# FRANCHISE DISCLOSURE DOCUMENT

VIVE BENE ENTERPRISES, INC.
An Illinois Corporation
1010 Harvest Ct.
Woodstock, IL 60098
(847) 774-6075
dfortin@vivebeneinc.com
www.papasaverios.com

As a franchisee, you will operate a PAPA SAVERIO'S restaurant featuring pizza and other food items.

The total investment necessary to begin operation of a PAPA SAVERIO'S restaurant ranges from $148,700 to $459,000 for a carryout/delivery location and from $276,500 to $1,249,500 for a sports pub location. This includes $35,000 that must be paid to the franchisor or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at 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 wDonald Fortin at Vive Bene Enterprises, Inc., 1010 Harvest Ct., Woodstock, IL 60098, (847) 774-6075, or dfortin@vivebeneinc.com.

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 19, 2026

## How to Use This Franchise Disclosure Document

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

| QUESTION | WHERE TO FIND INFORMATION |
|---|---|
| **How much can I earn?** | Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit C. |
| **How much will I need to invest?** | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use. |
| **Does the franchisor have the financial ability to provide support to my business?** | Item 21 or Exhibit D includes financial statements. Review these statements carefully. |
| **Is the franchise system stable, growing, or shrinking?** | Item 20 summarizes the recent history of the number of company-owned and franchised outlets. |
| **Will my business be the only Papa Saverio's business in my area?** | Item 12 and the "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you. |
| **Does the franchisor have a troubled legal history?** | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings. |
| **What's it like to be a Papa Saverio's franchisee?** | Item 20 or Exhibit C lists current and former franchisees. You can contact them to ask about their experiences. |
| **What else should I know?** | These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents. |

## What You Need to Know About Franchising *Generally*

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

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

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

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

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

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

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

## Some States Require Registration

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

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

## Special Risks to Consider About *This* Franchise

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

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with the franchisor by mediation, arbitration and/or litigation only in Illinois. Out-of-state mediation, arbitration, or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to mediate, arbitrate, or litigate with the franchisor in Illinois than in your own state.

2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you

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

## TABLE OF CONTENTS

**ITEM** **PAGE**


1. THE FRANCHISOR AND ANY PARENTS, PREDECESSORS, AND AFFILIATES ..... 1
2. BUSINESS EXPERIENCE ..... 2
3. LITIGATION ..... 3
4. BANKRUPTCY ..... 3
5. INITIAL FEES ..... 4
6. OTHER FEES ..... 4
7. ESTIMATED INITIAL INVESTMENT ..... 8
8. RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES ..... 14
9. FRANCHISEE'S OBLIGATIONS ..... 16
10. FINANCING ..... 17
11. FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS, AND TRAINING ..... 18
12. TERRITORY ..... 24
13. TRADEMARKS ..... 26
14. PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION ..... 28
15. OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS ..... 28
16. RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL ..... 29
17. RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION ..... 29
18. PUBLIC FIGURES ..... 33
19. FINANCIAL PERFORMANCE REPRESENTATIONS ..... 33
20. OUTLETS AND FRANCHISEE INFORMATION ..... 34
21. FINANCIAL STATEMENTS ..... 36
22. CONTRACTS ..... 36
23. RECEIPTS ..... 36


## EXHIBITS


Exhibit A State Administrators
Exhibit B Agents for Service of Process
Exhibit C Franchisee Information
Exhibit C-1 Operating Franchises
Exhibit C-2 Franchises Not Yet Operating
Exhibit C-3 Former Franchisees
Exhibit D Financial Statements
Exhibit E Franchise Agreement with Exhibit A Franchise Location and Protected Area; Exhibit B Security Agreement; Exhibit C Statement of Ownership, Officers, Managers; Exhibit D Guaranty and Assumption of Obligations; Exhibit E Conditional Assignment of Telephone Numbers and Social Media Accounts; Exhibit F Addendum to Franchise Lease Agreement; and Exhibit G Electronic Funds Transfer Authorization Form
Exhibit F Operations Manual Table of Contents
Exhibit G State Addendum
Exhibit H Renewal Addendum
Exhibit I State Effective Dates
Exhibit J Receipt

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

The franchisor is Vive Bene Enterprises, Inc. For ease of reference, Vive Bene Enterprises, Inc. will be referred to as "we", or "us" in this disclosure document. We will refer to the person who buys the franchise as "you" throughout the disclosure document. If you are married, you and your spouse would be the signers of the franchise agreement. If you are a corporation or partnership or limited liability company, your owners and their spouses will have to guarantee and be bound by the obligations contained in the franchise agreement to be signed by you as described in this disclosure document.

**Franchisor and Affiliates.** Vive Bene Enterprises, Inc. is an Illinois corporation formed on April 29, 2002. Our principal business address is 1010 Harvest Ct., Woodstock, IL 60098. We do business under our company name, Vive Bene Enterprises, Inc. and our trademark name, PAPA SAVERIO'S. If we have an agent for service of process in your state, we disclose that agent in Exhibit B.

We have no predecessor or parent. We have no affiliate that provides products or services to our franchisees.

**Franchised Business.** We franchise a pizzeria restaurant featuring pizza and other food items (the "Franchised Business") under the "PAPA SAVERIO'S" trade name and service mark and other names and marks that we develop in the future (the "Marks") using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). The franchise offered is for the right to operate a PAPA SAVERIO'S restaurant using the Marks and the System at a specific location. You may operate your PAPA SAVERIO'S restaurant as either a small carryout/delivery location or a sports pub. A PAPA SAVERIO'S carryout/delivery restaurant has a menu that includes food and non-alcoholic beverages, offers carryout and delivery services, and in some cases, has dine-in seating and serves beer and wine. A PAPA SAVERIO'S sports pub has full table service, dine-in seating, a bar, a décor package approved by us, a menu that includes food, non-alcoholic beverages, beer, wine, and in some cases, hard liquor, and offers carryout and delivery services. You must sign our standard franchise agreement (the "Franchise Agreement") when you purchase a franchise.

**Market and Competition.** You will compete primarily with other local restaurants offering pizza and related products, including independent pizza restaurants and regional and national franchised restaurants offering pizza. To a lesser extent, you will be competing with other types of restaurants and home cooking. The market for restaurants featuring pizza and related food items is developed and highly competitive.

**Prior Business Experience of Us and Our Affiliates.** We began offering franchises for sale in September, 2004. We have no other business activities and have not offered franchises in other lines of business. We focus on franchising independently owned PAPA SAVERIO'S restaurants and providing franchise support to franchisees. We have not operated a PAPA SAVERIO'S restaurant; however, our owners, through entities in which they owned an interest, operated various PAPA SAVERIO's restaurants from 1998 to 2006 and from October 2013 to 2019, and have also owned and operated other Italian concept restaurants.

We currently offer a referral fee to existing franchises who refer a franchise prospect to us that results in the granting of a franchise to that lead. Any information given to you by a franchisee is coming from him or her in his or her capacity as a franchisee. No franchisee referral source is or shall be deemed a franchise seller, franchise broker or our agent for the franchise sales process.

The first PAPA SAVERIO'S restaurant opened in April, 1998 and was owned and operated by a company owned by one of our shareholders (the company has since been dissolved).

**Industry Specific Regulations.** In addition to laws and regulations that apply to businesses generally, your Franchised Business is subject to federal, state and local regulations and guidelines governing the food

service industry. The Food and Drug Administration, the United States Department of Agriculture and food industry organizations, including the National Restaurant Association, have established rules affecting the restaurant business. You must be knowledgeable on federal, state and local health and consumer protection laws and regulations concerning food preparation, handling and storage, laws concerning menu item names and menu labeling and nutritional information. The details of state, county and local laws and regulations vary from place to place. You should investigate these laws and regulations. We will provide information for required menu labeling for our proprietary products only. It is your responsibility to obtain this information for other food products you sell.

We will provide to our franchisees information for the core menu required by the System to assist you in being compliant with federal menu labeling requirements. We will use our best efforts to maintain compliance with the industry standard according to the FDA and any and all current menu labeling laws in place at the time based on the information provided by various suppliers; however, this is inherently a subjective process and actual values may vary due to factors beyond our control such as individual preparation of our menu items. It is your responsibility to follow the core menu and related recipes and preparation methods so that these values are accurate for your menu.

Illinois law requires businesses to meet specific sexual harassment prevention and training requirements, and requires restaurant businesses specifically to implement and provide to employees a written sexual harassment policy. It is your sole responsibility to comply with all applicable labor and employment laws and regulations. You must operate in compliance with Payment Card Industry Data Security Standards and applicable data privacy laws. You must investigate all applicable laws and regulations and are solely responsible for complying with all applicable laws and regulations.

## ITEM 2
## BUSINESS EXPERIENCE

President, Secretary, and Director: Michelle Fortin

Ms. Fortin has been President and Secretary of Vive Bene Enterprises, Inc. based in Woodstock, Illinois since September 2022 and has been Director since June 2010, each through the present. Ms. Fortin has been President of Bella's Futures, Inc. based in Woodstock, Illinois which provides business consulting services since February 2011 through the present. She has been a teacher for School District 47 in Crystal Lake, Illinois since September 2010 through the present.

Chief Operating Officer and Director: Donald Fortin

Mr. Fortin has been Chief Operating Officer and Director of Vive Bene Enterprises, Inc. based in Woodstock, Illinois since September 2022 through the present. Mr. Fortin has been a Manager of Bella's Futures, Inc. based in Woodstock, Illinois which provides business consulting services since September 2022 through the present. Mr. Fortin was a Business Coach for Rosati's Pizza Enterprises, Inc. based in Naples, Florida and Fort Myers, Florida from March 2022 to September 2022 and for Rosati's Franchising, Inc. based in Elgin, Illinois and Schaumburg, Illinois, from November 2019 to February 2022; each company has operated and/or operates as a pizza restaurant franchisor.

Business Administrator: Darren Schmitt

Mr. Schmitt has been Business Administrator of Vive Bene Enterprises, Inc. based in Woodstock, Illinois since January 2024 through the present and was a consultant to the company from June 2023 through December 2023. Mr. Schmitt has been Treasurer and Director of Rosati's Pizza Enterprises, Inc., which is a pizza franchisor, based in Cedar Park, Texas since February 2022 to the present. Mr. Schmitt has been Manager of Schmitt Properties - Sycamore, LLC based in Marengo, Illinois which owns rental property since September 2017 to the present. Mr. Schmitt was previously Treasurer and Chief Financial Officer of Vive Bene Enterprises, Inc. based in Woodstock, Illinois from January 2013 through September 2022. Mr. Schmitt was previously Treasurer

and Chief Financial Officer of Rosati's Franchising, Inc., which was a pizza franchisor, based in Elgin, Illinois and Schaumburg, Illinois from March 2013 through February 2022 and was Secretary of the company from January 2019 through February 2022.

## ITEM 3
## LITIGATION

Concluded litigation against Darren Schmitt, an Individual in Item 2 (but not against us):

Rosati's Franchising, Inc. v. Anthony Rosati, David Rosati, Rosati's Pizza Enterprises, Inc., Andrew Rosati, Darren Schmitt and Timothy McCarthy, Case No. 2022CH04376 was filed in the Circuit Court of Cook County, County Department, Chancery Division, State of Illinois on May 6, 2022. Rosati's Franchising, Inc. ("RFI") filed suit against Rosati's Pizza Enterprises, Inc. ("RPE") and its officers. This lawsuit arises from the actions of Anthony Rosati and David Rosati, former shareholders of RFI and officers of RPE, in turning in their shares of RFI in exchange for an assignment of certain existing franchise agreements sold by them through RFI pursuant to a provision in the RFI Shareholder Agreement, and establishing RPE to operate as a franchisor of Rosati's Pizza restaurants. The plaintiffs allege that the representations made by the defendants in this disclosure document and RPE advertising materials constitute a deceptive trade practice under the Illinois Uniform Deceptive Trade Practices Act. The plaintiffs further allege that the individual defendants, by assigning to themselves 143 franchises and 4 multi-unit developer agreements, allegedly misappropriating RFI's assets and intellectual property including RFI's website, and forming RPE to compete with RFI, breached their fiduciary duty to RFI and its shareholders in violation of the Illinois Business Corporation Act, and further, conspired to commit breach of their fiduciary duty to RFI and its shareholders. The plaintiffs seek preliminary and permanent injunctions, compensatory and punitive damages, a constructive trust over RFI assets allegedly misappropriated pending adjudication on the merits, an accounting of RFI financial records through February 28, 2022, an accounting of RPE balance sheet and Item 19 financial performance representations included in its FDD, attorneys' fees and other relief the Court deems just and appropriate. On June 30, 2022, the defendants filed a motion to dismiss the action. On November 14, 2022 and January 5, 2023, RFI filed motions for temporary restraining orders ("TROs") seeking to restrict RPE and its officers from taking certain actions relating to RPE operations pending adjudication of the lawsuit on the merits. The trial court denied both of RFI's motions. RFI took an interlocutory appeal seeking reversal of the trial court's orders denying RFI's motions for TROs. On March 1, 2023, the Illinois Appellate Court entered an order affirming the trial court's denials of RFI's motions. By order dated March 15, 2023, the Court granted the motion to dismiss without prejudice in all respects except for the claims for breach of fiduciary duty and an accounting as to Anthony and David Rosati. RFI's deadline to file an amended complaint was April 3, 2023 and it did not do so before this date. Accordingly, litigation against Darren Schmitt has concluded. Discovery in the case is ongoing against other parties.

Other than these matters, no litigation is required to be disclosed in this Item.

## ITEM 4
## BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

## ITEM 5
## INITIAL FEES

For a first PAPA SAVERIO'S franchise, the initial franchise fee is $35,000. It is due and payable in a lump sum by wire transfer or cashier's check upon signing the Franchise Agreement. The initial franchise fee is not refundable.

We participate in the VetFran program and offer a discounted initial franchise fee of $26,250 to qualifying U.S. veterans. You must have been honorably discharged and provide us with a copy of your DD214.

If you are an existing franchisee buying an additional PAPA SAVERIO'S franchise, the initial franchise fee is $17,500. It is due and payable in a lump sum by wire transfer or cashier's check upon signing the Franchise Agreement. You must sign a separate Franchise Agreement for each franchise that you buy. The initial franchise fee is not refundable.

There are no other fees or payments you would pay us for services or goods before you open for business. The total of all the above initial fees is $35,000. We did not receive any initial franchise fees in 2025.

Note that we may increase the initial franchise fee at any time and the initial franchise fee that you will pay for additional franchises will be the fee contained in the Franchise Disclosure Document in effect at the time you deliver your signed Franchise Agreement (in the then-current form).

