of the receipt of such notice whether you wish to acquire the Development Rights to one or all of such additional Restaurant(s). If you do not exercise this right of first refusal, in whole, we may, following the expiration of the sixty (60) day period, grant the Development Rights to such additional Restaurant(s) to any other person or persons on the same terms and conditions or we may elect to develop and construct any of such additional Restaurant(s).

SECTION VII: YOUR OBLIGATIONS

7.1 You acknowledge and agree that:

7.1.1 Except as otherwise provided herein, this Agreement includes only the right to select sites for the establishment of Restaurants and to submit the same to us for our approval in accordance with the terms of this Agreement. This Agreement does not include the grant of a license by us to you of any rights to use the Marks, the System, or to open or operate any Restaurants within the Exclusive Area. You shall obtain the license to use such additional rights at each Restaurant upon the execution of each Franchise Agreement by both you and us and only in accordance with the terms of each Franchise Agreement.

7.1.2 The Development Rights granted hereunder are personal to you and cannot be sold, assigned, transferred or encumbered, in whole or in part, except as stated in Section XI hereof.

7.1.3 Except as provided in Sections 6.1 and 6.2 hereof, the Development Rights granted hereunder are non-exclusive, and we retain the right, in our sole discretion:

(a) To continue to construct and operate other Restaurants and to use the System and the Marks at any location outside the Exclusive Area, and to license others to do so.

(b) To develop, use and franchise the rights to any trade names, trademarks, service marks, trade symbols, emblems, signs, slogans, insignia, or copyrights not designated by us as Marks for use with different franchise systems for the sale of the different products or services not in connection with the System at any location, on such terms and conditions as we may deem advisable and without granting you any rights therein.

(c) To develop, merchandise, sell and license others to sell any of our products, proprietary or otherwise, presently existing or to be developed in the future, to the public through supermarkets, groceries, club stores and other non-restaurant outlets outside or inside of the Exclusive Area and to use the Marks in connection therewith.

7.1.4 You have sole responsibility for the performance of all obligations arising out of the operation of your business pursuant to this Agreement, including, but not limited to, the payment when due of any and all taxes levied or assessed by reason of such operation.

7.1.5 In all public records, in its relationship with other persons, and in any documents, you shall indicate clearly the independent ownership of your business and that the operations of said business are separate and distinct from the operation of a Squisito® Pizza and Pasta Restaurant.

7.1.6 You shall at all times preserve in confidence any and all materials and information furnished or disclosed to you by us and you shall disclose such information or materials only to such of your employees or agents who must have access to it in connection with their employment. You shall not at any time, without our prior written consent, copy, duplicate, record or otherwise reproduce such materials or information, in whole or in part, nor otherwise make the same available to any unauthorized person.

7.1.7 You shall comply with all requirements of federal, state and local laws, rules and regulations.

7.1.8 You shall at no time have the right to sub-franchise any of your Development Rights hereunder.

7.1.9 In no event shall any Restaurant be opened for business unless and until a Franchise Agreement for such Restaurant has been fully executed, the initial franchise fee for such Restaurant has been paid, and you have complied with all of the requirements under the Franchise Agreement for opening such Restaurant.

SECTION VIII: OUR SERVICES

We shall, at our expense, provide the following services:

8.1 Review your site selection for conformity to our standards and criteria for selection and acquisition of sites upon our receipt of your written request for approval thereof.

8.2 Provide you with standard specifications and layouts for the interior and exterior design, improvements, equipment, furnishings, décor and signs identified with the Restaurants as we make available to all multi-unit operators and franchisees from time to time.

8.3 Review of your site plan and final build-out plans and specifications for conformity to the construction standards and specifications of the System, upon our receipt of your written request for approval thereof.

8.4 Provide such other resources and assistance as may hereafter be developed and offered by us to our other multi-unit operators in our sole discretion.

SECTION IX: DEFAULT AND TERMINATION

9.1 The occurrence of any of the following events of default shall constitute good cause for us, at our option and without prejudice to any other rights or remedies provided for hereunder or by law or equity, to terminate this Agreement upon notice to you without opportunity to cure the default, except where prohibited by any applicable state or federal law, whereupon this Agreement shall be terminated in accordance with the provisions of any such law:

9.1.1 If you shall, in any respect, fail to meet the Minimum Performance Schedule.

9.1.2 If you shall purport to effect any assignment other than in accordance with Section 11 hereof.

9.1.3 Except as provided in Section XI hereof, if you attempt to sell, assign, transfer or encumber this Agreement prior to the time that at least twenty-five percent (25%) of the Restaurants to be constructed and opened for business in accordance with the Minimum Performance Schedule are, in fact, open or under construction.

9.1.4 If you make, or have made, any material misrepresentation to us in connection with obtaining this Multi-Unit Development Agreement, any site approval hereunder, or any Franchise Agreement.

9.1.5 If you default in the performance of any obligation under any Franchise Agreement with us, provided such default results in the termination of the Franchise Agreement.

9.1.6 If you suffer a violation of any law, ordinance, rule or regulation of a governmental agency in connection with the operation of the Restaurant, and permit the same to go uncorrected after

notification thereof, unless there is a bona fide dispute as to the violation or legality of such law, ordinance, rule or regulation, and you promptly resort to courts or forums of appropriate jurisdiction to contest such violation or legality.

9.1.7 If you or an owner of yours owning a twenty-five percent (25%) or more interest in you is convicted in a court of competent jurisdiction of an indictable offense punishable by a term of imprisonment in excess of one (1) year.

9.1.8 If you, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the premises or equipment is instituted against you and not dismissed within thirty (30) days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable.

9.1.9 If you, or any shareholder or principal, if you are corporate entity, or any of your affiliates cease to operate all of the Restaurants opened pursuant to the terms of this Agreement.

9.2 Upon occurrence of any of the events stated in this Section 9.2, we may, without prejudice to any other rights or remedies contained in this Agreement or provided by law or equity, terminate this Agreement. Such termination shall be effective thirty (30) days after written notice (or such other notice as may be required by applicable state law) is given by us to you of any of such events, if such defaults are not cured within such period:

9.2.1 If you shall use the System or Marks, or any other names, marks, systems, insignia, symbols or rights which are our property except pursuant to, and in accordance with, a valid and effective Franchise Agreement.

9.2.2 If you, or persons controlling, controlled by or under common control with you, shall have any interest, direct or indirect, in the ownership or operation of any food service business engaged in the sale of products similar to those permitted to be sold by you within the Exclusive Area or in any food service business which looks like, copies or imitates the Restaurant or operates in a manner tending to have such effect other than pursuant to a valid and effective Franchise Agreement.

9.2.3 If you shall fail to remit to us any payments pursuant to Section II when same are due.

9.2.4 If you shall begin work upon any Restaurant at any site unless all the conditions stated in Section III hereof have been met.

9.2.5 If you fail to obtain our prior written approval or consent, including but not limited to site approval or site plan approval, as expressly required by this Agreement.

9.2.6 If you default in the performance of any other obligation under this Agreement.

9.2.7 If you open any Restaurant for business before a Franchise Agreement for such Restaurant has been fully executed and the initial franchise fee due to us has been paid.

SECTION X: OBLIGATIONS FOLLOWING TERMINATION

10.1 Upon termination of this Agreement becoming effective for any reason, or upon expiration of the term hereof, you agree as follows:

10.1.1 To cease immediately any attempts to select sites on which to establish Restaurants.

10.1.2 To cease immediately to hold yourself out in any way as a multi-unit developer of ours or to do anything which would indicate a relationship between you and us.