## ITEM 6
## OTHER FEES

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Royalty Fee | 5% of Gross Sales. | Payable weekly. | See Notes 1, 2 and 5. |
| Advertising Fund Contribution | Currently, the greater of 1% of Gross Sales or not less than $81.00. | Payable weekly. | See Notes 1 and 5. Contribution may range from 0% to 5% of Gross Sales or be a flat amount we designate |
| Additional Training | Currently $250 per day; subject to increase. | Before Training. | If you request and we agree to provide additional training after the initial training program to you or a manager or if we require you to attend additional training based on operational deficiencies. |
| Ongoing/Refresher Training | Currently we do not charge; however we reserve the right to charge a fee. | Before training. | Payable if you chose to or are required to attend refresher training. |
| Convention or National Business Meeting | No convention was held recently so we have no current fee estimate. | As incurred. | Payable if we hold a convention and you choose to or we require you to attend. |
| Additional Assistance | Currently we do not charge; however, we reserve the right to charge a per diem fee plus additional travel expenses of your representative. | As incurred. | If you request and we agree to provide assistance beyond our standard support. |
| Transfer Fee | One-half of the then current | At time of transfer. | If you transfer your franchise |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | initial franchise fee for a first franchise (and non-refundable); currently $17,500. | | to your corporation or limited liability company or partnership, we charge for our legal expenses and related costs but no transfer fee is due. |
| Renewal Fee | 10% of the then-current Initial Franchise Fee due by a new franchisee opening its first outlet. | Before renewal. | Payable if you renew your franchise at the end of the initial franchise term. |
| Audit Fees | Cost of inspection or audit; estimated at $1,500 if we determine we need to hire an auditor. | Upon demand. | Payable only if you fail to furnish reports or records or if the audit reveals you have understated your Gross Sales by more than 2%. |
| Inspection Fees | Cost of inspection. | Upon demand. | Payable if we inspect your operations and find deficiencies. |
| Interest | 2% per month. | As incurred. | Payable if payments to us are not paid on time. |
| Late Fee | $200 for each notification, non-sufficient funds check or demand for payment. | As incurred. | Applies to demand for payment, non-sufficient funds checks, violation of Franchise Agreement, and the failure to provide reports and financial statements in a timely manner. |
| Telephone Service Cost | Reimburse our costs of maintaining telephone service at the Franchised Business, if applicable, plus a 15% service charge. | Monthly. | See Note 3. |
| Lease Related Expenses | Reimburse our costs (currently not exceeding $2,500) and our actual attorneys' fees and costs. | As incurred. | For our services relating to the new lease and evaluation of the condition of the leased premises, amendment, assignment, sublease, or rider, etc. and/or the process for evaluating the necessary upgrades. |
| Relocation Fee | 50% of the then-current initial franchise fee for a non-discounted first franchise. | As incurred. | One-half due when we approve that you may look for potential relocation sites, and the remaining one-half shall be paid when we accept the new premises location.<br><br>In addition, for any supervision or assistance by our personnel at your location around when the Franchised Business re-opens to the public, you shall pay us the |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| | | | then current daily fee for our personnel, plus other actual expenses, including all travel, lodging, meals and other expenses. |
| Non-Approval Restaurant Opening | $500 per day the Franchised Business is open without our approval. | As incurred. | Payable only if you open the Franchised Business before we provide our approval. |
| Regional Advisory Council Assessments | None currently. Determined by Council. | As incurred. | Payable if the Regional Advisory Council is established and fees are assessed by the Council. |
| Software | Not yet specified. | As incurred. | If we develop customized software you must use in operating the Franchised Business. Fees may be payable to us or our designated supplier. |
| Evaluation of Suppliers | Currently $250 per day, plus reasonable expenses. | As incurred. | Applies only if you want us to evaluate unapproved items or suppliers for the Franchised Business. |
| Management Fee | To be determined under circumstances. Currently $250 per day, plus reasonable expenses. | As incurred. | Payable during period that our appointed manager manages the Franchised Business upon your default, death or disability. |
| Non-Compliance Fee | $500 per occurrence. | Upon demand. | Payable if you fail to use required food products or ingredients. Fee covers cost we incur in obtaining compliance. |
| Costs and Attorneys' Fees | Will vary under circumstances. | As incurred. | Payable by you if we bring an action against you arising out of the Franchise Agreement and we prevail in such action or if we engage an attorney or other professionals to enforce the Franchise Agreement against you. |
| Indemnification | Will vary under circumstances. | As incurred. | You have to reimburse us if we are held liable for claims arising from your operations or incur costs in defending them. |
| Unauthorized | $500 per occurrence. | As incurred. | Payable only if you use |

| Type of Fee | Amount | Due Date | Remarks |
|---|---|---|---|
| Advertising Fee | | | unapproved advertising, promotional or marketing materials. |
| Remodeling, modernizing, re-equipping, redecorating Premises | Estimated at up to $20,000 for a carryout/delivery location and up to $50,000 for a sports pub, each per remodel, modernization, re-equipping, etc. | As incurred. | If we require you to do this, amounts will be paid to third parties. |
| Reimbursement for Taxes Paid | Undetermined. | Upon demand. | Payable if we are required to pay taxes (other than income) on account of payments you make to us. |
| Liquidated Damages | Calculation of the remaining royalty fees and brand fund contributions due for the balance of the term. | As incurred. | See Note 7. |

(1) "Gross Sales" means all sales or revenues, derived directly or indirectly from your business, (including all food, beverage, liquor, catering and other sales), including on-premises sales, from selling food products and services from temporary locations in the Protected Area (see Item 12 for definition) (such as trucks, booths and handcarts) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are "Off-Premises Sales") and monies derived at or away from the Franchised Business, whether from cash, check, credit and debit card, trade credit or credit transactions, including business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority, (ii) the amount of all coupons redeemed at the restaurant (but only if the coupons have been previously approved by us as provided in the Franchise Agreement and only if such coupons have been included in Gross Sales), (iii) charges for delivery, and (iv) gratuities and tips collected from customers and paid to the appropriate employees. However, if a law or other regulation prohibits or restrains you from paying the Royalty Fee or other amounts due under the Franchise Agreement since they are based upon the sale of alcohol, then the percentage rate for calculating the Royalty Fee or other amounts will be increased and the definition of Gross Sales will be changed to exclude the sale of alcohol, such that the Royalty Fee and other amounts paid are equal to the amounts you would have paid if the sale of alcohol were included in the definition of Gross Sales. Notwithstanding anything to the contrary, we reserve the right to require that any revenue associated with the sale or purchase of a gift card or gift certificate shall not be recognized when the sale or purchase occurs, but rather only when such gift card or gift certificate is redeemed and funds are applied; accordingly we may require you to use a third-party to administer the gift card and gift certificate program and any amounts due based off of the Gross Sales would be due by you associated with the gift card or gift certificate redemption if this policy is implemented by us..

(2) The Royalty Fee is due weekly or more frequently as we may designate.

(3) We may, at our option, maintain one or more telephone number(s) for the Franchised Business and, if we do maintain the number(s), including the applicable area code, you will be authorized and required to use the number(s) during the term of the Franchise Agreement. You acknowledge that we will have the sole rights to and interest in all the telephone number(s). We will notify you monthly of the cost of the telephone service and you must, within five days of your receipt of the bill, reimburse us for our costs in maintaining telephone number(s) for the Franchised Business. In the event that you do not so reimburse us, we may, at our option, instruct the telephone service provider to terminate the telephone number(s) or

to transfer the number(s) to us or our designee.

(4) All other fees are imposed by and payable to us and are non-refundable. Fees paid to third parties are typically non-refundable but would be determined by the third party vendor.

(5) All Royalty Fees, Advertising Fund contributions and any other amounts which you owe to us must be paid by electronic transfer of funds as further described in the Franchise Operations Manual. You must sign any necessary documents authorizing us to make the electronic transfer from the Franchised Business bank account, and we will then debit the account for the amounts due on their due dates. Funds must be available, and payments for all amounts due must be made in accordance with the procedures set forth in the Franchise Operations Manual.

(6) We may at times suspend payment of fees due to a franchisee's particular circumstance. Otherwise all fees are imposed uniformly.

(7) You do not have the right to terminate the Franchise Agreement except as provided in Section 13.A. of the Franchise Agreement or as otherwise agreed by the parties. In the event of any termination of the Franchise Agreement by you that is not in accordance with the terms of Section 13.A., or any termination of the Franchise Agreement by us in accordance with the terms of Section 13.B. prior to its expiration date, such termination may result in lost future revenue and profits to us, harm to the goodwill associated with the Marks, and increased costs to us to re-develop or re-franchise the market in which the Franchised Business is located. Accordingly, in the event that you terminate the Franchise Agreement other than in accordance with the terms of Section 13.A., or if we terminate the Franchise Agreement pursuant to the terms of Section 13.B., then you must pay to us by the effective date of such termination, as liquidated damages, that amount which is calculated by multiplying the average weekly amount of Royalty Fees and Advertising Fund contributions due and payable during the fifty-two weeks prior to the termination (either by you or if you have not been in operation for at least fifty-two weeks as of the date of termination, then based on the average weekly amount of Royalty Fees and Advertising Fund contributions of all PAPA SAVERIO'S businesses during the fifty-two week period immediately preceding your termination date) by the number of weeks then remaining in the term of the Franchise Agreement.

## ITEM 7
## ESTIMATED INITIAL INVESTMENT

### YOUR ESTIMATED INITIAL INVESTMENT

For a carryout/delivery location, your estimated initial investment to open your PAPA SAVERIO'S Franchised Business is as follows:

| Name of Expenditure | Actual or Estimated Amounts | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Initial Franchise Fee (1) | $35,000 | Lump Sum, certified or cashier's check. | Due upon signing the Franchise Agreement. | Us |
| Travel and Living Expenses During Training (2) | $2,500 to $10,500 | As incurred. | Prior to Opening. | Other suppliers |
| | | | | |

| Name of Expenditure | Actual or Estimated Amounts | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Office Equipment and Supplies | $1,000 to $3,000 | As incurred. | Prior to Opening. | Other suppliers |
| Insurance Premiums (3) | $1,700 to $3,000 | As incurred. | As Incurred. | Approved supplier |
| Professional Fees (4) | $3,000 to $5,000 | As incurred. | Prior to Opening. | Other suppliers |
| Initial Inventory (5) | $5,000 to $15,000 | As incurred. | Prior to Opening. | Approved and Designated Suppliers |
| Lease, Utility and Security Deposits | $1,000 to $7,500 | As incurred. | Prior to Opening. | Landlord Utilities |
| Initial Rent (6) | $3,000 to $15,000 | As incurred. | Prior to Opening. | Landlord |
| Leasehold Improvements (7) | $25,000 to $150,000 | As incurred. | Prior to Opening. | Other suppliers |
| Furniture, Fixtures and Equipment (8) | $60,000 to $150,000 | As incurred. | Prior to Opening. | Other suppliers |
| Signage (9) | $5,000 to $15,000 | As incurred. | Prior to Opening. | Other suppliers |
| Business Licenses and Permits (10) | $1,500 to $20,000 | As incurred. | Prior to Opening. | Other suppliers |
| Additional Funds for First 3 Months (11) | $5,000 to $30,000 | As incurred. | As incurred. | Third Parties |
| TOTAL | $148,700 to $459,000 | --- | --- | --- |

Explanatory Notes to Table:

(1) Initial Franchise Fee. As described in Item 5, for a first PAPA SAVERIO'S franchise, the initial franchise fee is $35,000. For an additional PAPA SAVERIO'S franchise awarded to an existing franchisee, the initial franchise fee is $17,500.

(2) Training Expense. Although there is no charge for the initial training program, you will be responsible for the associated costs and expenses that you and your manager incur during training including, but not limited to, lodging, meals and transportation (See Item 11). The low estimate assumes you live close enough to the training location to drive from home each day. We will not charge initial training fees if you send more than 2 people to initial training.

(3) Insurance. You must obtain and maintain certain types and amounts of insurance by a supplier we have approved (See Item 8). Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents and other factors bearing on risk exposure. The estimate contemplates insurance costs for 3 to 6 months.

(4) Professional Services. This estimate includes costs for accounting services, architectural design services and legal services. Costs for architectural design services can vary significantly based on the complexity of the design, the local municipality's requirements and restrictions and the duration of the local municipality's permitting, licensing and approval processes. Costs for legal services can vary significantly based on the complexity and duration of the lease and/or contract review processes.

(5) Initial Inventory. This estimate includes costs for food, non-alcoholic beverages, utensils, packaging and supplies for the first 3 months of operation.

(6) Initial Rent. The estimate includes rent payments for the first 3 months. The estimate is based on the typical Franchised Business which will occupy approximately 1,200 to 1,600 square feet and will generally be located in a shopping center. The amount that you will pay per square foot may vary greatly upon your location and local market conditions.

(7) Leasehold Improvements. Leasehold Improvements costs can vary greatly, but can be significantly reduced if you take over a space that has already been built out for a restaurant or if your landlord covers the cost of your build-out as part of your lease. In addition, lower square footage of your space will significantly reduce the leasehold improvement costs. The lower figure represents the estimated initial investment if your space is approximately 1,200 square feet in size with a large portion of the leasehold improvements already included and/or if your landlord does a large portion of your build-out as part of your lease. The higher figure represents the estimated initial investment if your space is approximately 1,600 square feet, if you pay for all leasehold improvements and you purchase everything brand new. Otherwise, the estimated initial investment should be between the lower and higher figures. Required leasehold improvements include plumbing, electrical, HVAC unit(s), painting, flooring, ceiling and wall covering, trim and molding, prep and serving counters, chair rails, countertops and fans.

(8) Furniture, Fixtures and Equipment. Furniture, fixtures and equipment costs can vary greatly, but can be significantly reduced if you take over a space with existing restaurant furniture, fixtures and equipment or if your landlord provides some or all of the furniture, fixtures and equipment as part of your lease. The lower figure represents the estimated initial investment if you take over a space that is already furnished with all or most of the required furniture, fixtures and equipment with the intention of converting the business to a PAPA SAVERIO'S carryout/delivery location. The higher figure represents the estimated initial investment if you pay the full purchase prices of all brand new furniture, fixtures and equipment. The estimated initial investment should be between the lower and higher figures if your landlord provides some of the furniture, fixtures and equipment as part of your lease and/or if you purchase some used furniture, fixtures and equipment. Required furniture, fixtures and equipment includes oven/range/hood, work tables, shelving, refrigerated prep tables, dough roller, food mixer, walk-in cooler/freezer, sinks, display cases and cabinets, prep and serving counters, convection oven, fryer, char broiler, holding hot boxes/plates, smallwares, wall décor, point-of-sale system and audio and video equipment. No additional furniture, fixtures, equipment or vehicles are needed for catering or off-site special events. You may, but are not required to purchase or lease delivery vehicles. The vehicles are owned by delivery drivers in accordance with System Standards contained in the Confidential Operations Manual. We expect that if you propose to lease or own a delivery vehicle, the decision will be made after the Franchised Business is open and operating, in which event, must be in accordance with System Standards.

(9) Signage. Signage costs can vary based on the types and numbers of signs used and/or erected. Types of signage include façade store front signs, monument signs and interior signs. The lower figure represents the estimated initial investment if you pay for the paneling for a monument sign, and if you pay for the cost and

installation of a façade store front sign and interior signs. The higher figure represents the estimated initial investment if you pay for the erection of a monument sign (usually associated with an end cap of a retail shopping center) and the associated paneling costs, and if you pay for the cost and installation of multiple façade store front signs and interior signs.

(10) Business Licenses and Permits. Business license, liquor license and permit fees can vary significantly based on the state's and/or local municipality's requirements, restrictions and approval processes.

(11) Additional Funds. This item estimates your expenses during the first 3 months of operation. These expenses do not include any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how thoroughly you follow our methods and procedures; your personal discipline, dedication and commitment; your sales-ability; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; advertising expenditures; competition; and the sales level reached during the initial period. These estimates are provided solely to indicate possible working capital requirements and we make no representation that any franchise will experience these costs. We relied on the experience of our shareholders opening and operating PAPA SAVERIO'S restaurants since 1998 to compile these estimates.

You should review these figures carefully with professional advisors (like an attorney and accountant) before making any decision to purchase the franchise.

We do not generally offer financing directly or indirectly for any part of the initial investment. We do recommend lenders and attempt to introduce you to them. We do not receive any benefits from these lenders for the recommendation or introduction. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financing institutions.

Amounts paid to us or the Advertising Fund are not refundable. Amounts paid to others may not be refundable.

For a PAPA SAVERIO'S **sports pub**, your estimated initial investment to open your PAPA SAVERIO'S Franchised Business is as follows:

| Name of Expenditure | Actual or Estimated Amounts | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| Initial Franchise Fee (1) | $35,000 | Lump Sum, certified or cashier's check. | Due upon signing the Franchise Agreement. | Us |
| Travel and Living Expenses During Training (2) | $2,500 to $10,500 | As incurred. | Prior to Opening. | Other suppliers |
| Office Equipment and Supplies | $1,000 to $3,000 | As incurred. | Prior to Opening. | Other suppliers |
| Insurance Premiums (3) | $2,500 to $10,000 | As incurred. | As Incurred. | Approved supplier |
| Professional Fees (4) | $10,000 to | As incurred. | Prior to Opening. | Other suppliers |

| Name of Expenditure | Actual or Estimated Amounts | Method of Payment | When Due | To Whom Payment Is To Be Made |
|---|---|---|---|---|
| | $30,000 | | | |
| Initial Inventory (5) | $12,000 to $30,000 | As incurred. | Prior to Opening. | Approved and Designated suppliers |
| Lease, Utility and Security Deposits | $2,500 to $20,000 | As incurred. | Prior to Opening. | Landlord Utilities |
| Initial Rent (6) | $12,000 to $36,000 | As incurred. | Prior to Opening. | Landlord |
| Leasehold Improvements (7) | $50,000 to $600,000 | As incurred. | Prior to Opening. | Other suppliers |
| Furniture, Fixtures and Equipment (8) | $125,000 to $350,000 | As incurred. | Prior to Opening. | Other suppliers |
| Signage (9) | $7,000 to $25,000 | As incurred. | Prior to Opening. | Other suppliers |
| Business Licenses and Permits (10) | $2,000 to $25,000 | As incurred. | Prior to Opening. | Other suppliers |
| Additional Funds for First 3 Months (11) | $15,000 to $75,000 | As incurred. | As incurred. | Third Parties |
| TOTAL | $276,500 to $1,249,500 | --- | --- | --- |

Explanatory Notes to Table:

(1) Initial Franchise Fee. As described in Item 5, for a first PAPA SAVERIO'S franchise, the initial franchise fee is $35,000. For an additional PAPA SAVERIO'S franchise awarded to an existing franchisee, the initial franchise fee is $17,500.

(2) Training Expense. Although there is no charge for the initial training program, you will be responsible for the associated costs and expenses that you and your manager incur during training including, but not limited to, lodging, meals and transportation (See Item 11). The low estimate assumes you live close enough to the training location to drive from home each day. We will not charge initial training fees if you send more than 2 people to initial training.

(3) Insurance. You must obtain and maintain certain types and amounts of insurance by a supplier we have approved (See Item 8). Insurance costs depend on policy limits, types of policies, nature and value of physical assets, gross revenue, number of employees, square footage, location, business contents and other factors bearing on risk exposure. The estimate contemplates insurance costs for 3 to 6 months.

(4) Professional Fees. This estimate includes costs for accounting services, architectural design services and legal services. Costs for architectural design services can vary significantly based on the complexity of the design, the local municipality's requirements and restrictions and the duration of the local municipality's permitting, licensing and approval processes. Costs for legal services can vary significantly based on the complexity and duration of the lease and/or contract review processes.

(5) Initial Inventory. This estimate includes costs for food, non-alcoholic beverages, alcoholic beverages (if applicable), utensils, packaging and supplies for the first 3 months of operation. The lower figure represents the estimated initial investment if you have seating for 30 customers, and the higher figure represents the estimated initial investment if you have seating for 350 customers.

(6) Initial Rent. The estimate includes rent payments for the first 3 months. The estimate is based on the typical Franchised Business which will occupy approximately 2,400 to 3,600 square feet and will generally be located in a shopping center. The amount that you will pay per square foot may vary greatly upon your location and local market conditions.

(7) Leasehold Improvements. Leasehold Improvements costs can vary greatly, but can be significantly reduced if you take over a space that has already been built out for a restaurant or if your landlord covers the cost of your build-out as part of your lease. In addition, lower square footage of your space will significantly reduce the leasehold improvement costs. The lower figure represents the estimated initial investment if your space is approximately 2,400 square feet with a large portion of the leasehold improvements already included and/or if your landlord does a large portion of your build out as part of your lease. The higher figure represents the estimated initial investment if your space is approximately 3,600 square feet, if you pay for all leasehold improvements and if you purchase everything brand new. Otherwise, the estimated initial investment should be between the lower and higher figures. Required leasehold improvements include plumbing, electrical, HVAC unit(s), painting, flooring, ceiling and wall covering, trim and molding, prep and serving counters, built-in bar(s), chair rails, countertops, fans, and our required décor package.

(8) Furniture, Fixtures and Equipment. Furniture, fixtures and equipment costs can vary greatly, but can be significantly reduced if you take over a space with existing restaurant furniture, fixtures and equipment or if your landlord provides some or all of the furniture, fixtures and equipment as part of your lease. The lower figure represents the estimated initial investment if you take over a space that is already furnished with all or most of the required furniture, fixtures and equipment with the intention of converting the business to a PAPA SAVERIO'S sports pub. The higher figure represents the estimated initial investment if you pay the full purchase prices of all brand new furniture, fixtures and equipment. The estimated initial investment should be between the lower and higher figures if your landlord provides some of the furniture, fixtures and equipment as part of your lease and/or if you purchase some used furniture, fixtures and equipment. Required furniture, fixtures and equipment includes oven/range/hood, work tables, shelving, refrigerated prep tables, dough roller, food mixer, walk-in cooler/freezer, sinks, display cases and cabinets, prep and serving counters, convection oven, fryer, char broiler, holding hot boxes/plates, smallwares, wall décor, point-of-sale system, audio and video equipment and bar equipment. No additional furniture, fixtures, equipment or vehicles are needed for catering or off-site special events. You may, but are not required to purchase or lease delivery vehicles. The vehicles are owned by delivery drivers in accordance with System Standards contained in the Confidential Operations Manual. We expect that if you propose to lease or own a delivery vehicle, the decision will be made after the Franchised Business is open and operating, in which event, must be in accordance with System Standards.

(9) Signage. Signage costs can vary based on the types and numbers of signs used and/or erected. Types of signage include façade store front signs, monument signs and interior signs. The lower figure represents the estimated initial investment if you pay for the paneling for a monument sign, and if you pay for the cost and installation of a façade store front sign and interior signs. The higher figure represents the estimated initial investment if you pay for the erection of a monument sign (usually associated with a free-standing building or an end cap of a retail shopping center) and the associated paneling costs, and if you pay for the cost and installation

of multiple façade store front signs and interior signs.

(10) Business Licenses and Permits. Business license, liquor license and permit fees can vary significantly based on the state's and/or local municipality's requirements, restrictions and approval processes.

(11) Additional Funds. This item estimates your expenses for the first 3 months of operation. These expenses do not include any draw or salary for you. These figures are estimates, and we cannot guarantee that you will not have additional expenses starting the business. Your costs will depend on factors such as: how thoroughly you follow our methods and procedures; your personal discipline, dedication and commitment; your sales-ability; your management skill, experience and business acumen; local economic conditions; the local market for your products and services; the prevailing wage rate; advertising expenditures; competition; and the sales level reached during the initial period. These estimates are provided solely to indicate possible working capital requirements and we make no representation that any franchise will experience these costs. We relied on the experience of our shareholders opening and operating PAPA SAVERIO'S restaurants since 1998 to compile these estimates.

You should review these figures carefully with professional advisors (like an attorney and accountant) before making any decision to purchase the franchise.

We do not generally offer financing directly or indirectly for any part of the initial investment. We do recommend lenders and attempt to introduce you to them. We do not receive any compensation from these lenders for the recommendation or introduction. The availability and terms of financing will depend on factors such as the availability of financing generally, your creditworthiness, collateral you may have, and lending policies of financing institutions.

Amounts paid to us or the Advertising Fund are not refundable. Amounts paid to others may not be refundable.

## ITEM 8
## RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

**Approved Products, Distributors and Suppliers.** The reputation and goodwill of PAPA SAVERIO'S restaurants is based upon, and can be maintained only by, the sale of distinctive, high quality food products and the presentation, packaging, service and delivery of such products and beverages in an efficient and appealing manner. We have developed various food products, ingredients, spices, seasonings, coatings, beverages and product mixes which will be prepared by or for us according to our secret recipes and formulas. We have developed standards and specifications for other food products, ingredients, spices, seasonings, coatings, mixes, beverages, materials and supplies incorporated in or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at PAPA SAVERIO'S restaurants. We have and will periodically approve suppliers and distributors of these products and others that meet our standards and requirements, including standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations.

You must purchase or lease or use only those accounting firms and software, architecture services and providers, real estate services and providers, construction and general contractor services and providers, financial analysis and management product(s) or service(s), online ordering and/or delivery providers and/or platforms, insurance agents, merchant processing, gift cards, customer loyalty programs, membership programs, other service providers, items of equipment, vehicles, inventory, music provider, audio or visual entertainment provider, decor, payroll processing, employee scheduling services and providers, social media, (all aspects including without limitation marketing, advertising, activities, and presence), computer hardware and software (including without limitation for order taking, inventory management, point of sale (POS) hardware and/or software, and customer relations management (CRM)), phone and security hardware and software, other technology, food and beverage suppliers, seasonings supplier, packaging, bags, wraps, stickers, graphic design services, interior design services, supplies, promotional and marketing services and printing providers, apparel, signs, and comparable

items related to establishing or operating the Franchised Business from required or approved suppliers.

Currently we are not an approved or designated supplier for any goods or services used in the Franchised Business. We do, however, reserve the right to become an approved supplier in the future. In 2025, we derived revenue of $89,285 from purchases or leases by our franchisees, which represents 19.5% of our annual total gross revenue of $457,466. Our officers do not own an interest in any supplier.

You must: (1) purchase our product mixes and other products developed by us pursuant to a secret recipe or formula, only from us or a designated supplier licensed by us to prepare and sell such products (currently supplied to franchisees by a third party); and (2) purchase from distributors and other suppliers approved by us all other goods, food products, ingredients, spices, seasonings, coatings, mixes, beverages, materials and supplies used in the preparation of the food products, and equipment, merchant processing services, menus, forms, paper and plastic products, packaging or other materials that meet our standards and specifications for the same. We may periodically modify the list of approved brands and/or suppliers, and you must not, after receipt in writing of the modification, reorder any brand from any supplier which is no longer approved. We may approve a single distributor or other supplier for any product and may approve a distributor or other supplier only as to certain products. We may concentrate purchases with one or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of PAPA SAVERIO'S restaurants franchised or operated by us or our related companies.

**Alternative Suppliers and Non-Approved Products.** Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above in addition to meeting our current standards and specifications, and may be temporary pending a further evaluation of the distributor or other supplier by us. We will determine whether we will issue any of our written standards and specifications to our franchisees and/or suppliers. You must notify us and submit to us the information, specifications, and samples as we request if you propose to purchase any food products, ingredients, spices, seasonings, coatings, mixes, beverages, materials and supplies used in the preparation of the food products, equipment, merchant processing services, menus, forms, paper or plastic products, packaging or other materials, from a distributor or other supplier who has not been previously approved by us or that does not meet our current specifications and standards. We may also require on-site investigations of the proposed supplier. We will notify you within a reasonable time whether you are authorized to purchase such products from the distributor or other supplier. If we do not provide an approval within 30 days your request will be deemed rejected. We will charge you a per diem fee plus reasonable expenses for evaluating your proposed supplier or product. We may revoke our approval of any supplier or product if our requirements are not met. You will cease purchasing from the approved supplier or purchasing the unapproved product within 10 days of receiving our written notice of disapproval.

Collectively, the purchases and leases described above are approximately 70% to 80% of your overall purchases and leases in establishing the Franchised Business and approximately 70% to 80% of your overall purchases and leases in operating the Franchised Business.

We currently negotiate purchasing arrangements with the food and beverage distribution companies from where you currently would purchase your restaurant inventory and supplies. The negotiations cover price terms, adequate supply, delivery and other items.

Certain suppliers currently pay us rebates based on a percentage based on your purchases which range from less than 1% to 16% of the amount purchased.

There currently are no purchasing or distribution cooperatives. We may negotiate purchase arrangements, with other franchises, with suppliers (including price terms), for the benefit of the franchise system. We do not provide material benefits to you (for example, renewal or granting additional franchises) based on your purchase of particular products and services or use of particular suppliers.

**Purchase and Maintain Insurance.** You must, at all times during the term of the Franchise Agreement, maintain in force, at your sole expense, insurance coverage as we may, in our sole discretion, prescribe periodically. Currently, we require the following insurance coverage and limits:

General Liability: $1,000,000 per occurrence/$2,000,000 aggregate
Hired and non-owned auto liability: $1,000,000
Worker's Compensation: Minimum $100,000 each accident/$100,000 each employee/$500,000 policy limit, and any other coverage required by law
Liquor liability: $1,000,000 per occurrence/$2,000,000 aggregate
Umbrella policy: $1,000,000 per occurrence/$1,000,000 aggregate
Employment Practices liability: $100,000 each event/$100,000 aggregate

The insurance coverage must be purchased by a supplier approved by us and maintained throughout the franchise term under one or more policies of insurance of the types and containing terms and conditions and minimum liability protection in amounts, as are specified periodically by us. We may periodically increase the minimum amount of coverage required under any policy, and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies required hereunder must name us (and our officers, directors, shareholders and employees) as additional insureds, contain a waiver by the insurance carrier of all subrogation rights against us, and must provide that we will receive 30 days advance written notice of termination, expiration or cancellation or modification of any policy. Before your commencement of operations, and annually thereafter, within 24 hours of a policy renewal, you agree to furnish to us a copy of the certificate, or other evidence of the insurance, renewal, or extension of each insurance policy, together with evidence of payment of premiums, evidencing the required limits. If you do not maintain insurance as required, we may, at our option and in addition to our other rights and remedies, but will not be obligated to, obtain insurance and keep the same in full force and effect on your behalf, and you must reimburse us for all premiums and other expenses incurred by us in connection with obtaining insurance. In addition, you must indemnify and save us harmless (with counsel acceptable to us) from any liability or claim of any type that arises in connection with the operation of your Franchised Business.

**Computer System.** You must purchase a brand and type of point of sale computer system that we specify. If you will be offering our business-to-business catering program, you must use the brand of online catering software that we specify. If in the future we develop customized software for the operation of PAPA SAVERIO'S franchises, you must purchase and/or license the software from us or a designated supplier.

**Lease.** You must submit the proposed lease for your site to us for approval before you sign it. We may require that the lease (i) be collaterally assigned to us by a collateral assignment agreement and/or another addendum or lease rider in a form and substance acceptable to us in order to secure performance of your liabilities and obligations to us and (ii) contain certain terms and conditions as described in the franchise agreement.

## 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.**

| Obligation | Section in Agreement | Item in Disclosure Document |
|---|---|---|
| a. Site selection and acquisition/lease | Section 6 | Item 11 |
| b. Pre-opening purchases/leases | Sections 6 and 7 | Items 5, 6, 7, 8 and 11 |
| c. Site development and other | Sections 6 and 7 | Items 5, 6, 7, 8 and 11 |

| Obligation | Section in Agreement | Item in Disclosure Document |
|---|---|---|
| pre-opening requirements | | |
| d. Initial and ongoing training | Section 5; Par. 3 of Renewal Addendum | Items 6 and 11 |
| e. Opening | Section 6; Par. 4 of Renewal Addendum | Item 11 |
| f. Fees | Sections 1, 2, 5, 6, 7, 8, 10, 12, 15, 16 and 18 | Items 5, 6, 7, 8 and 11 |
| g. Compliance with standards and policies/operations manual | Sections 7 and 11 | Items 8 and 11 |
| h. Trademarks and proprietary information | Sections 9 and 10 | Items 13 and 14 |
| i. Restrictions on products/services offered | Sections 7 | Items 8, 11 and 16 |
| j. Warranty and customer service requirements | Sections 7 | Item 8 |
| k. Territorial development and sales quotas | Sections 3 and 4 | Item 11 |
| l. On-going product/service purchases | Section 7 | Item 8 |
| m. Maintenance, appearance and remodeling requirements | Sections 6 and 7; Par. 6 of Renewal Addendum | Item 8 |
| n. Insurance | Section 7 | Items 7 and 8 |
| o. Advertising | Section 9 | Item 6, 7 and11 |
| p. Indemnification | Sections 7, 10, 13, 15, and 17 | Items 6, 8 and 13 |
| q. Owner's participation/ management/staffing | Section 7 | Item 15 |
| r. Records and reports | Section 8 | Items 6 and 8 |
| s. Inspections and audits | Section 8 | Item 6 |
| t. Transfer | Section 15 | Items 6 and 17 |
| u. Renewal | Section 12 | Items 6 and 17 |
| v. Post-termination obligations | Section 14 | Item 17 |
| w. Non-competition covenants | Sections 7 and 14 | Item 17 |
| x. Dispute resolution | Section 16 and 18 | Item 17 |
| y. Security Interest | Section 7 | Not applicable |
| z. Guaranty of franchisee obligations | Section 20 | Item 15 |

## ITEM 10
## FINANCING

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

(*Remainder of Page Intentionally Blank*; *Continued on Following Page*)

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

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

**Our Support Services Prior to Opening.** Before you open your Franchised Business, we will:

(1) Furnish to you our current site selection guidelines and criteria, and provide site selection counseling and assistance, including on-site evaluation, as we deem reasonably necessary. You must select a location for the restaurant. We will review your proposed site in order to evaluate and approve or reject the location of your Franchised Business within 30 days after you provide us the information about the site. Additional sites are considered until our approval is reached or the Franchise Agreement terminates. You must obtain our prior approval of the site location and the lease. Your failure to obtain our approval of a site location and sign a lease within 120 days of signing the Franchise Agreement may lead to termination of the Agreement (with no refund of any amount paid to us thereunder). (Franchise Agreement 6.A.) The factors which we may (but are not required to) consider for our approval include demographic radius characteristics and growth factors in the area, traffic patterns, ease of access, parking, visibility, allowed signage, competition from other businesses providing similar products and services, the proximity to other businesses, the nature of the businesses in proximity to the proposed site, and other commercial characteristics (including rental obligations and other lease terms for the proposed site) and the size, appearance and other physical characteristics of the proposed site location. We recommend that the size of the location be 1,200 to 1,600 square feet for a carryout/delivery restaurant and 2,400 to 3,600 square feet for a sports pub. We approve or disapprove locations or leases by a written notice which is delivered to you. We use our reasonable best efforts to deliver this notification to you within 30 days after the location evaluation or lease information is available. (Franchise Agreement 6.C.)