10.2 No right or remedy herein conferred upon or reserved to us is exclusive of any other right or remedy provided or permitted by law or in equity.

SECTION XI: TRANSFER OF INTEREST

11.1 This Agreement is personal to you and you shall neither sell, assign, transfer nor encumber this Agreement, the Development Rights, or any other interest hereunder, nor suffer or permit any such assignment, transfer or encumbrance to occur directly, indirectly or contingently by agreement or by operation of law without our prior written consent. You understand that this Agreement may not be pledged, mortgaged, hypothecated, given as security for an obligation or in any manner encumbered. The assignment or transfer of any interest, except in accordance with this Paragraph shall constitute a material breach of this Agreement.

11.2 In the event that you are a corporation or desire to conduct business in a corporate capacity, said corporate entity or assignment to a corporate entity (which may include a corporation, limited liability company or partnership) must receive our prior written approval and you agree to comply with the provisions hereinafter specified, including without limitation, personal guaranties by one or more equity owners of all of the obligations of said corporate entity or assignee corporate entity to us and other parties designated by us. The corporate entity or assignee corporate entity shall not engage in any business activities other than those directly related to the operation of the Restaurant(s) pursuant to the terms and conditions of the Franchise Agreements with us, and all assets related to the operation of the Restaurant(s) shall be held by the corporate entity or assignee corporate entity. There shall be no transfer fee charged by us for a one (1) time assignment to a corporate entity.

11.3 If you are a corporation or if your rights hereunder are assigned to a corporate entity, you or those individuals disclosed on Attachment "B" attached hereto shall be the legal and beneficial owner of not less than fifty-one percent (51%) of the outstanding equity of said entity and shall act as such entity's principal officer. The assignment to a corporate entity will not relieve you of personal liability to us for performance of any of the obligations under this Agreement. Any subsequent transfer of voting rights of the equity of the entity or assignee entity, and any transfer or issuance of equity of the entity or assignee entity shall be subject to our prior written approval. We agree that we will not unreasonably restrict the issuance or transfer of equity, provided that you comply with the provisions of this Section XI, and provided that in no event shall any equity of such corporate entity or assignee corporate entity be sold, transferred or assigned to a business competitor of ours. The articles of organization and governing documents (including by-laws, operating agreement or partnership agreement) of the entity or assignee entity shall reflect that the

issuance and transfer of equity is restricted, and all certificates shall bear the following legend, which shall be printed legibly and conspicuously on each certificate:

“The transfer of this certificate is subject to the terms and conditions of a Multi-Unit Development Agreement with Squisito Franchise Enterprises, Inc. dated _____. Reference is made to said Multi-Unit Development Agreement and related Franchise Agreements and to restrictive provisions of the governing documents of this entity.”

11.4 The entity or assignee entity’s records shall indicate that a stop transfer order shall be in effect against the transfer of any equity, except for transfers permitted by this Section XI. In addition to the foregoing, the equity of such entity or assignee entity shall not be publicly sold or traded.

11.5 In the event of your death, disability or permanent incapacity, we shall consent to the transfer of all of the interest of you to your spouse, heirs or relatives, by blood or marriage, or if this Agreement was originally executed by more than one party, then to the remaining party(ies) who originally executed this Agreement, whether such transfer is made by your Last Will and Testament or by operation of law, provided that the requirements of Section XI hereof have been met. In the event that your heirs do not obtain our consent as prescribed herein, your personal representative shall have a reasonable time to dispose of your interest hereunder, which disposition shall be subject to all the terms and conditions for transfers under this Agreement.

11.6 You have represented to us that you are entering into this Multi-Unit Development Agreement with the intention of complying with its terms and conditions and not for the purpose of resale of the Development Rights hereunder. Therefore, you agree that any attempt to assign this Agreement, prior to the time that at least twenty-five percent (25%) of the Restaurant(s) to be constructed hereunder are opened or under construction, except pursuant to Sections 11.2 and 11.3 hereof, shall be deemed to be an event of default.

11.7 Except as provided in Section 11.6, if you receive from an unaffiliated third party and desires to accept a bona fide written offer to purchase your business, Development Rights and interests, we shall have the option, exercisable within thirty (30) days after receipt of written notice setting forth the name and address of the prospective purchaser, the price and terms of such offer, and a copy of such offer and the other information stated in this Section 11.7, to purchase such business, Development Rights and interests, including your right to develop sites within the Exclusive Area, on the same terms and conditions as offered by said third party. In order that we may have information sufficient to enable us to determine whether to exercise this option, we may require you to deliver to us certified financial statements as of the end of your most recent fiscal year and such other information about your business and operations as we may request. If we decline, or do not accept the offer in writing within thirty (30) days, you may, within thirty (30) days from the expiration of the option period, sell, assign and transfer your business, Development Rights and interest to said third party, provided we have consented to such transfer as required by this Section XI. Any material change in the terms of the offer prior to closing of the sale to such third party shall constitute a new offer, subject to the same rights of first refusal by us or our nominee, as in the case of an initial offer. Our failure to exercise the option afforded by this Section 11.7 shall not constitute a waiver of any other provision of this Agreement, including all of the requirements of this Section with respect to the proposed transfer.

11.8 You acknowledge and agree that the restrictions on transfer imposed herein are reasonable and are necessary to protect the Development Rights, the System and the Marks, as well as our reputation and image, and are for the protection of us, you and other multi-unit operators and franchisees. Any

assignment or transfer permitted by this Section XI shall not be effective until we receive a completely executed copy of all transfer documents, and we consent in writing thereto.

11.9 Except as provided in Section 11.6 hereof, we agree not to unreasonably withhold our consent to a sale, assignment or transfer by you hereunder. Consent to such transfer otherwise permitted or permissible as reasonable may be refused unless:

11.9.1 All of your obligations created by this Agreement, all other franchise documents, including all Franchise Agreements, and the relationship created hereunder are assumed by the transferee.

11.9.2 All ascertained or liquidated debts of you to us or our affiliated or subsidiary corporations are paid.

11.9.3 You are not in default hereunder.

11.9.4 We are reasonably satisfied that the transferee meets all of our requirements for new multi-unit operators, including but not limited to, good reputation and character, business acumen, operational ability, management skills, financial strength and other business considerations.

11.9.5 Transferee executes or, in appropriate circumstances, causes all necessary parties to execute, our standard form of Multi-Unit Development Agreement, Franchise Agreements for all Restaurants open or under construction hereunder, and such other then-current ancillary agreements being required by us of new multi-unit operators on the date of transfer.

11.9.6 You execute a general release, in a form satisfactory to us, of any and all claims against us, our officers, directors, employees and principal stockholders of any and all claims and causes of action that you may have against us or any subsidiary or affiliated corporations in any way relating to this Agreement or the performance or non-performance thereof by us.

11.9.7 You or transferee pay to us a transfer fee in an amount equal to fifty percent (50%) of our then-current initial franchise fee (for franchisees) to cover our reasonable costs in effecting the transfer and in providing training and other initial assistance to transferee.

11.10 Upon the death or mental incapacity of any person with an interest of more than fifty percent (50%) in this Agreement or in you, the executor, administrator or personal representative of such person shall transfer his interest to a third party approved by us within twelve (12) months. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to the same conditions as any *inter vivos* transfer. However, in the case of transfer by devise or inheritance, if the heirs or beneficiaries of any such person are unable to meet the conditions stated in Section 11.1 hereof, the personal representative of the deceased shall have a reasonable time, not to exceed twelve (12) months from the date said personal representative is appointed, to dispose of the deceased's interest in you or in the Development Rights, which disposition shall be subject to all the terms and conditions for transfers contained in this Agreement. It is understood and agreed, however, that notwithstanding the foregoing, the Minimum Performance Schedule shall be complied with as though no such death or mental incapacity had occurred. In the event the interest described above is not disposed of within such time, we shall have the right to terminate this Agreement, provided such termination had not previously occurred for failure to perform pursuant to the Minimum Performance Schedule, upon ninety (90) days' notice to your representative, or we shall have the right to re-purchase same at the same price being sought by your representative.

11.11 Our consent to a transfer of any interest in you or in the Development Rights pursuant to this Section shall not constitute a waiver of any claims we may have against the transferring party, nor shall

it be deemed a waiver of our right to demand exact compliance with any of the terms of this Agreement by the transferee.

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

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

In the event we sell, transfer, assign or otherwise convey our rights in the multi-unit development agreements(s) for which commissions are earned by our agent, then our compensation obligations under any agreement with such agent shall automatically transfer to the new owner. Any attempt to transfer the rights to the revenue stream of our multi-unit development agreements without transferring any such agreement with said agent shall be void.

SECTION XII: COVENANTS

12.1 You specifically acknowledge that, pursuant to this Agreement, you will receive valuable training and confidential information, including, without limitation, secret recipes, information regarding the marketing methods and techniques of us and the System. You covenant that during the term of this Agreement, except as otherwise approved in writing by us, you and persons controlling, controlled by or under common control with you shall not, either directly or indirectly, for yourself/himself, or through, on behalf of or in conjunction with any person, persons or legal entity:

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

12.1.2 Employ or seek to employ any person who is at the time employed by us or any of our affiliates or by any other franchisee or multi-unit developer of ours, or otherwise directly or indirectly induce or seek to induce such person to leave his or her employment thereat.

12.1.3 Own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any restaurant or food service business other than the Franchised Business (including any business operated by you prior to entry into this Agreement), which business is of a character and concept similar to the Restaurant, including a restaurant which offers and sells the same or similar food products (a “Competitive Business”).

12.2 You covenant that, except as otherwise approved in writing by us, you shall not, for a continuous and uninterrupted period commencing upon the expiration or termination of this Agreement,

and continuing for two (2) years thereafter (and, in case of any violation of this covenant, for two (2) years after the violation ceases), either directly or indirectly, for yourself, or through, on behalf of or in conjunction with any person, persons, partnership or corporation, own, maintain, advise, help, invest in, make loans to, be employed by, engage in or have any interest in any Competitive Business which is located within twenty (20) miles of any Squisito® Pizza and Pasta Restaurant in the System.

12.3 Subsections 12.1.3 and 12.2 of this Section shall not apply to ownership by you of less than a five percent (5%) beneficial interest in the outstanding equity securities of any corporation which is registered under the Securities Exchange Act of 1934.

12.4 The parties agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Section XII is held unreasonable or unenforceable by a court or agency having valid jurisdiction in any unappealed final decision to which we are a party, you expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Section XII.

12.5 You understand and acknowledge that we shall have the right, in our sole discretion, to reduce the scope of any covenant stated in Sections 12.1 and 12.2 or any portion thereof, without your consent, effective immediately upon receipt by you of written notice thereof, and you agree that you shall comply forthwith with any covenant as so modified, which shall be fully enforceable notwithstanding the provisions of Section XVI hereof.

12.6 You expressly agree that the existence of any claim you may have against us, whether or not arising from this Agreement, shall not constitute a defense to our enforcement of the covenants in this Section XII.

12.7 You acknowledge that any failure to comply with the requirements of this Section XII would cause us irreparable injury for which no adequate remedy at law may be available, and you hereby accordingly consent to our seeking injunctive relief prohibiting any conduct by you in violation of the terms of this Section XII. We may further avail ourselves of any other legal or equitable rights and remedies which we may have under this Agreement or otherwise.

12.8 At our request, you shall require and obtain the execution of covenants similar to those described in this Section XII (including covenants applicable upon the termination of a person's relationship with you) from any or all of the following persons:

12.8.1 All Restaurant managers of yours who have received training from us;

12.8.2 All officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of you and of any entity directly or indirectly controlling you, if you are a corporation or limited liability company; and

12.8.3 The general partners and any limited partners (including any corporation, and the officers, directors and holders of a beneficial interest of five percent (5%) or more of the securities of any corporation which controls, directly or indirectly, any general or limited partner), if you are a partnership.

Each covenant required by this Section 12.8 shall be in a form satisfactory to us, including, without limitation, specific identification of us as a third party beneficiary of such covenants with the independent right to enforce them. Your failure to obtain execution of a covenant required by this Section 12.8 shall constitute a default under Section IX hereof.

12.9 During the term of this Agreement, an officer or agent of ours shall have the right to inspect any Restaurant in which you have an interest at reasonable times and during normal business hours to the extent reasonably necessary to determine whether the conditions of this Section XII are being satisfied. If, by reason of such inspections or otherwise, we have reason to believe that you are not in full compliance with the terms of this Section, we shall give notice of such default to you, specifying the nature of such default. If you deny that you are in default hereunder, as specified by us, you shall have the burden of establishing that such default does not exist and shall give notice to us of your position within ten (10) days of receipt of the notice from us. Unless you so deny such default, you shall immediately take all steps to cure said default in a manner satisfactory to us.

SECTION XIII: NOTICES

Whenever notice is required or permitted to be given under the terms of this Agreement, it shall be given in writing, and be delivered personally or by certified mail or courier, postage prepaid, addressed to the party for whom intended, and shall be deemed given on the date of delivery or delivery is refused. All such notices shall be addressed to the party to be notified at their respective addresses as set forth in the introductory paragraph of this Agreement, or at such other address or addresses as the parties may from time to time designate in writing.

Any notice by certified or registered mail shall be deemed to have been given at the date and time of mailing.

SECTION XIV: INDEPENDENT CONTRACTOR AND INDEMNIFICATION

14.1 It is understood and agreed by the parties hereto that this Agreement does not create a fiduciary relationship between them, and that nothing in this Agreement is intended to constitute either party an agent, legal representative, subsidiary, joint venturer, partner, employee or servant of the other for any purpose whatsoever. Each party to this Agreement is an independent contractor, and neither shall be responsible for the debts or liabilities incurred by the other.

14.2 You shall hold yourself out to the public to be an independent contractor operating pursuant to this Agreement. You agree to take such actions as shall be necessary to that end.

14.3 You understand and agree that nothing in this Agreement authorizes you to make any contract, agreement, warranty or representation on our behalf, or to incur any debt or other obligation in our name, and that we assume no liability for, nor shall be deemed liable by reason of, any act or omission of yours or any claim or judgment arising therefrom. You shall indemnify and hold us and our officers, directors, and employees harmless against any and all such claims arising directly or indirectly from, as a result of, or in connection with your activities hereunder, as well as the cost, including reasonable attorneys' fees, of defending against them, except that the foregoing shall not apply to infringement actions regarding the Marks which are caused solely by our actions or actions caused by the negligent acts of us or our agents.