You must lease the premises for your location in the form and manner required by us and deliver a copy of the signed lease or sublease (the "Lease") to us immediately after its signing. You must not sign any Lease which has not been approved in writing by us. If you are leasing the location, you must agree that the Lease, in a form satisfactory to us, will (1) provide for notice to us of, and our right (but not obligation) to cure, your default under the Lease within 15 business days after expiration of your cure period; (2) authorize and require the lessor to disclose to us, upon our request, any sales and other information pertaining to the location furnished to the lessor by you; (3) provide that, upon termination or expiration of our Franchise Agreement, we will have the right to receive an assignment or assume the Lease; (4) provide that the lessor has consented to your use of our standard signage for the location according to the specifications in the Franchise Operations Manual; (5) provide that, during the term of the Lease, the premises may only be used for the operation of a PAPA SAVERIO'S restaurant; and (6) provide that, upon expiration or termination of the Franchise Agreement, we will have the right to enter the premises in order to remove signage and other items bearing our Marks and otherwise de-identify the premises. You must not sign or agree to any modification of the Lease without our prior approval. You must agree that any new, amended, restated, extended or renewed Lease for the location will include the above terms and conditions required to be included in a Lease for a location. . (Franchise Agreement 6.C.)

If you want to relocate, you must notify us in writing 180 days before the relocation. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market place or other factors. Our approval of the location and the Lease does not constitute a guaranty or a representation of the likelihood of success of the location or the viability of the Lease terms. We will not be responsible for the failure of any location approved by us to meet your expectations as to revenue or operational criteria. We recommend that you employ the services of a real estate attorney for legal advice regarding the terms of the Lease (Franchise Agreement - Sections 6.C and D.).

(2) Provide you with a list of approved and designated suppliers and specifications as necessary for you to make purchases required to establish and begin operating your PAPA SAVERIO'S restaurant. . (Franchise

Agreement 7.A. and 7.L.)

(3) Provide an initial training program for the operation of the Franchised Business using the PAPA SAVERIO'S System (Franchise Agreement - Section 5.A.) (See below).

(4) Provide pre-opening and opening supervision and assistance by our personnel at your location (Franchise Agreement 5.B.). The initial training program and pre-opening and opening supervision and assistance are not provided if you are a renewing franchisee.

**Our Support Services During Operation.** During the operation of your Franchised Business, we will:

(1) Provide you, as we determine is necessary, with continuing advisory services via electronic communications, telephone consultations and/or personal consultation at our home office or other location we designate concerning the operation of your Franchised Business (Franchise Agreement - Section 5.E.).

(2) Furnish you, at your request and at your cost, and if we deem it to be reasonably necessary, additional assistance beyond our standard support (Franchise Agreement - Section 5.F.) (See Item 6 above).

(3) Provide you with access to the advertising and marketing materials we may develop by using the Advertising Fund fees (Franchise Agreement - Section 9.B.) (See Item 6 above and Item 11 below).

(4) Loan to you, during the term of the Franchise Agreement, one copy of our Franchise Operations Manual. The Franchise Operations Manual contains mandatory and suggested specifications, standards, and operating procedures which we prescribe occasionally for PAPA SAVERIO'S Franchised Businesses, as well as information relative to other obligations you have in the operation of the Franchised Business. The Franchise Operations Manual may be modified periodically to reflect changes in the specifications, standards, operating procedures and other obligations in operating PAPA SAVERIO'S Franchised Businesses (Franchise Agreement - Section 7.D.). The Franchise Operations Manual currently has 323 pages plus appendices. The Table of Contents of our Franchise Operations Manual, as of the date of this disclosure document, is in Exhibit F.

(5) Administer the Advertising Fund (Franchise Agreement - Section 9.B.) (See Item 6 above and Item 11 below).

**Advertising Fund.** We administer an advertising and marketing fund (the "Advertising Fund") for the advertising and marketing programs as we may deem necessary or appropriate. You are required to contribute to the Advertising Fund 0 to 5% of the Gross Sales of your Franchised Business or a flat amount we designate, as determined by us, payable together with the Royalty Fee due under the Franchise Agreement; currently, you will contribute the greater of one percent (1%) of the Gross Sales of your Franchised Business or not less than eighty-one dollars ($81.00) per week (Franchise Agreement - Section 9.B.) (See Item 6 above).

We direct all advertising and marketing programs financed by the Advertising Fund, with sole discretion over the creative concepts, materials and endorsements used therein, and the geographic, market and media placement and allocation. The source of our marketing and advertising programs may be in-house or outside agencies. The Advertising Fund may be used to pay the costs of preparing advertising materials and administering national, regional and local advertising programs and public relations activities including creating direct mail and media materials, formulating advertising and marketing programs, developing and maintaining website and internet based advertising and marketing programs, intranet development and ongoing operation, toll-free restaurant locator services, employing advertising agencies, providing brochures and other advertising and marketing materials for PAPA SAVERIO'S restaurants, and participating in national or regional trade shows.

The Advertising Fund is accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for reasonable salaries of personnel who manage and administer the Advertising Fund, administrative costs and overhead as we may incur in activities reasonably related to the

administration of the Advertising Fund and its advertising and marketing programs including conducting market research, public relations, preparing advertising and marketing materials and collecting and accounting for contributions to the Advertising Fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all PAPA SAVERIO'S restaurants to the Advertising Fund in that year and the Advertising Fund may borrow from us or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund.

During the calendar year ended December 31, 2025, the Advertising Fund spent 57.1% of its income on the production of advertisements and other promotional materials, 42.38% for media placement, and 0.52% for general and administrative expenses. A report of receipts and disbursements of the Advertising Fund, which may be audited, will be prepared annually by us and will be furnished to you upon written request.

We have the right to cause the Advertising Fund to be incorporated or operated through an entity separate from us at the time as we deem appropriate, and the entity will have the same rights and duties as we do. Although we will endeavor to utilize the Advertising Fund to develop advertising and marketing materials and programs, and to place advertising that will maximize recognition of the Marks and benefit all PAPA SAVERIO'S restaurants, we undertake no obligation to ensure that expenditures by the Advertising Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Advertising Fund by PAPA SAVERIO'S restaurants operating in that geographic area or that any PAPA SAVERIO'S restaurants will benefit directly or in proportion to its contribution to the Advertising Fund from the development of advertising and marketing materials or the placement of advertising.

We have the right, in our sole discretion, to suspend contributions to and operation of the Advertising Fund for one or more periods that we determine to be appropriate and the right to terminate the Advertising Fund upon 30 days written notice to you. All unspent monies on the date of termination will be distributed to us, our affiliates and our franchisees in proportion to their respective contributions to the Advertising Fund during the preceding 12-month period. We have the right to reinstate the Advertising Fund upon the same terms and conditions set forth in the Franchise Agreement upon 30 days prior written notice to you.

We expect that PAPA SAVERIO'S restaurants owned by us or the companies related to us by common ownership will contribute on the same basis to the Advertising Fund as franchisees.

We do not use any part of the Advertising Fund for advertising that is principally a solicitation for the sale of franchises.

**Local Advertising and Promotion.** You must list and advertise the Franchised Business within your Protected Area as we specify using our standard forms of listing and advertisements.

All of your advertising, marketing, promotions and media relations, including print, directory advertising, television, radio, the Internet, and use of social media ("Franchisee Advertising"), must be factual and conform to the highest standards of ethical advertising, be in compliance with all applicable laws, and consistent with our current policies, standards and specifications in the Operations Manual or other writing issued to franchisees. Before you use any Franchisee Advertising not prepared or previously approved by us, the content, design and images of all Franchisee Advertising must be submitted to use for approval. If written disapproval is not received by you within 14 days from the date we receive the materials, we will be deemed to have given the required approval. You must not use any advertising, marketing, promotion or public relations materials or content that we have disapproved.

There are currently no advertising councils. You are not currently required to participate in any local or regional advertising cooperatives.

**Computer.** You must keep books and business records according to our formats. To facilitate your reporting to us and other communications, you must maintain certain systems in operating the Franchised

Business. We require that you use the Arrow point-of-sale (POS) system which we have used since March 2009. This POS system also facilitates the use of gift cards which you are required to offer and accept and online ordering which you are required to offer to customers. The estimated initial cost is $10,000 to $20,000 for a carryout/delivery restaurant and $15,000 to $35,000 for a sports pub. These prices can be substantially reduced based on the number of stations required. Although we have used this POS system in the past, we do not guarantee their future performance and are not responsible for their service issues.

The estimated annual cost for maintenance for the Arrow system is $1,428. The annual cost for the Arrow Rewards program that tracks and provides award points for customer purchases and has an e-mail marketing feature is $1,440 and the annual cost of online ordering with the Arrow system is $1,188. Your system must be compliance with the Merchant Payment Card Industry Data Security Standards.

If in the future we develop software customized for PAPA SAVERIO'S restaurants, you will be required to purchase or license and use the customized software in operating the Franchised Business.

You must obtain high-speed access to the Internet for your computer system. You must also maintain a functioning e-mail address for your business, and provide it to us promptly upon signing the Franchise Agreement and if your email address changes. You should check your email on a daily basis, provided, however, that the timeliness of your email review and response must be consistent with reasonable business practices and must not cause us or other franchisees to be unable to communicate with you in a timely manner. In the future, we may require you use a system-wide area computer network, intranet system or extranet system that we implement. If such system is established for the franchise system, you must use it in strict compliance with the standards, protocols and restrictions in the Franchise Operations Manual or otherwise provided to you in writing.

Your POS system collects detailed sales information and other data and can generate various reports. There are no contractual limitations on our right to independent access to information and other data generated by your POS System or any other computer system, software or web-based platforms that we may require you to have.

Neither we, nor our affiliate or any third party are obligated to provide maintenance, repairs, upgrades or updates to your computer system. We recommend that you obtain a maintenance contract with a reputable organization for your computer system. You may be required to upgrade or update any computer hardware or software program during the term of the Franchise Agreement. There are no contractual limitations on the frequency or costs associated with this obligation.

**Time Until Commencement of Operation.** The typical length of time between the signing of the Franchise Agreement and the start of your Franchised Business is 5 to 10 months. Some of the factors affecting this length of time include obtaining a satisfactory site, negotiating a lease, your financing arrangements, completion of leasehold improvements, delivery and installation of equipment and signage, weather conditions, employee hiring and training, and your own timetable. You must not open the Franchised Business for business without our prior written approval, otherwise, you must pay us $500 per day for each day the Franchised Business is open without our approval (Franchise Agreement – Section 6.B. and E.). We may withhold our written approval if you have not satisfied your pre-opening obligations under the Franchise Agreement, including satisfactory completion of training, completion of build-out following our specifications and purchase and installation of required equipment, point-of-sale and computer system and inventory. You must provide to us a copy of the fully signed Lease for your restaurant within 120 days after the date of the Franchise Agreement and commence operating the PAPA SAVERIO'S restaurant within 365 days after the date of the Franchise Agreement, otherwise we may terminate the Franchise Agreement immediately upon delivery of notice to you (Franchise Agreement - Section 6.A.). We will have no obligation to refund any portion of the initial franchise fee.

**Training Program.** Before the start of your Franchised Business, we will provide approximately 30 days' worth of initial training on the operation of a PAPA SAVERIO'S Franchised Business to you and your manager. Although there are no additional fees for this training, you must pay for all travel and living expenses

which you and any of your employees incur in connection with training. As part of the opening of your Franchised Business, we will also provide you pre-opening and opening on-the-job supervision and assistance at your restaurant premises for approximately 2 weeks around the time of the initial opening of your restaurant. Prior to the time our representatives arrive at your Franchised Business before your initial opening, you and your manager must have completed initial training. During pre-opening training, our representatives will assist you in establishing and standardizing procedures and techniques essential to the operation of a PAPA SAVERIO'S restaurant, including facilitating the opening of your Franchised Restaurant, supervising cooking procedures and assisting in training personnel, and as further described in the table above. Certain portions of the Training Program may be altered or eliminated based on your skill sets or if you are purchasing an existing PAPA SAVERIO'S restaurant. You and your manager must pass the training program to our satisfaction. If you do not pass the training program, we can terminate your Franchise Agreement. We encourage you to begin training before incurring any costs or expenses related to the planned opening of the Franchised Business. We will not be liable to return any franchise fee or pay any costs or expenses you incur if we terminate your Franchise Agreement because you do not pass the training program (Franchise Agreement – Section 5.A.).

We expect that initial training will be conducted for you and your managers at one of the PAPA SAVERIO'S restaurants in the Chicagoland area approximately 6 to 9 months after you sign your Franchise Agreement. You must complete the initial training at least 30 days prior to opening. We plan to be flexible in scheduling training to accommodate our personnel, you, and your personnel. The pre-opening training will be conducted at your store premises near the time of the opening of your restaurant. There currently are no fixed (i.e., monthly or bimonthly) training schedules. As of the date of this disclosure document, the training program consists of the following:

**TRAINING PROGRAM**

| Subject | Hours of Classroom Training (Note 1) | Hours of On-the-Job Training | Location (Note 2) |
|---|---|---|---|
| Orientation Home Office | 6 | 0 | Chicago, Illinois area |
| Pizza Prep | 0 | 10 | Chicago, Illinois area |
| Pizza Prep<br>Pizza Making | 0 | 10 | Chicago, Illinois area |
| Pizza Prep<br>Pizza Making<br>Pizza Oven | 0 | 10 | Chicago, Illinois area |
| Pizza Prep<br>Pizza Making<br>Pizza Oven | 0 | 10 | Chicago, Illinois area |
| Pizza Prep<br>Pizza Making<br>Pizza Oven | 0 | 10 | Chicago, Illinois area |
| POS Training | 0 | 15 | Chicago, Illinois area |
| Kitchen Prep | 0 | 10 | Chicago, Illinois area |
| Kitchen Prep<br>Kitchen Operations | 0 | 10 | Chicago, Illinois area |
| Kitchen Prep<br>Kitchen Operations | 0 | 15 | Chicago, Illinois area |
| Kitchen Prep<br>Kitchen Operations | 0 | 10 | Chicago, Illinois area |
| Administrative Training | 0 | 14 | Chicago, Illinois area |

| Subject | Hours of Classroom Training (Note 1) | Hours of On-the-Job Training | Location (Note 2) |
|---|---|---|---|
| Driver Schedule/Routing | | | |
| FOH POS Training Server/Bar Training | 0 | 13 | Chicago, Illinois area |
| FOH Shift Administrative Work | 0 | 11 | Chicago, Illinois area |
| Kitchen Operations | 0 | 10 | Chicago, Illinois area |
| Pizza Operations | 0 | 10 | Chicago, Illinois area |
| FOH Operations Closing Procedures | 0 | 12 | Chicago, Illinois area |
| BOH Operations Closing Procedures | 0 | 12 | Chicago, Illinois area |
| Operate as Manager Expedite Orders | 0 | 10 | Chicago, Illinois area |
| Operate as Manager Expedite Orders | 0 | 12 | Chicago, Illinois area |
| Opening Procedures Final Exam | 2 | 6 | Chicago, Illinois area |
| FOH Operations Administrative Training | 0 | 8 | Chicago, Illinois area |
| BOH Operations | 0 | 8 | Chicago, Illinois area |
| FOH Operations Administrative Training | 0 | 8 | Chicago, Illinois area |
| BOH Operations | 0 | 8 | Chicago, Illinois area |
| FOH Operations Administrative Training | 0 | 8 | Chicago, Illinois area |
| BOH Operations | 0 | 8 | Chicago, Illinois area |
| FOH Operations Administrative Training | 0 | 8 | Chicago, Illinois area |
| BOH Operations | 0 | 8 | Chicago, Illinois area |
| FOH Operations Administrative Training | 0 | 8 | Chicago, Illinois area |

Notes:
1. Hours of Classroom Training may occur On-the-Job.