SECTION XV: APPROVALS

15.1 Whenever this Agreement requires our prior approval or consent, you shall make a timely written request to us for such approval or consent, and, except as otherwise provided herein, any approval or consent granted shall be in writing.

15.2 We make no warranties or guaranties upon which you may rely, and assume no liability or obligation to you or any third party to which we would not otherwise be subject, by providing any waiver,

approval, advise, consent or services to you in connection with this Agreement, or by reason of any neglect, delay or denial of any request therefor.

SECTION XVI: NON-WAIVER

No failure of ours to exercise any power reserved to us under this Agreement or to insist upon compliance by you with any obligation or condition in this Agreement, and no custom or practice of the parties at variance with the terms hereof, shall constitute a waiver of our rights to demand exact compliance with the terms of this Agreement. Our waiver of any particular default shall not affect or impair our right with respect to any subsequent default of the same or of a different nature; nor shall any delay, forbearance or omission of ours to exercise any power or right arising out of any breach or default by you of any of the terms, provisions or covenants of this Agreement affect or impair our rights, nor shall such constitute a waiver by us of any rights hereunder or rights to declare any subsequent breach or default.

SECTION XVII: SEVERABILITY AND CONSTRUCTION

17.1 Each covenant and provision of this Agreement shall be construed as independent of any other covenant or provision of this Agreement. The provisions of this Agreement shall be deemed severable.

17.2 If all or any portion of a covenant or provision of this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in a decision to which we are a party, you expressly agree to be bound by any lesser covenant or provision imposing the maximum duty permitted by law which is subsumed within the terms of such covenant or provision, as if that lesser covenant or provision were separately stated in and made a part of this Agreement.

17.3 Nothing in this Agreement shall confer upon any person or legal entity other than us or you, and such of our respective successors and assigns as may be contemplated by Section XI hereof, any rights or remedies under or by reason of this Agreement.

17.4 All captions in this Agreement are intended solely for the convenience of the parties and none shall be deemed to affect the meaning or construction of any provision hereof.

17.5 All references herein to gender and number shall be construed to include such other gender and number as the context may require, and all acknowledgments, promises, covenants, agreements and obligations herein made or undertaken by you shall be deemed jointly and severally undertaken by all those executing this Agreement on your behalf.

17.6 This Agreement may be executed in triplicate, or such other number as is required, and each copy of the executed Agreement shall be deemed an original.

SECTION XVIII: ENTIRE AGREEMENT; APPLICABLE LAW

This Agreement, the documents referred to herein and the attachments hereto constitute the entire, full and complete agreement between us and you concerning the subject matter hereof and supersede any and all prior agreements; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. No amendment, change or variance from this Agreement shall be binding on either party unless mutually agreed to by the parties and executed by their authorized officers or agents in writing. This Agreement shall be interpreted and construed under the laws of the State of Maryland, without regard to the application

of Maryland conflict of law rules, and the parties hereto consent to irrevocably submit to the jurisdiction of all courts located within the County of Anne Arundel, Maryland.

SECTION XIX: DISPUTE RESOLUTION

19.1 We and you acknowledge that during the term of this Agreement disputes may arise between the parties that may be resolvable through mediation. To facilitate such resolution, we and you agree that each party shall submit the dispute between them for non-binding mediation at a mutually agreeable location before commencing an arbitration proceeding under Section 19.3. If we and you cannot agree on a location, the mediation will be conducted in Anne Arundel County, Maryland. The mediation will be conducted by one (1) mediator who is appointed under the American Arbitration Association's Commercial Mediation Rules and who shall conduct the mediation in accordance with such rules. We and you agree that statements made by us, you or any other party in any such mediation proceeding will not be admissible in any arbitration or other legal proceeding. Each party shall bear its own costs and expenses of conducting the mediation and share equally the costs of any third parties who are required to participate in the mediation.

19.2 If any dispute between the parties cannot be resolved through mediation within forty-five (45) days following the appointment of the mediator, the parties agree to submit such dispute to arbitration subject to the terms and conditions of Section 19.3.

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

19.4 With respect to any claims, controversies or disputes which are not finally resolved through arbitration, or as otherwise provided above, you and your owners hereby irrevocably submit themselves to the jurisdiction of the state courts of Anne Arundel County, Maryland and the Federal District Court closest to Franchisor's headquarters. You and your owners hereby waive all questions of personal jurisdiction for the purpose of carrying out this provision. You and your owners hereby agree that service of process may be made upon any of them in any proceeding relating to or arising out of this Agreement or the relationship created by this Agreement by any means allowed by Maryland or federal law. You and your owners further agree that venue for any proceeding relating to or arising out of this Agreement shall be Anne Arundel County, Maryland; provided, however, with respect to any action (1) for monies owed, (2) for injunctive or other extraordinary relief or (3) involving possession or disposition of, or other relief relating to, real property, we may bring such action in any State or Federal District Court which has jurisdiction. With respect to all claims, controversies, disputes or actions, related to this Agreement or the relationship created thereby, this Agreement and any such related claims, controversies, disputes or actions shall be governed, enforced and interpreted under Maryland law.

19.5 You, your owners and we acknowledge that the parties' agreement regarding applicable state law and forum set forth in Section 19.4 above provide each of the parties with the mutual benefit of uniform interpretation of this Agreement and any dispute arising out of this Agreement or the parties' relationship created by this Agreement. Each of you, your owners and we further acknowledge the receipt and sufficiency of mutual consideration for such benefit and that each party's agreement regarding applicable state law and choice of forum have been negotiated in good faith and are part of the benefit of the bargain reflected by this Agreement.

19.6 You, your owners and we acknowledge that the execution of this Agreement and acceptance of the terms by the parties occurred in Anne Arundel County, Maryland, and further acknowledge that the performance of certain of your obligations arising under this Agreement, including, but not limited to, the payment of monies due hereunder and the satisfaction of certain training requirements of ours, shall occur in Anne Arundel County, Maryland.

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

SECTION XX: TIMELY PERFORMANCE

You hereby acknowledge that your timely development of the Restaurants in the Exclusive Area in accordance with the Minimum Performance Schedule is of material importance to us and you. You agree, as a condition of the continuance of the rights granted hereunder, to develop and open Restaurants within the Exclusive Area in accordance with the Minimum Performance Schedule, to operate such Restaurants pursuant to the terms of the Franchise Agreements and to maintain all such Restaurants in operation continuously. We agree to diligently act upon any request of or approval from you and any material delay in your ability to meet the Minimum Performance Schedule which is directly caused by our failure to act diligently upon a request for approval shall not constitute a default hereunder. Further, a failure or delay in performance by any party to this Agreement shall not be a default hereunder if such failure or delay arises out of or results from a Force Majeure, which for purposes of this Agreement shall be defined as fire, flood, earthquake or other natural disasters, or acts of a public enemy, war, rebellion or sabotage.

SECTION XXI: ACKNOWLEDGMENTS

21.1 YOU ACKNOWLEDGE THAT THE SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES SUBSTANTIAL BUSINESS RISKS AND WILL BE TOTALLY AND COMPLETELY DEPENDENT UPON YOUR ABILITY AS AN INDEPENDENT BUSINESS PERSON. WE EXPRESSLY DISCLAIM THE MAKING OF, AND YOU ACKNOWLEDGE NOT HAVING RECEIVED, ANY WARRANTY OR GUARANTY, EXPRESS OR IMPLIED, AS TO THE POTENTIAL VOLUME, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT.

21.2 YOU ACKNOWLEDGE HAVING RECEIVED, READ AND UNDERSTOOD THIS AGREEMENT, THE ATTACHMENTS HERETO AND AGREEMENTS RELATING HERETO, IF ANY, AND THE DISCLOSURE DOCUMENT DELIVERED SIMULTANEOUSLY HERewith; AND WE HAVE ACCORDED YOU AMPLE TIME AND OPPORTUNITY TO CONSULT WITH ADVISORS OF YOUR OWN CHOOSING ABOUT THE POTENTIAL RISKS OF ENTERING INTO THIS AGREEMENT.

21.3 YOU ACKNOWLEDGE THAT YOU RECEIVED THE DISCLOSURE DOCUMENT REQUIRED BY THE TRADE REGULATION RULE OF THE FEDERAL TRADE COMMISSION ENTITLED "DISCLOSURE REQUIREMENTS AND PROHIBITIONS CONCERNING FRANCHISING AND BUSINESS OPPORTUNITY VENTURES" AT LEAST FOURTEEN (14) CALENDAR DAYS PRIOR TO THE DATE ON WHICH THIS AGREEMENT WAS EXECUTED.

21.4 YOU AND EACH OF YOUR PRINCIPALS, IF A CORPORATE ENTITY, EXPRESSLY ACKNOWLEDGE THAT NEITHER YOU NOR THEY HAVE RELIED UPON ANY EARNINGS CLAIMS, SUCH AS ORAL OR WRITTEN STATEMENTS OR SUGGESTIONS, MADE BY ANY REPRESENTATIVE OF OR ANY OTHER PERSON PURPORTING TO BE ACTING ON OUR BEHALF REGARDING THE POTENTIAL FUTURE SALES, REVENUES OR PROFITS WHICH MAY BE DERIVED FROM OPERATION OF SQUISITO® PIZZA AND PASTA RESTAURANTS OR DEVELOPMENT OF THE EXCLUSIVE AREA.

21.5 Developer hereby acknowledges the truthfulness of the statements contained in Attachment 1 hereto. Developer's acknowledgments are an inducement for Franchisor to enter into this Agreement. Developer shall immediately notify Franchisor, prior to acknowledgment, if any statement in Attachment 1 is incomplete or incorrect.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Agreement in triplicate on the day and year first above written.

SQUISITO FRANCHISE ENTERPRISES, INC.

WITNESS

By: _____(SEAL)
Name: _____
Title: _____

MULTI-UNIT OPERATOR:

WITNESS

By: _____(SEAL)
Name: _____
Title: _____

**SQUISITO FRANCHISE ENTERPRISES, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT**

**Attachment 1
DEVELOPER ACKNOWLEDGMENT STATEMENT**

Developer hereby acknowledges the following:

- 1 Developer has conducted an independent investigation of all aspects relating to the financial, operational and other aspects of the business of developing the Franchised Businesses contemplated hereunder. Developer further acknowledges that, except as may be set forth in Franchisor's Disclosure Document, no representations of performance (financial or otherwise) for the Franchised Businesses to be developed hereunder has been made to Developer by Franchisor and Developer hereby waives any claim against Franchisor for any business failure Developer may experience as a developer under this Agreement.

Initial

- 2 Developer agrees that no claims of success or failure have been made to him or her prior to signing this Agreement and that he/she understands all the terms and conditions of this Agreement. Developer further acknowledges that this Agreement contains all oral and written agreements, representations and arrangements between the parties hereto, and any rights which the respective parties hereto may have had under any other previous contracts are hereby cancelled and terminated, and that this Agreement cannot be changed or terminated orally.

Initial

- 3 Developer has no knowledge of any representations by Franchisor or its officers, directors, shareholders, employees, sales representatives, agents or servants, about the business contemplated by this Agreement that are contrary to the terms of this Agreement or the documents incorporated herein. Developer acknowledges that no representations or warranties are made or implied, except as specifically set forth herein. Franchisee represents, as an inducement to Franchisor's entry into this Agreement, that it has made no misrepresentations in obtaining this Agreement.

Initial

- 4 Franchisor expressly disclaims the making of, and Developer acknowledges that it has not received or relied upon, any warranty or guarantee, express or implied, as to the potential volume, profits or success of the business venture contemplated by this Agreement.

Initial

- 5 Developer acknowledges that he/she has received the Squisito Franchise Enterprises, Inc., Franchise Disclosure Document with a complete copy of this Agreement and all related Exhibits and agreements at least fourteen (14) calendar days prior to the date on which this Agreement was executed. Developer further acknowledges that Developer has read such Franchise Disclosure Document and understands its contents.

Initial

- 6 Developer acknowledges that he/she has had ample opportunity to consult with his/her own attorneys, accountants and other advisors and that the attorneys for Franchisor have not advised or represented Developer with respect to this Agreement or the relationship thereby created.

Initial

- 7 Developer, together with Developer's advisers, has sufficient knowledge and experience in financial and business matters to make an informed investment decision with respect to the development rights granted by this Agreement.

Initial

- 8 Release of Prior Claims. BY EXECUTING THIS AGREEMENT, DEVELOPER, INDIVIDUALLY AND ON BEHALF OF DEVELOPER'S HEIRS, LEGAL REPRESENTATIVES, SUCCESSORS AND ASSIGNS, HEREBY FOREVER RELEASE AND DISCHARGE SQUISITO FRANCHISE ENTERPRISES, INC., , AND ALL OF THEIR OFFICERS, DIRECTORS, SHAREHOLDERS, AGENTS AND SUCCESSORS AND ASSIGNS FROM ANY AND ALL CLAIMS, DEMANDS AND JUDGMENTS RELATING TO OR ARISING UNDER THE STATEMENTS, CONDUCT, CLAIMS OR ANY OTHER AGREEMENT BETWEEN THE PARTIES EXECUTED PRIOR TO THE DATE OF THIS AGREEMENT, INCLUDING, BUT NOT LIMITED TO, ANY AND ALL CLAIMS, WHETHER PRESENTLY KNOWN OR UNKNOWN, SUSPECTED OR UNSUSPECTED, ARISING UNDER THE FRANCHISE, SECURITIES, TAX OR ANTITRUST LAWS OF THE UNITED STATES OR OF ANY STATE OR TERRITORY THEREOF.

Initial

DEVELOPER:

By: _____

_____,
(Print Name, Title)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

PRINCIPAL:

(Print Name)

Date: _____

SQUISITO FRANCHISE ENTERPRISES, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 2
CERTIFICATION BY MULTI-UNIT DEVELOPER

The undersigned, personally and as an officer or partner of Multi-Unit Developer, as applicable, does hereby certify that he has conducted an independent investigation of the business contemplated by this Multi-Unit Development Agreement and the Squisito Franchise Enterprises, Inc. Franchise Agreement, and that the decision to execute the Multi-Unit Development Agreement was based entirely upon the independent investigation by the undersigned; and the undersigned further certifies that he has not relied upon, in any way, any claims regarding potential sales, income, or earnings to be derived from the business contemplated by the Franchise Agreement and Multi-Unit Development Agreement, and has not relied upon any claims regarding past or current sales, income or earnings of Franchisor-operated "Squisito® Pizza and Pasta" Restaurants. The undersigned further certified that he understands the risks involved in this investment and Squisito Franchise Enterprises, Inc. makes no representation or guaranty, explicit or implied, that the Multi-Unit Developer will be successful or will recoup his investment.