2. We reserve the right to conduct training at other locations.

The initial training is conducted by Don Fortin, our Chief Operating Officer. He has been a Business

Coach and member of our training staff since November 2019. From 1998 to 2019, he managed and owned multiple PAPA SAVERIO'S restaurants. Mr. Fortin may be assisted by Jaime Lago who has owned and operated a PAPA SAVERIO'S franchised restaurant for over 10 years. We reserve the right to make changes to the instructors at any time.

The Franchise Operations Manual and our Recipe Manual will be used as the principal instructional materials. Certain portions of the Training Program may be altered or eliminated based upon your skill set.

**Additional and Refresher Training/Conventions.** After completing the initial training program, if you request additional training for you or your managers, and if in our discretion we agree to provide it, you must pay our additional training fees. We can also require that you attend additional training and pay our additional training fees if you are not in compliance with the operational requirements under the Franchise Agreement and/or the Franchise Operations Manual. You are also responsible for your and your managers' travel and living expenses you incur while attending the additional training.

If we require, you must attend up to 5 days of refresher training each calendar year in the operations and marketing of the Franchised Business. We may also require you to attend a national business meeting or convention for PAPA SAVERIO'S franchisees for up to 3 days each calendar year at a location we select. The refresher training may take place at the annual convention or business meeting of franchisees or at a different location (Franchise Agreement – Sections 5.C and 5.D.). We may charge you a fee to attend refresher training and to attend an annual convention. You are responsible for the travel and living expenses you incur while attending refresher training or conventions.

## ITEM 12
## TERRITORY

You must operate the Franchised Business from one specific location. If you do not have an approved location at the time you sign your Franchise Agreement, you must select a location that we approve and sign a lease for such site within 120 days of the date of the Franchise Agreement. Once your location is approved, you are granted a protected area that will be described in an exhibit to the Franchise Agreement ("Protected Area"). For non-urban locations, the Protected Area will be the geographical area within 4 miles of the front door, by road, of the Franchised Business location using the roads in existence at the time of the date of the Franchise Agreement. If your franchise location is in an urban area, the radius of the Protected Area will be up to 2 miles. The size of the Protected Area will be determined by us based on population density, traffic flow, geographical barriers and other considerations. The Protected Area is not computed as a radius, as the crow flies, around the Franchised Business location. It is computed front door to front door. The Protected Area does not prohibit or affect any locations existing before the date of the Franchise Agreement.

As long as the Franchise Agreement is in force and effect and you are not in default under any of the terms, including the Minimum Monthly Gross Sales requirements described below, and except for Limited Use Facilities described below, we will not grant a franchise or operate ourselves or through an affiliate any other PAPA SAVERIO'S location within the Protected Area.

We, our affiliates and other PAPA SAVERIO'S franchisees are allowed to deliver food to customers located within the Protected Area. We, our affiliates and other PAPA SAVERIO'S franchisees are permitted to advertise and promote their PAPA SAVERIO'S restaurants within your Protected Area. We may enfranchise or operate ourselves or through an affiliate any other PAPA SAVERIO'S restaurant anywhere else outside of the Protected Area. We ourselves or through an affiliate may offer and sell at wholesale, retail, or through any other distribution system, products and services which are part of the PAPA SAVERIO'S System, including, proprietary or branded products, which products may be resold at retail or through any other alternative distribution channel under the Marks or other trademarks or service marks, including food stores and other retail facilities, the Internet, and as menu items in other restaurants or food service units. If we sell products or services to customers in your protected area through alternate channels of distribution, we have no obligation to compensate you in any way. We

reserve the right to use or license the Marks and System to engage in any other activities not expressly prohibited by the Franchise Agreement.

Enclosed malls, institutions (such as hospitals), highway toll plazas, airports, parks (including theme parks), sports arenas, convention centers and other facilities or venues where events are scheduled ("Limited Use Facilities") are excluded from your Protected Area. We retain the right to open ourselves or through an affiliate, or to grant a license for others to open, a PAPA SAVERIO'S restaurant at any Limited Use Facilities in order to service the Limited Use Facility. If a Limited Use Facility is granted within your Protected Area, the delivery and service area of the Franchised Business will be automatically adjusted to exclude the Limited Use Facility. Based on our right to establish restaurants in Limited Use Facilities in your Protected Area, 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 competition brands that we control.

Your continued rights to the Protected Area are dependent upon the Franchised Business achieving an average of Thirty-Five Thousand Dollars ($35,000) of Gross Sales per month and such average shall be evaluated over the last most recently ended consecutive six (6) month period("Minimum Monthly Gross Sales"). If you fail to meet or exceed the Minimum Monthly Gross Sales during any consecutive six (6) month period, we may issue a notice of default advising you of such failure to meet the Minimum Monthly Gross Sales, may impose corrective measures and other requirements, and would provide you an opportunity to cure such default by increasing the Gross Sales of the Franchised Business within the three (3) consecutive months following provision of such notice of default so that the average monthly Gross Sales meets or exceeds the Minimum Monthly Gross Sales required when evaluated over the three (3) consecutive months immediately after the provision of such notice of default. Upon your failure to comply with our corrective measures or other requirements, and/or failure to achieve the Minimum Monthly Gross Sales on average during the three (3) months immediately after the provision of the notice of default related to the Minimum Monthly Gross Sales, we may terminate this Agreement and/or may terminate your rights to the Protected Area, among other rights reserved to us. Thereafter, we may enfranchise or operate ourself or through an affiliate a PAPA SAVERIO'S restaurant in the previously Protected Area.

We have used and we and our affiliates reserve the right to use and grant others the right to use other channels of distribution for PAPA SAVERIO'S products, such as the Internet, catalog sales, telemarketing, or other direct marketing (including without limitation door to door hand delivery of menus and/or flyers), retail stores and food truck operation to make sales of products and services within the Protected Area using the Marks or other marks. There is no compensation that we or other franchisees must pay for soliciting or accepting orders from inside the Protected Area.

We and/or an affiliate have the right to operate or to grant franchises to operate businesses similar to the Franchised Business under different marks at any location within or outside of the Protected Area.

You must offer delivery and catering services in compliance with our System Standards. We have the right to prescribe periodically the boundaries beyond which you may not offer delivery service and the standards and specifications for delivery in order to preserve the quality and freshness of food products when delivered. There is no minimum delivery area. You can deliver food to customers outside of your Protected Area and other PAPA SAVERIO'S franchisees can deliver food to customers within your Protected Area.

You also have the right to sell food products and services from temporary locations in the Protected Area (such as trucks, booths and handcarts) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are referred to as "Off-Premises Sales"), so long as you obtain our prior consent to conduct Off-Premises Sales at each Special Event and make these sales according to our standards and specifications to ensure quality and freshness. Immediately upon learning that a Special Event is scheduled to occur in the Protected Area, whether you learn about it from us or another source, you must notify us of the time, place and nature of the Special Event and any other information that we may periodically require. Within 5 days of that notice, you must notify us that you wish to conduct the Off-Premises Sales at the Special Event. If you notify us that you wish to conduct the Off-Premises Sales, and if we do not

notify you of our disapproval within 10 days of our receipt of your notice, we will be deemed to have given the required consent. If you fail to notify us within the 5 days provided, or if you notify us that you do not wish to conduct Off-Premises Sales at the Special Event, we will have the right to do so. If the Special Event is located in the Protected Area of more than one PAPA SAVERIO'S restaurant, then the restaurant with the highest Gross Sales during the prior twelve months will have a higher priority to conduct Off-Premises Sales at the Special Event.

You must focus your marketing efforts on the business in the Protected Area, but are not prohibited from advertising and promoting your Franchised Business outside of the Protected Area. Similarly, other franchisees can advertise and promote their franchise business within your Protected Area. You are prohibited from selling products or services by the Internet, mail order or catalog without our approval. You may accept orders from consumers outside of your Protected Area. You do not have the right to use other channels of distribution, such as the Internet, catalog sales, telemarketing, or other direct marketing (including without limitation door to door hand delivery of menus and/or flyers), to make sales outside of your Protected Area.

Neither the franchisor nor any affiliate operates, franchises, or has plans to operate or franchise a business under a different trademark which sells or will sell goods or services similar to those the franchisee will offer.

If you want to relocate the restaurant, you must notify us in writing 180 days before the relocation and receive our prior approval. We reserve the right to refuse to approve a proposed relocation if we believe that the proposed relocation is for any reason not acceptable to us. Our judgment may be based on factors such as the proximity to existing or proposed locations for restaurants owned by other franchisees or us, the suitability of the proposed facilities, compliance with our then current franchise location requirements, the competitiveness within the market place or other factors.

On renewal or transfer of a franchise, the territory may be modified. Depending on the then-current demographics of the territory, and on our then-current standards for territories, if the territory is larger than our then-current standard territory, we may require you or the transferee to accept a renewal territory or transfer territory smaller than the then-current territory.

You do not receive options, rights of first refusal or similar rights to acquire additional franchises or territories.

## ITEM 13
## TRADEMARKS

**PAPA SAVERIO'S Service Mark.** You may use certain Marks in operating the Franchised Business. The principal Marks to be licensed to you and registered on the Principal Register of the United States Patent and Trademark Office ("USPTO") as of the date of this disclosure document are as follows:

| Description of Mark | Registration Number | Registration Date |
|---|---|---|
| PAPA SAVERIO'S | 2757492 | August 26, 2003; renewed November 5, 2013; renewed March 15, 2023. |
|  | 3919729 | February 15, 2011; renewed November 5, 2020. |

The PAPA SAVERIO'S service mark was originally owned and registered by Papa Saverio's Development Corp. and licensed to us October 1, 2004. Papa Saverio's Development Corp. assigned all rights to the service mark "PAPA SAVERIO'S" to us in October 2009.

All required affidavits and renewals have been filed.

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, or any state trademark administrator or court. There is no pending infringement, opposition or cancellation action, nor any pending material federal or state court litigation regarding the franchisor's use or ownership rights in a trademark. There are no agreements which significantly limit our right to use or license the use of the principal trademark in any manner material to the franchise.

**Use of Service Mark.** You must use the Marks as the sole identification of the Franchised Business, provided that you must identify yourself as the independent owner of the Franchised Business in the manner we prescribe. You may not use any Mark or any confusingly similar Mark as part of any corporate or trade name, or with any prefix, suffix, or other modifying words, terms, designs or symbols, or in any modified form, nor may you use any Mark in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by us. You must prominently display the Marks on or in connection with, signs, posters, displays, service contracts, stationery, and other forms we designate. You must, in the manner we prescribe, give notices of trademark and service mark registrations and copyrights as we specify and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents must contain the actual name of the person or entity owning the Franchised Business and may contain "d/b/a PAPA SAVERIO'S."

You must not obtain or register any domain names incorporating the Marks. You are prohibited from establishing your own independent website using the Marks. You must not use any of the Marks on the Internet in any directory listing, advertising or any other manner without our prior written consent. You must not make any reference to or any association with the Marks on any social media site, social network, blog, micro-blog, or other online venue or in any other manner on the Internet without our prior written consent. If any use of the Marks on the Internet is specifically permitted in the Operations Manual, you must conform your use completely to all of the applicable standards and procedures in the Operations Manual.

**Infringements.** You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, claim by any person of any rights in any Mark, or any confusingly similar trademark, and you may not communicate with any person other than us and our counsel in connection with the infringement, challenge or claim. We and our affiliates will have sole discretion to take such action as we deem appropriate and the right to exclusively control any litigation or USPTO or other proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Mark and you agree to sign any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of our or our affiliates' counsel, be necessary or advisable to protect and maintain our interests in any litigation or USPTO or other proceeding or to otherwise protect and maintain our interests in the Marks.

We may in our discretion, but we have no obligation to, indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding in which your use of any Mark, pursuant to and in compliance with the Franchise Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any claim brought against you or in any proceeding in which you are named as a party, provided that you have timely notified us of such claim or proceeding and have otherwise complied with the Franchise Agreement. We, in our discretion, will be entitled to defend any proceeding arising out of your use of any Mark pursuant to this Franchise Agreement, and, if we undertake the defense of the proceeding, we will have no obligation to indemnify or reimburse you for any fees or disbursements of counsel you retain.

If it becomes advisable at any time in our sole discretion for us and/or you to modify or discontinue use of any Mark, and/or use one or more additional or substitute trade or service marks, you agree to comply with our instructions within a reasonable time after notice by us, and our sole obligation in any event will be to reimburse you for your out-of-pocket costs of complying with this obligation.

We do not know of either superior prior rights or infringing uses that could materially affect your use of our principal trademark.

## ITEM 14
## PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

No patents or registered copyrights are material to the franchise. We and our affiliates claim copyright protection of our Franchise Operations Manual and related materials although these materials have not been registered with the United States Registrar of Copyrights. The Franchise Operations Manual and related materials are considered proprietary and confidential and are considered the property of us and our affiliates and may be used by you only as provided in the Franchise Agreement. You may not use our confidential information in any unauthorized manner and must take reasonable steps to prevent its disclosure to others.

There are no currently effective material determinations of the USPTO, the United States Copyright Office, or a court regarding the copyrighted materials. There are no agreements that significantly limit our rights to use or license the use of the copyrighted or proprietary materials. There is no provision in the Franchise Agreement specifically obligating us to protect your rights to use of the proprietary or copyrighted materials, but we will respond to this information as we deem appropriate. There are no infringing uses known to us which would materially affect your use of the proprietary and/or copyrighted materials.

You will be entitled to use of the copyrighted and proprietary materials and other confidential information of the PAPA SAVERIO'S System during the term of the franchise. You must maintain the absolute confidentiality of all such materials and information, and not disclose any, such materials and information during and after the term of the Franchise Agreement. You must only use the proprietary and confidential materials and information as specifically authorized by us. You must require all of your personnel having access to these materials and information to sign a confidentiality and non-competition agreement in the form prescribed by us.

If you, your owners, managers or employees develop any ideas, recipes, inventions, formulas, concepts, methods, techniques or improvements relating to the Franchised Business, you agree to disclose that information to us and all of that information will become part of our confidential information. You must also assure that all corresponding intellectual property rights are assigned to us.

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

You must participate personally in the direct operation of the Franchised Business. We strongly recommend your personal on-premises supervision of the Franchised Business. However, if you do not personally supervise the operation of the Franchised Business, then you must employ a manager to assist you or your managing shareholder or member or partner in operating the Franchised Business and provide us with the manager's name. All managers must pass the initial training program to our satisfaction and sign a confidentiality and non-competition agreement in the form we prescribe. We do not require the on-premises supervisor to have an equity interest in the Franchised Business.

You, your owners, shareholders, members, partners, your spouse, and the spouse of any owner, shareholder, member or partner must sign the Franchise Agreement personally, meaning each will be jointly and severally, personally bound by and personally liable for the breach of every provision of the Franchise Agreement, including without limitation the confidentiality and non-competition provisions.

If you are an entity, your owners and spouses must personally guarantee your obligations under the

Franchise Agreement, and must agree to be bound by, and personally liable for the breach of, every provision in the Franchise Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the preservation of the confidentiality of our confidential information and compliance with the covenants not to compete. The Guaranty and Assumption of Obligations you must sign is attached as an exhibit to the Franchise Agreement.