IN WITNESS WHEREOF, the undersigned has signed, sealed and delivered this Certificate this day _____.

_____	_____ (SEAL)
WITNESS	
_____	_____ (SEAL)
WITNESS	
_____	_____ (SEAL)
WITNESS	

Each of the undersigned owns a five percent (5%) or greater beneficial interest in Multi-Unit Operator, each has read this Multi-Unit Development Agreement, and each agrees to be individually bound by all obligations of Multi-Unit Developer hereunder.

_____	_____
WITNESS	
_____	_____
WITNESS	
_____	_____
WITNESS	

SQUISITO FRANCHISE ENTERPRISES, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 3

Minimum Performance Schedule

The Agreement authorizes and obliges Multi-Unit Developer to establish and operate _____ (____) “Squisito® Pizza and Pasta” Restaurants pursuant to a Franchise Agreement for each Restaurant. The following is Multi-Unit Developer’s Minimum Performance Schedule:

Minimum Cumulative Number
of Franchise Agreements for
Restaurants to be located
and Operating
Within the Exclusive Area

By this Date

Total: _____

APPROVED:

MULTI-UNIT DEVELOPER

SQUISITO FRANCHISE ENTERPRISES, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SQUISITO FRANCHISE ENTERPRISES, INC.
MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 4

Exclusive Area

The following describes the Exclusive Area within which Multi-Unit Developer may locate “Squisito® Pizza and Pasta” Restaurants under this Agreement:

APPROVED:

MULTI-UNIT DEVELOPER

SQUISITO FRANCHISE ENTERPRISES, INC.

By: _____
Name: _____
Title: _____

By: _____
Name: _____
Title: _____

SQUISITO FRANCHISE ENTERPRISES, INC.

MULTI-UNIT DEVELOPMENT AGREEMENT

ATTACHMENT 5

EXISTING RESTAURANTS IN EXCLUSIVE AREA

APPROVED:

MULTI-UNIT DEVELOPER

SQUISITO FRANCHISE ENTERPRISES, INC.

By:_____

Name:_____

Title:_____

By:_____

Name:_____

Title:_____

EXHIBIT D TO THE DISCLOSURE DOCUMENT
LIST OF FRANCHISEES AND MULTI-UNIT OPERATORS
As of December 31, 2020

MARYLAND	
PUNCEATYME, Inc. + Squisito Pizza and Pasta - Burtonsville Chris Rodney 15654 Old Columbia Pike Burtonsville, MD 20866 301-421-4244 chrisr@squisitopizzaandpasta.com	MH Investments, Inc Squisito Pizza and Pasta – Queenstown Martin Hernandez 441 Outlet Center Queenstown, MD 21658 410-827-4100 mzhernandez0206@gmail.com
Squisito of Ellicott City, Inc Squisito Pizza and Pasta – Ellicott City Logan Wadsworth 9210 Baltimore National Pike Ellicott City, MD 21041 410-461-3147 ellicottcity@squisitopizzaandpasta.com	
TENNESSEE	
MRG Meatball 01 Inc. Squisito - Sevierville Joey and Missy Messick 1645 Parkway, Suite 960 Sevierville, TN 37862 865-446-2317 jdmessick68@gmail.com	
VIRGINIA	
PUNCEATYME II, Inc. + Squisito Pizza and Pasta - Lorton Chris Rodney 8971 Ox Road #245 Lorton, Virginia 703-646-5248 chrisr@squisitopizzaandpasta.com	GDP&K Inc. Squisito Pizza and Pasta – Ashburn Keith Baker 44050 Ashburn Village Shopping Plaza, Suite 147 Ashburn, Virginia 20147 571-707-8297 keith@squisitopizzaandpasta.com

+ Multi-Unit Operator

Franchisee Signed but not yet opened

MARYLAND	
The Good LLC 2725 Cornet Court, Silver Spring, Maryland 20904 signed:09//04/2018 osman.baig@ngkf.com osman.baig@ngkf.com	

TENNESSEE	
MRG Meatball 02 Inc. + Melissa and Joey Messick 1830 Cumberland Avenue Knoxville, TN 37916 Signed: 6/21/2019 Meatballs Etc converted to Squisito Too Jdmessick68@gmail.com & mmessick2004@gmail.com	
WASHINGTON DC	
National Foods, LLC + 1629 K Street, Suite 300 Washington DC 20006 Signed:10/19/2019 Meatballs Etc converted to Squisito Too logan.w@squisitopizzaandpasta.com	

+ Multi-Unit Operator

EXHIBIT E TO THE DISCLOSURE DOCUMENT
FRANCHISEES AND MULTI-UNIT OPERATORS WHO HAVE LEFT THE SYSTEM
As of December 31, 2020

VIRGINIA	
Great Eats, LLC Squisito Pizza and Pasta - Oakton 2912 B Chain Bridge Road Oakton, VA 22124 T. Kevin Trump 703-865-0260	

EXHIBIT F TO THE DISCLOSURE DOCUMENT
TABLE OF CONTENTS OF OPERATIONS MANUAL



SECTION 1
INTRODUCTION TO SQUISITO®

Welcome.....	1.1
Gender Statement	1.2
Manual Revisions	1.3
Sample Policy/Procedure Change Form	1.4
Submitting Suggestions to the Franchisor	1.5
Sample Suggested Policy Change Form.....	1.6
Limitations of the Manual	1.7
Responsibilities of the Franchisor Organization	1.8
Training Program Outline.....	1.10
Support Visits from the Corporate Office	1.14
Field Visit Confirmation Form.....	1.16
Franchise Survey Form	1.17
Squisito® Pizza and Pasta Mission	1.21
Squisito® Pizza and Pasta History.....	1.22

SECTION 2
ESTABLISHING YOUR BUSINESS

Your Status as a Franchisee	2.1
Selecting Your Business Type	2.3
Required/Recommended Bank Accounts and Accounting Software.....	2.13
Applying for Financing.....	2.18
The Business Plan Outline	2.20
Sources of Financing.....	2.22
Paying Taxes	2.23

Federal	2.26
State	2.29
County or Town	2.31
Federal Tax Filing Checklist	2.32
Paying Additional Fees	2.33
Franchise Reporting and Requirements & Procedures.....	2.40
Required Insurance Coverage	2.42
Squisito® Pizza and Pasta Design Specifications	2.44
Squisito® Pizza and Pasta Signage & Logo Specifications	2.45
Sample Logo	2.46
Recommended Initial Inventory	2.49
Approved Suppliers List.....	2.54
Sample Request to Change Supplier/Supply	2.59
Countdown to Success Checklist.....	2.60

SECTION 3

SITE SELECTION & CONSTRUCTION

Site Selection Process	3.1
Existing Site VS New Site	3.15
Vanilla Box	3.18
Site Selection Criteria Summary	3.21
Site Analysis Submission Request.....	3.22
Site Analysis Submission Request Form	3.23
Leasing	3.28
Sample Letter of Intent	3.37
Sample Conditional Assignment and Assumption of Lease	3.41
Construction Management Process	3.45
Bidding	3.47
Construction Bid Document	3.49
Construction Services	3.51
Final Waiver of Construction Lien	3.54
Special Licenses and Permits	3.55
Contracting Utilities and Services	3.56
New Site Development Procedures	3.57