## ITEM 16
## RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must offer and sell only those goods and services which we have approved. You must also offer all goods and services that we designate. All goods and services provided by you must be presented in accordance with our System Standards. If we believe in good faith any product offered by you may be unhealthy, unsafe or unsanitary, and we request that you discard it, you must do so immediately. We have the right to change the types of authorized goods or services. There are no specific limitations in the Franchise Agreement on this right. If we discontinue any previously authorized good or service, you must cease offering such good or service from the Franchised Business. We may set days and hours of operation and required days and times for product and service preparation that may change from time to time and we may set minimum and maximum prices for products and services offered or sold by the Franchised Business, to the extent legally permissible

We do not impose any restrictions or conditions that limit your access to customers (See Items 8, 9 and 12.). You can deliver food to customers outside of your Protected Area and other PAPA SAVERIO'S franchisees can deliver food to customers within your Protected Area.

## 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 or other agreement | Summary |
|---|---|---|
| a. Length of the franchise term | Section 12.A. | 10 years |
| b. Renewal or extension of the term | Section 12.B. | If you have substantially complied with the Franchise Agreement, you can renew for one additional 10-year term. |
| c. Requirements for franchisee to renew or extend | Section 12.B. | Provide timely written notice of intent to renew, sign new franchise agreement and general release, pay renewal fee, be current in payments to us, prove right to maintain leased premises, attend additional training programs or refresher courses, refurbish or remodel the premises, and replace the vehicles and equipment to be in compliance with our then current standards. If you seek to renew your franchise at the expiration of the initial term or any |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| | | renewal term, you must sign a new franchise agreement that contains terms and conditions materially different from those in your previous franchise agreement, such as different fee requirements and territorial rights, plus a renewal addendum. |
| d. Termination by franchisee | Section 13.A. | If you are in compliance and we breach a material provision of the Franchise Agreement, and do not cure within a reasonable time, which in no event will be less than 90 days, after your notice to us, you may terminate 10 days after delivery of notice of termination. |
| e. Termination by franchisor without cause | None. | Not applicable. |
| f. Termination by franchisor with cause | Sections 13.B., C. and D. | We can terminate only if you commit any one of several listed violations. |
| g. "Cause" defined – curable defaults | Sections 13.C. | You have 10 days to cure for non-payment of sums to us, affiliates or suppliers; 30 days for failure to submit reports or financial data; 6 months to cure failure to meet Minimum Annual Gross Sales requirement; 30 days for all other curable breaches of the Franchise Agreement or the Franchise Operations Manual or other System standards. |
| h. "Cause" defined – non-curable defaults | Sections 13.A. and D. | Non-curable defaults: misrepresentations on application; failure to pass the training program; failure to locate a site and obtain our approval of the site and to provide us with a copy of your fully signed lease within 120 days after the date of the Franchise Agreement; failure to commence operating the PAPA SAVERIO'S restaurant within 365 days after the date of the Franchise Agreement; insolvency; abandonment; termination of lease; under reporting Gross Sales twice in a two year period; conviction of a felony; impairment of Marks or System; loss of business license; unsafe business operation; unauthorized transfer; breach of other agreements with us or our affiliates; repeated non-sufficient funds checks or defaults even if cured; and violation of any anti-terrorism laws. |
| i. Franchisee's obligations on | Section 14. | Cease operating, pay amounts owed |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| termination/non-renewal | | including without limitation all actual, liquidated, and consequential damages; return the Franchise Operations Manual and Software Program and return or destroy all other materials; stop using Marks, System and confidential information; de-identify yourself from us; cancel assumed names; return to us any PAPA SAVERIO'S signs; provide us with the available names, addresses, and telephone numbers of all customers; assign to us your telephone and facsimile numbers, and e-mail and internet addresses, websites, domain names and search engine identifiers; assign your lease to us at our option; adhere to non-competition provisions (also see r, below). |
| j. Assignment of contract by franchisor | Section 15.A. | No restriction on our right to assign. |
| k. "Transfer" by franchisee – defined | Section 15.B. | Includes any type of transfer of the Franchise Agreement or assets of the Franchised Business or any ownership change. |
| l. Franchisor approval of transfer by franchisee | Section 15.B. | We have the right to approve all transfers but will not unreasonably withhold approval. |
| m. Conditions for franchisor approval of transfer | Section 15.C. | Transferee qualifies; and has no competing interest; we receive and approve purchase terms; all amounts due are paid in full; you are not in default under Franchise Agreement or other agreement with us; the transferee complies with and completes training requirements; you hire an escrow agent approved by us; then current form of Franchise Agreement signed; transferee assumes remaining obligations under your agreements; transfer fee paid; assets have been refurbished, remodeled or replaced; lessor consent to lease assignment, if necessary; general releases signed; right of first refusal declined by us; and subordination to our interests of any amounts due by transferee to you and/or any of your principals. (Also see r below). |
| n. Franchisor's right of first refusal to acquire franchisee's | Section 15.E. | We can match any offer for your business, except broker's fees are |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| business | | excluded. Cash may be substituted for any form of payment proposed. |
| o. Franchisor's option to purchase franchisee's business | Section 14.B. | Option to purchase all equipment, supplies, inventory, advertising materials and any items with our logo, for cash, exercisable up to 90 days after termination or expiration, at fully depreciated book value (also expressly agreed to exclude any value for goodwill). If no agreement on fully depreciated book value (also expressly agreed to exclude any value for goodwill), an appraiser appointed by mutual agreement will decide. We can set off amounts you owe us against the purchase price. |
| p. Death or disability of franchisee | Section 15.F. | Franchisee must assign franchise to an approved buyer within 180 days. All transfer provisions of Section 8 apply. |
| q. Non-competition covenants during the term of the franchise | Section 7.H. | No ownership interest or participation in any restaurant featuring pizza or other food items on the then current PAPA SAVERIO'S menu, nor an organization franchising a similar business. |
| r. Non-competition covenants after the franchise is terminated or expires | Section 16.C. | No ownership interest or participation in any restaurant featuring pizza or other food items on the then current PAPA SAVERIO'S menu for 2 years within 20 miles of your former restaurant location, or within 20 miles of any other PAPA SAVERIO'S restaurant, nor an organization franchising a similar business for 2 years. No diversion of business to competitor or solicitation or acceptance of business from former customers for 2 years. No solicitation or employment of any current or former employees or subcontractors of you, us or any other PAPA SAVERIO'S restaurant for 2 years. |
| s. Modification of the agreement | Sections 11.B. and 18.M. | Modification by written agreement signed by you and us. The Franchise Operations Manual can be revised and modified by us. |
| t. Integration/merger clause | Section 18.M. | Only the terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and |

| Provision | Section in franchise or other agreement | Summary |
|---|---|---|
| | | Franchise Agreement may not be enforceable. |
| u. Dispute resolution by arbitration or mediation | Section 16.A. and C. | Except for certain claims, mandatory mediation before initiating arbitration (or litigation if permitted) to be held in the Chicago, Illinois metropolitan area (or if our headquarters is no longer in the Chicago, Illinois metropolitan area, then in such county where our headquarters is located when such mediation occurs). |
| v. Choice of forum | Section 16.C. | Litigation must be in any state court of general jurisdiction or a federal court in Illinois (subject to state law). |
| w. Choice of law | Section 16.C. | Except for applicable federal law, Illinois law applies (subject to state law). |

Applicable state law might require additional disclosures related to the information contained in this Item 17. These additional disclosures, if any, appear in the Exhibit H State Law Addendum.

## ITEM 18
## PUBLIC FIGURES

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

## ITEM 19
## FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make 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 Donald Fortin, Vive Bene Enterprises, Inc., 1010 Harvest Ct., Woodstock, IL 60098 (847) 774-6075, the Federal Trade Commission, and the appropriate state regulatory agencies.

## ITEM 20
## OUTLETS AND FRANCHISEE INFORMATION

**Table 1**
**Systemwide Outlet Summary**
**For Years 2023 to 2025**

| Outlet Type | Year | Outlets at the Start of the Year | Outlets at the End of the Year | Net Change |
|---|---|---|---|---|
| **Franchised** | 2023 | 15 | 14 | -1 |
| | 2024 | 14 | 13 | -1 |
| | 2025 | 13 | 12 | -1 |
| **Company-Owned** | 2023 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 |
| **Total Outlets** | 2023 | 15 | 14 | +1 |
| | 2024 | 14 | 13 | -1 |
| | 2025 | 13 | 12 | -1 |

**Table 2**
**Transfers of Outlets from Franchisees to New Owners**
**(other than the Franchisor or an Affiliate)**
**For Years 2023 to 2025**

| State | Year | Number of Transfers |
|---|---|---|
| **Illinois** | 2023 | 0 |
| | 2024 | 4 |
| | 2025 | 3 |
| **Total** | 2023 | 0 |
| | 2024 | 4 |
| | 2025 | 3 |

(*Remainder of Page Intentionally Blank*; *Continued on Following Page*)

**Table 3**
**Status of Franchise Outlets**
**For Years 2023 to 2025**

| State | Year | Outlets at Start of Year | Outlets Opened | Termina-tions | Non-Renewals | Reacquired by Franchisor | Ceased Operations - Other Reasons | Outlets at the End of the Year |
|---|---|---|---|---|---|---|---|---|
| **Illinois** | 2023 | 15 | 0 | 0 | 0 | 0 | 1 | 14 |
| | 2024 | 14 | 0 | 0 | 0 | 0 | 1 | 13 |
| | 2025 | 13 | 0 | 0 | 0 | 0 | 1 | 12 |
| **Totals** | 2023 | 15 | 2 | 0 | 0 | 0 | 1 | 14 |
| | 2024 | 14 | 0 | 0 | 0 | 0 | 1 | 13 |
| | 2025 | 13 | 0 | 0 | 0 | 0 | 1 | 12 |

Note: The number of Illinois outlets includes one restaurant operated under a license.

**Table 4**
**Status of Company-Owned Outlets**
**For Years 2023 to 2025**

| State | Year | Outlets at Start of the Year | Outlets Opened | Outlets Reacquired From Franchisees | Outlets Closed | Outlets Sold to Franchisees | Outlets at End of the Year |
|---|---|---|---|---|---|---|---|
| **Totals** | 2023 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2024 | 0 | 0 | 0 | 0 | 0 | 0 |
| | 2025 | 0 | 0 | 0 | 0 | 0 | 0 |

**Table 5**
**Projected Openings**
**As of December 31, 2025**

| State | Franchise Agreements Signed But Outlet Not Opened | Projected New Franchised Outlets in the Next Fiscal Year | Projected New Company-Owned Outlets in the Next Fiscal Year |
|---|---|---|---|
| **Illinois** | 0 | 2 | 0 |
| **Total** | 0 | 2 | 0 |

The exhibits in Exhibit C provide franchisee information: Exhibit C-1 lists the names of all of our operating franchisees and the addresses and telephone numbers of their Franchised Businesses as of December 31, 2025; Exhibit C-2 lists the franchisees who have signed Franchise Agreements for Franchised Businesses

which are not yet operational as of December 31, 2025; and Exhibit C-3 lists the name, city and state and current business telephone number (or, if unknown, the last known home telephone number) of each franchisee who had an outlet transferred, terminated, cancelled, not renewed, or who otherwise voluntarily or involuntarily ceased to do business under a Franchise Agreement during the fiscal year ended December 31, 2025, or who has not communicated with us within 10 weeks of the issuance of this disclosure document.

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 signed any confidentiality clauses with current or former franchisees which would restrict them from speaking openly with you about their experience with us.

There is no trademark-specific franchisee organization associated with the franchise system which the franchisor has created, sponsored or endorsed. There is no independent trademark-specific franchisee organization which has asked to be included in the disclosure document.

## ITEM 21
## FINANCIAL STATEMENTS

Exhibit D contains our unaudited balance sheet and income statement as of March 31, 2026 and our audited financial statements for the fiscal years ending December 31, 2025, December 31, 2024, and December 31, 2023.

## ITEM 22
## CONTRACTS

Exhibit E contains the Franchise Agreement with the following exhibits:

Exhibit A Franchise Location and Protected Area
Exhibit B Security Agreement
Exhibit C Statement of Ownership, Officers, and Managers
Exhibit D Guaranty and Assumption of Obligations
Exhibit E Conditional Assignment of Telephone Numbers and Social Media Accounts
Exhibit F Addendum to Franchisee's Lease Agreement
Exhibit G Electronic Funds Transfer Authorization Form

No statement, questionnaire or acknowledgement signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming any reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

## ITEM 23
## RECEIPTS

The last two pages of this disclosure document contain detachable documents (Exhibit J) acknowledging your receipt of the disclosure document. One copy of the receipt should be executed by you and returned to us, and the other is for your files. The receipt is signed by all prospective franchisees and their spouses.

EXHIBIT A TO THE FRANCHISE DISCLOSURE DOCUMENT

# STATE ADMINISTRATORS

**California**

Department of Financial Protection and Innovation
State of California
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344
(213) 576-7500

**Hawaii**

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 205
Honolulu, Hawaii 96813
(808) 586-2722

**Illinois**

Franchise Bureau
Office of Attorney General
500 South Second Street
Springfield, Illinois 62706
(217) 782-4465

**Indiana**

Franchise Section
Indiana Securities Division
302 West Washington, Room E-111
Indianapolis, Indiana 46204
(317) 232-6681

**Michigan**

Michigan Attorney General's Office
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 7th Floor
525 West Ottawa Street
P.O. Box 30212
Lansing, Michigan 48909
(517) 373-7117

**Minnesota**

Minnesota Department of Commerce
85 7th Place East, Suite 500
St. Paul, Minnesota 55101-2198
(651) 539-1600

**New York**

Office of the New York State Attorney General
Investor Protection Bureau
Franchise Section
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8285

**North Dakota**

Office of Securities Commissioner
North Dakota Securities Department
State Capitol
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510
(701) 328-4712

**Maryland**

Office of the Attorney General
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202
(410) 576-6360

**Rhode Island**

Securities Division
Department of Business Regulations
State of Rhode Island
1511 Pontiac Avenue
Cranston, Rhode Island 02920
(401) 222-3048

**South Dakota**

Division of Insurance
Securities Regulation
124 S. Euclid, Ste. 104
Pierre, South Dakota 57501
(605) 773-3563

**Virginia**

State Corporation Commission
Division of Securities and Retail Franchising
Commonwealth of Virginia
1300 East Main Street, 9th Floor
Richmond, Virginia 23219
(804) 371-9051

**Washington**

Director
Department of Financial Institutions
Securities Division
State of Washington
150 Israel Road, S.W.
Tumwater, Washington 98501
(360) 902-8700

**Wisconsin**

Administrator of Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-2139

# AGENTS FOR SERVICE OF PROCESS

**California**
Commissioner of Financial Protection
and Innovation
Department of Financial Protection and
Innovation
State of California
320 West 4th Street, Suite 750
Los Angeles, California 90013-2344

**Hawaii**

Hawaii Commissioner of Securities
Department of Commerce and Consumer Affairs
Business Registration Division
State of Hawaii
335 Merchant Street, Room 205
Honolulu, Hawaii 96813

**Illinois**

Illinois Attorney General
State of Illinois
500 South Second Street
Springfield, Illinois 62706

**Indiana**

Secretary of State
State of Indiana
201 Statehouse
Indianapolis, Indiana 46204

**Maryland**

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

**Michigan**
Michigan Attorney General's Office
Consumer Protection Division
Franchise Section
G. Mennen Williams Building, 6th Floor
525 West Ottawa Street
P.O. Box 30212
Lansing, Michigan 48909

**Minnesota**

Commission of Commerce
Minnesota Department of Commerce
Franchise Section
85 7th Place East
St. Paul, Minnesota 55101

**New York**

New York Secretary of State
New York Department of State
One Commerce Plaza
99 Washington Avenue, 6th Floor
Albany, New York 12231
(518) 473-2492

**North Dakota**

North Dakota Securities Commissioner
State Capitol
600 East Boulevard Avenue
Bismarck, North Dakota 58505-0510

**Rhode Island**

Director of Business Regulation
Department of Business Regulation
Divisions of Securities
1511 Pontiac Avenue
Cranston, Rhode Island 02920

**South Dakota**

Director of the Division of Securities
Department of Labor and Regulation
124 S. Euclid, Ste. 104
Pierre, South Dakota 57501-3185