Construction Review	3.59
---------------------------	------

SECTION 4

HUMAN RESOURCE & PERSONNEL

Policy on Fair Employment Practices.....	4.1
Complying with Laws that Prohibit Discrimination.....	4.2
Equal Employment Opportunity Commission.....	4.3
Avoiding Discriminatory Practices.....	4.4
Inappropriate Pre-Employment Inquiries.....	4.5
Wage and Labor Laws.....	4.8
Tip Reporting and Taxes.....	4.14
The Immigration Reform and Control Act of 1986.....	4.24
Sample Form I-9.....	4.25
Sexual Harassment Law.....	4.29
Squisito® Pizza and Pasta Employees.....	4.31
Background Checks.....	4.33
Authorization for Information Release.....	4.34
Recruiting & Selecting Employees.....	4.35
Conducting an Interview.....	4.38
Personnel Files.....	4.42
The Probationary Period.....	4.44
Job Descriptions.....	4.45
Orientation and Training.....	4.63
Evaluating Employees.....	4.64
Annual Evaluation Form.....	4.71
Discipline and Termination.....	4.84
Corrective Action Documentation.....	4.90
Employee Separation Form.....	4.92
Termination Letter.....	4.93
Establishing Personnel Policy.....	4.94
Notice of Policy/Procedure Change Form.....	4.96
Suggested Policy/Procedure Change Form.....	4.97
Squisito® Pizza and Pasta Company Policies.....	4.98

SECTION 5

DAILY OPERATION

Introduction.....	5.1
Squisito® Pizza and Pasta Store Hours.....	5.2
Squisito® Pizza and Pasta Products.....	5.3
Communications.....	5.17
Sample Communication Log.....	5.20
Sample Repair Log.....	5.21
Scheduling.....	5.22
Key Points and Guidelines.....	5.22
Scheduling Tools.....	5.24
Time Card Tracking.....	5.30
Daily Store Procedures.....	5.32
Customer Service & Public Relations.....	5.35
Code of Ethics.....	5.35
Customer Service Tips.....	5.36
Handling Customer Complaints.....	5.38
Refund Policy.....	5.40
Telephone Management.....	5.41
Computer Usage.....	5.42
Features of the Point-of-Sale System.....	5.43
User Setup Procedures.....	5.44
Opening/Closing Shift Procedures.....	5.47
Procedures for Taking Orders.....	5.49
Procedures for Accepting Payment.....	5.50
Cash.....	5.50
Credit Cards.....	5.51
Traveler's Check.....	5.53
Checks.....	5.53
Gift Card.....	5.55
Alcoholic Responsibility Policy.....	5.56
Cash On Hand.....	5.59
Cash Handling Policy.....	5.60
Preparation List.....	5.62

Menu Quality and Consistency.....	5.64
Managing Inventory.....	5.65
Ordering Inventory.....	5.65
Receiving Inventory.....	5.66
Inventory Rotation.....	5.68
Inventory Spreadsheet.....	5.69
Pricing Squisito® Pizza and Pasta Products.....	5.74
Sample Food Pricing Form.....	5.76
Sample Beer & Wine Pricing Form.....	5.79
Cleaning and Maintenance Procedures.....	5.80
Food Safety	5.90
Safety in Your Store.....	5.100
Customer Accident Reporting Form.....	5.106
Employee Customer Accident Reporting Form.....	5.108
Store Security.....	5.109
Music and Television Policy	5.111
Lost and Found Policy.....	5.112
Natural Disaster Policy.....	5.113
Sharing Your Franchise Experience.....	5.118

SECTION 6

MARKETING & ADVERTISING STRATEGIES

Introduction.....	6.1
Squisito® Pizza and Pasta Marketing Program.....	6.11
Stage 1 – Pre-Opening.....	6.12
Stage 2 – Grand Opening	6.22
Stage 3 – On Going.....	6.27
Internal marketing.....	6.27
Outreach.....	6.28
Email.....	6.29
Flyer Distribution	6.31
Direct mail.....	6.32
Customer Loyalty Programs	6.34

Event Participation	6.35
Community Involvement	6.36
Social Network Marketing	6.38
Website	6.42
Other Marketing Opportunities	6.43
Public Relations	6.46
Cooperative Marketing.....	6.47
Networking.....	6.48
Guidelines for using Squisito® Pizza and Pasta Trademarks.....	6.49
Sample Squisito® Pizza and Pasta Trademarks.....	6.50
Obtaining Approval for Marketing Materials.....	6.51
Request for Marketing Approval Form.....	6.53

EXHIBIT G TO THE DISCLOSURE DOCUMENT
STATE SPECIFIC ADDENDUM

EXHIBIT G
ADDENDUM TO THE SQUISITO FRANCHISE ENTERPRISES, INC.
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF MARYLAND

This will serve as the State Addendum for the State of Maryland for the Squisito Franchise Enterprises, Inc. Franchise Disclosure Document and for its Franchise Agreement. The amendments to the Franchise Agreement included in this addendum have been agreed to by the parties.

1. The provision contained in the termination sections of the Franchise Agreement may not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 et seq.).

2. Item 11 of the Franchise Disclosure Document shall be amended to state that a franchisee may obtain an accounting of the advertising fund as required by the Maryland Franchise Registration and Disclosure Law, by requesting same in a written request to Franchisor.

3. Item 17 of the Franchise Disclosure Document shall be amended at the sections dealing with the issuance of general releases to the effect that the general release required as a condition of renewal and/or assignment/transfer are not intended to nor shall they act as a release, estoppel or waiver of any liability under the Maryland Franchise Registration and Disclosure Law. The appropriate sections of the Franchise Agreement are hereby deemed to be amended accordingly.

4. Section 14-226 of the Maryland Franchise Registration and Disclosure Law prohibits a franchisor from requiring a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise. Any disclaimer regarding the occurrence and/or acknowledgment of the non-occurrence of acts that would constitute a violation of the Franchise Law in order to purchase the franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law. The Franchisee Disclosure Acknowledgement Statement, Attachment J to the Franchise Agreement and Exhibit G to the Disclosure Document, is amended to comply with this provision.

5. Item 17 of the Franchise Disclosure Document and the appropriate sections of the Franchise Agreement are amended to state that any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

6. Item 17 of the Franchise Disclosure Document is hereby amended to state that the Franchise Agreement require binding arbitration, the site of which is in the state of Maryland, the costs of which are borne by the parties equally and any issues not decided by arbitration may be brought in a court of competent jurisdiction. The law of the State of Maryland governs the arbitration. However, pursuant to Section 14-216(c)(25) of the Maryland Franchise Registration and Disclosure Law, a franchisee is permitted to enter into litigation with the Franchisor in the State of Maryland, regardless of the language in the Franchise Agreement.

7. The Franchise Agreement is hereby amended to state that any representations which require a prospective franchisee to assent to any release, estoppel or waiver of liability as a condition of purchasing a franchise are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

8. Attachment 9 of the Franchise Agreement is hereby amended to state that all representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred und the Maryland Franchise Registration and Disclosure Law.

9. Section 4.1 of the Franchise Agreement relating to the payment of the Initial Franchise Fee is hereby amended to state that Franchisor will defer collection of the Initial Franchise Fee until Franchisor has fulfilled its initial pre-opening obligations and Franchisee may open for business.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SQUISITO FRANCHISE ENTERPRISES, INC.