**Virginia**

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

**Washington**

Director of Dept. of Financial Institutions
Securities Division
150 Israel Road S.W.
Tumwater, Washington 98501
(360) 902-8760

**Wisconsin**

Administrator, Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705

EXHIBIT C TO FRANCHISE DISCLOSURE DOCUMENT

**FRANCHISEE INFORMATION**
As of December 31, 2025

## EXHIBIT C-1: OPERATING FRANCHISES

ILLINOIS

Jose Miranda
2380 S. Eola Rd.
Aurora, IL 60503
(630) 820-7272

Jaoquin Bahena-Medina
2933 Kirk Rd., #113
Aurora, IL 60502
(630) 898-4700

Nesti Zguri
1480 N. Orchard Rd., #108
Aurora, IL 60506
(630) 907-7272

Aman Patel, Nishankkumar Patel, Smit Patel & Ronak Shah
540 E. Terra Cotta Ave.
Crystal Lake, IL 60014
(815) 444-0214

Asim Muhammad
949 N. McLean Blvd.
Elgin, IL 60123
(847) 931-4444

Alma Carranza
605 W. State St.
Geneva, IL 60134
(630) 845-5555

Asim Muhammad
807 N. Main St.
Glen Ellyn, IL 60137
(630) 942-9999

Christopher Lago & Jaime Lago
12070 Princeton Dr.
Huntley, IL 60142
(847) 669-0009

Somabhai Patel
471 N. Randall Rd.
Lake in the Hills, IL 60156
(847) 854-5555

Hemantkumar Patel and Raj Chaudhari
5600 Kenosha St.
Richmond, IL 60071
(815) 678-7272

Dhimo Jano
2158 S. Plum Grove Rd.
Rolling Meadows, IL 60008
(847) 963-0088

Mehulkumar Patel
2N256 County Farm Rd.
West Chicago, IL 60185
(630) 562-2222

## EXHIBIT C-2: FRANCHISES NOT YET OPERATING

None

## EXHIBIT C-3: FORMER FRANCHISEES

**January 1, 2025 to December 31, 2025**

*Ceased Operations – Other Reasons*:

*Elgin – Randall Road Former Owner*
Fatima Syeda & Syed Ali-Khan
Carol Stream, IL
(630) 754-9339 and (630) 754-9338

(*Continued on Following Page*)

*Transferred (Sold) Franchised Business to New Franchisee*:

*Geneva, IL Former Owner*
Robert Williams, Jr.
South Elgin, IL 60177
(847) 609-0048

*Richmond, IL Former Owner*
Mihir Patel
Elgin, IL 60124
(224) 388-1368

*West Chicago, IL Former Owners*
Manojkumar Patel
Mt. Prospect, IL 60056
(847) 331-6423

Vasudev Patel
Skokie, IL 60076
(630) 880-5555

Vishnubhai Patel
Carol Stream, IL 60188
(630) 880-5556

# VIVE BENE ENTERPRISES, INC.
# FINANCIAL STATEMENTS

UNAUDITED FINANCIAL STATEMENTS: March 31, 2025

THESE FINANCIAL STATEMENTS ARE PREPARED WITHOUT AN AUDIT. PROSPECTIVE FRANCHISEES OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS/HER OPINION WITH REGARD TO THE CONTENT OR FORM.

AUDITED FINANCIAL STATEMENTS: December 31, 2025, December 31, 2024, and December 31, 2023.

# Vive Bene Enterprises, Inc
## Balance Sheet
### As of March 31, 2026

| | Mar 31, 26 | |
|---|---|---|
| **ASSETS** | | |
| **Current Assets** | | |
| **Checking/Savings** | | |
| **Chase *1858** | | 3,937.63 |
| **Chase Bank-6828-NEW** | | 99,362.49 |
| **Total Checking/Savings** | | 103,300.12 |
| **Other Current Assets** | | |
| **Prepaid Expenses** | | 4,000.00 |
| **Accrued Accounts Receivable** | | 30,860.65 |
| **Total Other Current Assets** | | 34,860.65 |
| **Total Current Assets** | | 138,160.77 |
| **Fixed Assets** | | |
| **Office Equipment** | | 12,962.41 |
| **Office Furniture** | | 18,402.15 |
| **Accumulated Depreciation** | | |
| **Equipment** | -12,962.41 | |
| **Office Funiture** | -18,402.15 | |
| **Total Accumulated Depreciation** | | -31,364.56 |
| **Total Fixed Assets** | | 0.00 |
| **Other Assets** | | |
| **Organizational Costs** | | 350.00 |
| **Start Up Costs** | | 45,174.93 |
| **Accumulated Amortization** | | |
| **Organizational Costs** | -350.00 | |
| **Start Up Costs** | -45,174.93 | |
| **Total Accumulated Amortization** | | -45,524.93 |
| **Due From Affiliates** | | |
| **Rosati's Franchising, Inc** | | |
| **Rosatis Franchising** | -300.00 | |
| **Rosati's Franchising, Inc - Other** | 300.00 | |
| **Total Rosati's Franchising, Inc** | 0.00 | |
| **Total Due From Affiliates** | | 0.00 |
| **Total Other Assets** | | 0.00 |
| **TOTAL ASSETS** | | **138,160.77** |
| **LIABILITIES & EQUITY** | | |
| **Liabilities** | | |
| **Current Liabilities** | | |
| **Credit Cards** | | |
| **Chase Inc CC*7695** | | 2,489.31 |
| **Capital One Spark*5230** | | 307.22 |
| **Total Credit Cards** | | 2,796.53 |
| **Other Current Liabilities** | | |
| **Accrued Accounts Payable** | | 19,011.25 |
| **Total Other Current Liabilities** | | 19,011.25 |
| **Total Current Liabilities** | | 21,807.78 |
| **Long Term Liabilities** | | |
| **License Contract Liability** | | 102,261.00 |
| **Due To Affiliates** | | |
| **Rosati's Franchising, Inc** | | |
| **Rosatis Franchising** | -300.00 | |
| **Rosati's Franchising, Inc - Other** | 300.00 | |
| **Total Rosati's Franchising, Inc** | 0.00 | |
| **Total Due To Affiliates** | | 0.00 |
| **Total Long Term Liabilities** | | 102,261.00 |
| **Total Liabilities** | | 124,068.78 |
| **Equity** | | |
| **Treasury Stock** | | -270,000.00 |
| **Additional Paid In Capital** | | 112,000.00 |
| **Common Stock** | | 1,000.00 |
| **Retained Earnings** | | 173,813.58 |
| **Net Income** | | -2,721.59 |
| **Total Equity** | | 14,091.99 |
| **TOTAL LIABILITIES & EQUITY** | | **138,160.77** |

# Vive Bene Enterprises, Inc
## Profit & Loss
### January through March 2026

| | Jan - Mar 26 |
|---|---|
| **Ordinary Income/Expense** | |
| **Income** | |
| **Advertising Co-Op Income** | 15,190.15 |
| **License Fees** | 2,500.00 |
| **Royalty Fees** | 58,954.96 |
| **Supplier Income** | 17,045.12 |
| **Total Income** | 93,690.23 |
| **Gross Profit** | 93,690.23 |
| **Expense** | |
| **Advertising and Promotion** | 4,748.14 |
| **Bank Charges** | 68.50 |
| **Consulting Fees** | 51,000.00 |
| **Legal and Professional Fees** | 5,795.00 |
| **Meals** | 45.45 |
| **Office Expense** | 557.89 |
| **Outside Services** | 12,400.00 |
| **Royalty Fee Expense** | 18,592.16 |
| **Telephone Expense** | 917.57 |
| **Travel Expenses** | 2,287.11 |
| **Total Expense** | 96,411.82 |
| **Net Ordinary Income** | (2,721.59) |
| **Net Income** | **(2,721.59)** |

***VIVE BENE ENTERPRISES, INC.***

***AUDITED FINANCIAL STATEMENTS***

***DECEMBER 31, 2025 and 2024***

VIVE BENE ENTERPRISES, INC.

TABLE OF CONTENTS

DECEMBER 31, 2025 and 2024


INDEPENDENT AUDITOR'S REPORT 1

FINANCIAL STATEMENTS

- Balance Sheet 3
- Income Statement 4
- Statement of Changes in Owners' Equity 5
- Statement of Cash Flows 6

NOTES TO FINANCIAL STATEMENTS 7

***VIVE BENE ENTERPRISES, INC.***

***AUDITED FINANCIAL STATEMENTS***

***DECEMBER 31, 2024 and 2023***

VIVE BENE ENTERPRISES, INC.

TABLE OF CONTENTS

DECEMBER 31, 2024 and 2023


INDEPENDENT AUDITOR'S REPORT 1

FINANCIAL STATEMENTS

- Balance Sheet 3
- Income Statement 4
- Statement of Changes in Owners' Equity 5
- Statement of Cash Flows 6

NOTES TO FINANCIAL STATEMENTS 7

INDEPENDENT AUDITOR'S REPORT

To the Owners of
Vive Bene Enterprises, Inc.
Woodstock, Illinois

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of

Vive Bene Enterprises, Inc.

which comprise the balance sheets as of December 31, 2025 and 2024, and the related statements of income, changes in owners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vive Bene Enterprises, Inc. as of December 31, 2025 and 2024, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vive Bene Enterprises, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

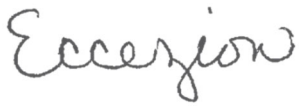
***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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



Eccezion
Strategic Business Solutions

McHenry, Illinois
May 4, 2026

**Vive Bene Enterprises, Inc.**
**Balance Sheet**
**December 31, 2025 and 2024**

| | 2025 | Restated 2024 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | $ 102,054 | $ 5,721 |
| Restricted Cash | 3,327 | - |
| Accounts Receivable, Net of Allowance of $0 | 30,861 | 73,708 |
| Prepaid Expenses | 4,000 | 60 |
| Total Current Assets | $ 140,242 | $ 79,489 |
| FIXED ASSETS | | |
| Office Equipment | $ 12,962 | $ 12,962 |
| Office Furniture | 18,402 | 18,402 |
| | $ 31,364 | $ 31,364 |
| Less: Accumulated Depreciation | (31,364) | (31,364) |
| Net Fixed Assets | $ - | $ - |
| OTHER ASSETS | | |
| Due from Affiliates | $ 1,200 | $ - |
| Total Other Assets | $ 1,200 | $ - |
| TOTAL ASSETS | $ 141,442 | $ 79,489 |
| LIABILITIES AND OWNERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | $ 19,011 | $ 12,300 |
| Credit Card Payable | 3,356 | 451 |
| Advertising Fund Liability | 3,327 | - |
| Total Current Liabilities | $ 25,694 | $ 12,751 |
| OTHER LIABILITIES | | |
| License Contract Liability | $ 102,261 | $ 122,636 |
| Total Other Liabilities | $ 102,261 | $ 122,636 |
| TOTAL LIABILITIES | $ 127,955 | $ 135,387 |
| OWNERS' EQUITY | $ 13,487 | $ (55,898) |
| TOTAL LIABILITIES AND OWNERS' EQUITY | $ 141,442 | $ 79,489 |

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

**Vive Bene Enterprises, Inc.**
**Income Statement**
**For the Years Ended December 31, 2025 and 2024**

| | 2025 | Restated 2024 |
|---|---|---|
| REVENUES | | |
| Royalty Fees | $ 254,046 | $ 259,486 |
| License Fees | 72,875 | 47,833 |
| Supplier Income | 89,285 | 90,063 |
| Advertising Income | 41,260 | - |
| Total Revenues | $ 457,466 | $ 397,382 |
| OPERATING EXPENSES | | |
| Advertising and Promotion | $ 25,756 | $ - |
| Bank Charges | 119 | 151 |
| Consulting Fees | 262,000 | 232,500 |
| Dues and Subscriptions | 216 | 549 |
| Franchisee Expense | 4,000 | - |
| Legal and Professional Fees | 15,706 | 36,673 |
| Meals and Entertainment | 250 | 145 |
| Office Expenses | 2,851 | 682 |
| Outside Services | 46,750 | 25,900 |
| Postage | 180 | 4 |
| Royalty Fee Expense | 24,363 | 24,557 |
| Bad Debt Expenses | - | 84,870 |
| Taxes - State Replacement Tax | 293 | 1,816 |
| Travel Expenses | 2,108 | - |
| Telephone | 3,489 | 2,965 |
| Total Operating Expenses | $ 388,081 | $ 410,812 |
| NET INCOME/(LOSS) | $ 69,385 | $ (13,430) |

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

**Vive Bene Enterprises, Inc.**
**Statement of Changes in Owners' Equity**
**For the Years Ended December 31, 2025 and 2024**

| | Common Stock | Treasury Stock (25 Shares) | Additional Paid in Capital | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| Balance, December 31, 2023 | $ 1,000 | $ (270,000) | $ 112,000 | $ 114,532 | $ (42,468) |
| Net Income/(Loss) - Restated | - | - | - | (13,430) | (13,430) |
| Balance, December 31, 2024 - Restated | $ 1,000 | $ (270,000) | $ 112,000 | $ 101,102 | $ (55,898) |
| Net Income/(Loss) | - | - | - | 69,385 | 69,385 |
| Balance, December 31, 2025 | $ 1,000 | $ (270,000) | $ 112,000 | $ 170,487 | $ 13,487 |

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

**Vive Bene Enterprises, Inc.**
**Statement of Cash Flows**
**For the Years Ended December 31, 2025 and 2024**

| | 2025 | Restated 2024 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income/(Loss) | $ 69,385 | $ (13,430) |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Change in Operating Assets and Liabilities: | | |
| Accounts Receivable | 42,847 | 67,440 |
| Prepaid Expenses | (3,940) | 441 |
| Due to/from Affiliate | (1,200) | - |
| Commission Contract Asset | - | 8,375 |
| Accounts Payable | 6,711 | 116 |
| Credit Cards Payable | 2,905 | (3) |
| License Contract Liability | (20,375) | 6,292 |
| Advertising Fund Liability | 3,327 | - |
| Net Cash Provided/(Used) by Operating Activities | $ 99,660 | $ 69,231 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on Notes Payable | $ - | $ (97,500) |
| Net Cash Provided/(Used) by Financing Activities | $ - | $ (97,500) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | $ 99,660 | $ (28,269) |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, beginning of year | 5,721 | 33,990 |
| CASH AND CASH EQUIVALENTS AND RESTRICTED CASH, end of year | $ 105,381 | $ 5,721 |

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Vive Bene Enterprises, Inc. (Company) is a closely held, for-profit corporation. The Company is principally engaged as a franchisor of Papa Saverio's Restaurants in the United States.

### Basis of Accounting

The Company follows accounting principles generally accepted in the United States of America in the preparation of the financial statements. Where there is a choice between two or more generally accepted principles, the principle that most fairly presents financial position and results of operations is chosen.

### Cash and Cash Equivalents

Cash and cash equivalents are considered to be checking accounts, savings accounts, and money market accounts with original maturities of three months or less. Cash equivalents are accounted for at cost, which approximates market value.

### Accounts Receivable and Allowance for Credit Losses

Accounts receivable is recorded net of an applicable allowance for credit losses. The Company makes estimates of the uncollectability of its accounts receivable based on historical performance and projected trends. The Company analyzes accounts receivable and historical bad debt levels, customer credit worthiness, and current economic trends when evaluating the adequacy of the allowance for credit losses.

### Fixed Assets

Fixed assets are carried at cost on the financial statements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense, respectively, for the period. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

| | YEARS |
|---|---|
| Office Equipment | 5 |
| Office Furniture | 7 |
| Leasehold Improvements | 39 |
| Organizational/Start Up Costs | 5 |

Depreciation expense was $0 for the years ended December 31, 2025 and 2024, respectively. Maintenance, repairs, and renewals, which neither materially add to the value of property nor appreciably prolong its useful life, are expensed as incurred.

### Due To/From Franchisees and Affiliates

At times throughout the fiscal year, the Company will engage in borrowing/lending transactions with other franchisees and affiliates. These monies are used for various start-up expenditures and will be paid back to the Company. As of December 31, 2025 and 2024, $1,200 and $0 is due to, or from, affiliates, respectively.

**Leases**

The Company determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the Balance Sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also can include adjustments related to lease payments made and lease incentives received at or before the commencement date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the institution will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term.