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

**ADDENDUM TO THE SQUISITO FRANCHISE ENTERPRISES, INC.
FRANCHISE DISCLOSURE DOCUMENT REQUIRED BY THE STATE OF NEW YORK**

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN 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 offering circular: (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 687.4 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.

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SQUISITO FRANCHISE ENTERPRISES, INC

Witness

By:_____
Name:_____
Title:_____

FRANCHISEE:

Witness

EXHIBIT G

TO THE DISCLOSURE DOCUMENT

ADDENDUM TO THE SQUISITO FRANCHISE ENTERPRISES, INC.
DISCLOSURE DOCUMENT REQUIRED BY THE COMMONWEALTH OF VIRGINIA

1. In recognition of the restrictions contained in Section 13.1-564 of the Virginia Retail Franchising Act, the Franchise Disclosure Document for Squisito Franchise Enterprises, Inc. for use in the Commonwealth of Virginia shall be amended as follows:

Additional Disclosure: The following statements are added to Item 17.h:

Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any grounds for default or termination stated in the franchise agreement does not constitute "reasonable cause," as that the term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, the provision may not be enforceable.

2. The Virginia State Corporation Commission's Division of Securities and Retail Franchising requires us to defer payment of the initial franchise fee and other initial payments owed by franchisees to the franchisor until the franchisor has completed its pre-opening obligations under the franchise agreement

IN WITNESS WHEREOF, the parties hereto have duly executed, sealed and delivered this Addendum dated this _____ day of _____, 20____.

ATTEST

SQUISITO FRANCHISE ENTERPRISES, INC

Witness

By: _____
Name: _____
Title: _____

FRANCHISEE:

Witness

EXHIBIT H TO THE DISCLOSURE DOCUMENT
STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS
AGENCIES/AGENTS FOR SERVICE OF PROCESS

This list includes the names, addresses and telephone numbers of state agencies having responsibility for franchising disclosure/registration laws, and serving as our agents for service of process (to the extent that we are registered in their states). This list also includes the names, addresses and telephone numbers of other agencies, companies or entities serving as our agents for service of process.

State	State Agency	Agent for Service of Process
CALIFORNIA	Commissioner of the Department of Financial Protection and Innovation Department of Financial Protection and Innovation 320 West 4 th Street, Suite 750 Los Angeles, CA 90013 (213) 576-7505 Toll-free (866-275-2677)	Commissioner of the Department of Financial Protection and Innovation
CONNECTICUT	State of Connecticut Department of Banking Securities & Business Investments Division 260 Constitution Plaza Hartford, CT 06103-1800 (860) 240-8230	Banking Commissioner
HAWAII	Business Registration Division Department of Commerce and Consumer Affairs 335 Merchant Street, Room 203 Honolulu, HI 96813 (808) 586-2722	Commissioner of Securities of the State of Hawaii
ILLINOIS	Office of Attorney General Franchise Division 500 South Second Street Springfield, IL 62706 (217) 782-4465	Illinois Attorney General
INDIANA	Indiana Secretary of State Securities Division 302 West Washington St., Room E-111 Indianapolis, IN 46204 (317) 232-6681	Indiana Secretary of State 201 State House Indianapolis, IN 46204
MARYLAND	Office of the Attorney General Division of Securities 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360	Maryland Securities Commissioner 200 St. Paul Place Baltimore, MD 21202-2020 (410) 576-6360
MICHIGAN	Michigan Department of Attorney General Consumer Protection Division Antitrust and Franchise Unit 670 Law Building Lansing, MI 48913 (517) 373-7117	Michigan Department of Commerce, Corporations and Securities Bureau
MINNESOTA	Minnesota Department of Commerce 85 7 th Place East, Suite 280 St. Paul, MN 55101-2198 (651) 539-1500	Minnesota Commissioner of Commerce

State	State Agency	Agent for Service of Process
NEW YORK	Office of the New York State Attorney General Investor Protection Bureau, Franchise Section 28 Liberty Street, 21 st Floor New York, NY 10005 (212) 416-8211 Phone (212) 416-6042 Fax	Attention: New York Secretary of State New York Department of State One Commerce Plaza 99 Washington Avenue, 6 th Floor Albany, NY 11231-0001 (518) 473-2492
NORTH DAKOTA	North Dakota Securities Department 600 East Boulevard, 5 th Floor Bismarck, ND 58505-0510 (701) 328-4712	North Dakota Securities Commissioner
OREGON	Department of Consumer and Business Services Division of Finance and Corporate Labor and Industries Building Salem, Oregon 97310 (503) 378-4387	Director of the Department of Consumer and Business Services
RHODE ISLAND	Department of Business Regulation Division of Securities 1511 Pontiac Avenue, Building 69-1 Cranston, RI 02920 (401) 462-9585	Director of Rhode Island Department of Business Regulation
SOUTH DAKOTA	Division of Insurance Securities Regulation 124 South Euclid, Suite 104 Pierre, SD 57501 (605) 773-3563	Director of Insurance-Securities Regulation
VIRGINIA	State Corporation Commission Division of Securities and Retail Franchising 1300 East Main Street, 9 th Floor Richmond, VA 23219 (804) 371-9051	Clerk of State Corporation Commission 1300 East Main Street, 1 st Floor Richmond, VA 23219 (804) 371-9733
WASHINGTON	Department of Financial Institutions Securities Division P.O. Box 9033 Olympia, WA 98507-9033 (360) 902-8760	Director of Washington Financial Institutions Securities Division 150 Israel Road, SW Tumwater, WA 98501
WISCONSIN	Wisconsin Securities Commissioner Securities and Franchise Registration 345 W. Washington Avenue Madison, WI 53703 (608) 266-8559	Commissioner of Securities of Wisconsin

State Effective Dates

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

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

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

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans

EXHIBIT I

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF SQUISITO FRANCHISE ENTERPRISES, INC

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

If Squisito Franchise Enterprises, Inc. offers you a franchise, it must provide this Disclosure Document to you 14 calendar-days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

New York requires you to receive this Franchise Disclosure Document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

If Squisito Franchise Enterprises, Inc. does not deliver this Disclosure Document on time or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, DC 20580 and to your state authority listed on Exhibit H.

The name and principal business address and telephone number of each franchise seller offering the franchise is:

Michael Breault 2024 West Street, Suite 302, Annapolis, Maryland 21401 301-602-6965		
---	--	--

Issuance Date: May 17, 2021

I received a Disclosure Document dated _____, that included the following Exhibits:

- EXHIBIT A: Financial Statements of Squisito Franchise Enterprises, Inc
- EXHIBIT B: Franchise Agreement with Attachments
- EXHIBIT C: Multi-Unit Development Agreement
- EXHIBIT D: List of Franchisees and Multi-Unit Operators
- EXHIBIT E: Franchisees and Multi-Unit Operators Who Have Left the System
- EXHIBIT F: Operations Manual Table of Contents
- EXHIBIT G: State Specific Addendum
- EXHIBIT H: List of State Franchise Administrators and Agents for Service of Process
- EXHIBIT I: Receipt

DATED: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

Please return signed receipt to Squisito Franchise Enterprises, Inc.,
2024 West Street, Suite 302
Annapolis, MD, 21401

EXHIBIT I

RECEIPT OF FRANCHISE DISCLOSURE DOCUMENT OF SQUISITO FRANCHISE ENTERPRISES, INC

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- EXHIBIT I: Receipt

DATED: _____

(Signature of recipient)

(Printed name of recipient)

Legal residence address

KEEP FOR YOUR RECORDS