The Company made an election to not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less), to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments, and to not separate the lease and non-lease components of lease agreements. The Company also made an election of the package of practical expedients which include not reassessing whether any expired or existing contracts are or contain leases, not reassessing the lease classification for any expired or existing leases, and not reassessing initial direct costs for any existing leases.

The Company evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Company's right to use underlying assets for the lease term, and the lease liabilities represent the Company's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The ROU assets resulting from operating leases are included in other assets and the related liabilities are included in accrued expenses in the Balance Sheet. Finance lease ROU assets are included in property, plant, and equipment, net, and the related liabilities are included in long-term debt in the Balance Sheet.

The Company adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842)*. The Company did not have any material agreements that fell under this standard, therefore, there were no adjustments related to the implementation of this standard.

**Revenue Recognition**

The Company derives the majority of its revenue from the franchisee contracts, franchisee royalties, and supplier income.

Each franchisee and transfer contract represent various obligations but none that meet the criteria of a specific distinct performance obligations, as defined in ASU 606 and later clarified by ASU 2021-02; therefore, each contract is considered one performance obligation. Franchisee contract revenues are recognized on a straight-line method, over the term of the contract (normally 20 years).

Revenues from franchisee royalties are recognized each month based on a percentage of sales from the individual franchisees.

As part of the Company's franchise agreements, the franchisee purchases products, and supplies from designated vendors. The Company may receive various fees and rebates from the vendors and distributors on product purchases by franchisees. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor or their distributors. Under adoption of ASC 606 and ASU 2021-02, the revenue recognition will not change; the Company will recognize the rebates as franchisees purchase products and supplies from vendors or distributors.

There are no significant financing components as payment is due and received at or shortly after the contract is signed. There is also not a variable consideration component as fees are set by the Company.

The franchisee revenue earned from performance obligations are satisfied over time.

Contract assets include amounts resulting from commission expenses related to franchisee and transfer agreements and contract liabilities consist of the unrecognized portions of the revenues related to franchisee and transfer agreements. Commission contract assets as of December 31, 2025 and 2024, are $0, respectively. License contract liabilities as of December 31, 2025 and 2024 are $102,261 and $122,636, respectively. The receivables related to franchisee contracts as of December 31, 2025 and 2024 were $4,500 and $20,000, respectively. The commission contract assets and license contract liabilities will be recognized/expensed over the term of the contract, which is normally 20 years.

**Income Taxes**

The Company is taxed under the Subchapter S provisions of the Internal Revenue Code. Therefore, the Company's income is currently taxable to the stockholder for federal income tax reporting purposes. The Company is subject to state income taxes.

The Company adopted guidance issued by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 with respect to accounting for uncertainty in income taxes as of January 1, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that a tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no benefit is accrued. The adoption had no effect on the Company's financial statements.

The Company's evaluation on December 31, 2025 and 2024 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2022 through 2024 tax years remain subject to examination by the IRS. The Company does not believe that any reasonable possible changes will occur within the next 12 months that will have a material impact on the financial statements.

**Comprehensive Income**

There were no items of other comprehensive income as of December 31, 2025 and 2024 and, thus, net income is equal to comprehensive income for the fiscal years.

**Estimates**

The preparation of financial statements in conformity 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Advertising Costs**

Advertising costs are charged to expense as incurred. Advertising expense for the years ended December 31, 2025 and 2024 was $25,756 and $0, respectively.

## NOTE 2 - FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, receivables, and accounts payable are a reasonable estimate of their fair market value due to the short-term nature of these instruments.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash balances at various institutions. The Federal Deposit Insurance Corporation ("FDIC") insures a $250,000 balance on transaction accounts (i.e., checking accounts). At various times during the year, the Company's cash in bank balances may have exceeded insured FDIC limits. At December 31, 2025 and 2024 the Company's uninsured cash balance was $0. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash. Restricted cash represents franchisee-funded amounts held for the purpose of paying advertising and promotional expenses.

## NOTE 3 – RESTRICTED CASH

Restricted cash represents franchisee-funded amounts held in a bank account maintained by the Company for the purpose of paying advertising and promotional expenses.

## NOTE 4 - OWNERS' EQUITY

The Company is a closely held corporation with 1,000 shares of common stock authorized and 100 shares issued for a total consideration of $1,000 as follows:

| | |
|---|---|
| Michelle Fortin | 75 shares |

In January 2004 and December 2006, additional amounts of $100,000 and $12,000, respectively, were contributed as paid-in capital. The amounts were contributed equally by each of the shareholders.

During the year ended December 31, 2022, Anthony and Ronald Rosati transferred their 25 shares to Michelle Fortin and David Rosati sold his 25 shares to the Company.

The Treasury Stock is valued at cost.

## NOTE 5 - PRIOR PERIOD ADJUSTMENT

The accounts receivable and royalty fee revenue were restated as of December 31, 2024. This restatement was due to a receivable that was misstated in the prior year.

## NOTE 6 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through May 4, 2026, the date on which the financial statements were available to be issued.

***VIVE BENE ENTERPRISES, INC.***

***AUDITED FINANCIAL STATEMENTS***

***DECEMBER 31, 2024 and 2023***

VIVE BENE ENTERPRISES, INC.

TABLE OF CONTENTS

DECEMBER 31, 2024 and 2023


INDEPENDENT AUDITOR'S REPORT 1

FINANCIAL STATEMENTS

- Balance Sheet 3
- Income Statement 4
- Statement of Changes in Owners' Equity 5
- Statement of Cash Flows 6

NOTES TO FINANCIAL STATEMENTS 7

INDEPENDENT AUDITOR'S REPORT

To the Owners of
Vive Bene Enterprises, Inc.
Woodstock, Illinois

**Report on the Audit of the Financial Statements**

***Opinion***

We have audited the accompanying financial statements of

Vive Bene Enterprises, Inc.

which comprise the balance sheets as of December 31, 2024 and 2023, and the related statements of income, changes in owners' equity, and cash flows for the years then ended, and the related notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Vive Bene Enterprises, Inc. as of December 31, 2024 and 2023, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

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

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Vive Bene Enterprises, Inc.'s ability to continue as a going concern for one year after the date that the financial statements are issued.

***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

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

Eccezion

Eccezion
Strategic Business Solutions

McHenry, Illinois
April 9, 2025

**Vive Bene Enterprises, Inc.**
**Balance Sheet**
**December 31, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and Cash Equivalents | $ 5,721 | $ 33,990 |
| Accounts Receivable, Net of Allowance of $0 | 86,437 | 141,148 |
| Prepaid Expenses | 60 | 501 |
| Total Current Assets | $ 92,218 | $ 175,639 |
| FIXED ASSETS | | |
| Office Equipment | $ 12,962 | $ 12,962 |
| Office Furniture | 18,402 | 18,402 |
| | $ 31,364 | $ 31,364 |
| Less: Accumulated Depreciation | (31,364) | (31,364) |
| Net Fixed Assets | $ - | $ - |
| OTHER ASSETS | | |
| Commission Contract Asset | $ - | 8,375 |
| Total Other Assets | $ - | $ 8,375 |
| TOTAL ASSETS | $ 92,218 | $ 184,014 |
| LIABILITIES AND OWNERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Accounts Payable | $ 12,300 | $ 12,184 |
| Credit Card Payable | 451 | 454 |
| Current Portion Long-Term Debt | - | 97,500 |
| Total Current Liabilities | $ 12,751 | $ 110,138 |
| OTHER LIABILITIES | | |
| License Contract Liability | $ 122,636 | $ 116,344 |
| Total Other Liabilities | $ 122,636 | $ 116,344 |
| LONG-TERM LIABILITIES | | |
| Notes Payable - DLR | $ - | $ 97,500 |
| Less: Current Portion Shown Above | - | (97,500) |
| Total Long-Term Liabilities | $ - | $ - |
| TOTAL LIABILITIES | $ 135,387 | $ 226,482 |
| OWNERS' EQUITY | $ (43,169) | $ (42,468) |
| TOTAL LIABILITIES AND OWNERS' EQUITY | $ 92,218 | $ 184,014 |

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

**Vive Bene Enterprises, Inc.**
**Income Statement**
**For the Years Ended December 31, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| REVENUES | | |
| Royalty Fees | $ 272,215 | $ 296,391 |
| License Fees | 47,833 | 21,188 |
| Supplier Income | 90,063 | 80,184 |
| Total Revenues | $ 410,111 | $ 397,763 |
| OPERATING EXPENSES | | |
| Advertising and Promotion | $ - | $ 13,138 |
| Bank Charges | 151 | 20 |
| Consulting Fees | 232,500 | 169,000 |
| Dues and Subscriptions | 549 | 520 |
| Legal and Professional Fees | 36,673 | 31,601 |
| Meals and Entertainment | 145 | - |
| Office Expenses | 682 | 1,280 |
| Outside Services | 25,900 | 12,267 |
| Postage | 4 | 69.00 |
| Royalty Fee Expense | 24,557 | 25,019 |
| Bad Debt Expenses | 84,870 | - |
| Taxes - State Replacement Tax | 1,816 | - |
| Travel Expenses | - | 454 |
| Telephone | 2,965 | 3,194 |
| Total Operating Expenses | $ 410,812 | $ 256,562 |
| OPERATING INCOME/(LOSS) | $ (701) | $ 141,201 |
| OTHER INCOME/(EXPENSE) | $ - | $ - |
| NET INCOME/(LOSS) | $ (701) | $ 141,201 |

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

**Vive Bene Enterprises, Inc.**
**Statement of Changes in Owners' Equity**
**For the Years Ended December 31, 2024 and 2023**

| | Common Stock | Treasury Stock (25 Shares) | Additional Paid in Capital | Retained Earnings | Total Equity |
|---|---|---|---|---|---|
| Balance, December 31, 2022 | $ 1,000 | $ (270,000) | $ 112,000 | $ (40,606) | $ (197,606) |
| Net Income/(Loss) | - | - | - | 141,201 | 141,201 |
| Prior Period Adjustment (See Note 5) | - | - | - | 13,937 | 13,937 |
| Balance, December 31, 2023 | $ 1,000 | $ (270,000) | $ 112,000 | $ 114,532 | $ (42,468) |
| Net Income/(Loss) | - | - | - | (701) | (701) |
| Balance, December 31, 2024 | $ 1,000 | $ (270,000) | $ 112,000 | $ 113,831 | $ (43,169) |

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

**Vive Bene Enterprises, Inc.**
**Statement of Cash Flows**
**For the Years Ended December 31, 2024 and 2023**

| | 2024 | 2023 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income/(Loss) | $ (701) | $ 141,201 |
| Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Change in Operating Assets and Liabilities: | | |
| Accounts Receivable | 54,711 | (407) |
| Prepaid Expenses | 441 | (167) |
| Due to/from Affiliate | - | 1,888 |
| Commission Contract Asset | 8,375 | 500 |
| Accounts Payable | 116 | 7,222 |
| Credit Cards Payable | (3) | (4,813) |
| License Contract Liability | 6,292 | (21,688) |
| Net Cash Provided/(Used) by Operating Activities | $ 69,231 | $ 123,736 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| Payments on Notes Payable | $ (97,500) | $ (130,000) |
| Net Cash Provided/(Used) by Financing Activities | $ (97,500) | $ (130,000) |
| NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS | $ (28,269) | $ (6,264) |
| CASH AND CASH EQUIVALENTS, beginning of year | 33,990 | 40,254 |
| CASH AND CASH EQUIVALENTS, end of year | $ 5,721 | $ 33,990 |

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

## NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### Organization

Vive Bene Enterprises, Inc. (Company) is a closely held, for-profit corporation. The Company is principally engaged as a franchisor of Papa Saverio's Restaurants in the United States.

### Basis of Accounting

The Company follows accounting principles generally accepted in the United States of America in the preparation of the financial statements. Where there is a choice between two or more generally accepted principles, the principle that most fairly presents financial position and results of operations is chosen.

### Cash and Cash Equivalents

Cash and cash equivalents are considered to be checking accounts, savings accounts, and money market accounts with original maturities of three months or less. Cash equivalents are accounted for at cost, which approximates market value.

### Accounts Receivable and Allowance for Credit Losses

Accounts receivable is recorded net of an applicable allowance for credit losses. The Company makes estimates of the uncollectability of its accounts receivable based on historical performance and projected trends. The Company analyzes accounts receivable and historical bad debt levels, customer credit worthiness, and current economic trends when evaluating the adequacy of the allowance for credit losses.

### Fixed Assets

Fixed assets are carried at cost on the financial statements. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is recognized in income or expense, respectively, for the period. Depreciation is computed using the straight-line method over the estimated useful lives as follows:

| | YEARS |
|---|---|
| Office Equipment | 5 |
| Office Furniture | 7 |
| Leasehold Improvements | 39 |
| Organizational/Start Up Costs | 5 |

Depreciation expense was $0 for the years ended December 31, 2024 and 2023, respectively. Maintenance, repairs, and renewals, which neither materially add to the value of property nor appreciably prolong its useful life, are expensed as incurred.

### Due To/From Franchisees and Affiliates

At times throughout the fiscal year, the Company will engage in borrowing/lending transactions with other franchisees and affiliates. These monies are used for various start-up expenditures and will be paid back to the Company. As of December 31, 2024 and 2023, $0 is due to, or from, affiliates, respectively.

**Leases**

The Company determines if an arrangement is or contains a lease at inception. Leases are included in right-of-use (ROU) assets and lease liabilities in the Balance Sheet. ROU assets and lease liabilities reflect the present value of the future minimum lease payments over the lease term, and ROU assets also can include adjustments related to lease payments made and lease incentives received at or before the commencement date. Lease terms may include options to extend or terminate the lease when it is reasonably certain that the institution will exercise that option. Operating lease expense is recognized on a straight-line basis over the lease term.

The Company made an election to not report ROU assets and leases liabilities for its short-term leases (leases with a term of 12 months or less), to use a risk-free rate in lieu of its incremental borrowing rate to discount future lease payments, and to not separate the lease and non-lease components of lease agreements. The Company also made an election of the package of practical expedients which include not reassessing whether any expired or existing contracts are or contain leases, not reassessing the lease classification for any expired or existing leases, and not reassess initial direct costs for any existing leases.

The Company evaluated current contracts to determine which met the criteria of a lease. The right-of-use (ROU) assets represent the Company's right to use underlying assets for the lease term, and the lease liabilities represent the Company's obligation to make lease payments arising from these leases. The ROU assets and lease liabilities, all of which arise from operating leases, were calculated based on the present value of future lease payments over the lease terms. The ROU assets resulting from operating leases are included in other assets and the related liabilities are included in accrued expenses in the Balance Sheet. Finance lease ROU assets are included in property, plant, and equipment, net, and the related liabilities are included in long-term debt in the Balance Sheet.

The Company adopted FASB ASC 842, with a date of initial application of January 1, 2022, by applying the modified retrospective transition approach and using the additional (and optional) transition method provided by ASU No. 2018-11, *Leases (Topic 842)*. The Company did not have any material agreements that fell under this standard, therefore, there were no adjustments related to the implementation of this standard.

**Revenue Recognition**

The Company derives the majority of its revenue from the franchisee contracts, franchisee royalties, and rebates.

Each franchisee and transfer contract represent various obligations but none that meet the criteria of a specific distinct performance obligations, as defined in ASU 606 and later clarified by ASU 2021-02; therefore, each contract is considered one performance obligation. Franchisee contract revenues are recognized on a straight-line method, over the term of the contract (normally 20 years).

Revenues from franchisee royalties are recognized each month based on a percentage of sales from the individual franchisees.

As part of the Company's franchise agreements, the franchisee purchases products and supplies from designated vendors. The Company may receive various fees and rebates from the vendors and distributors on product purchases by franchisees. The Company does not possess control of the products prior to their transfer to the franchisee and products are delivered to franchisees directly from the vendor or their distributors. Under adoption of ASC 606 and ASU 2021-02, the revenue recognition will not change; the Company will recognize the rebates as franchisees purchase products and supplies from vendors or distributors.

There are no significant financing components as payment is due and received at or shortly after the contract is signed. There is also not a variable consideration component as fees are set by the Company.

The franchisee revenue earned from performance obligations are satisfied over time.

Contract assets include amounts resulting from commission expenses related to franchisee and transfer agreements and contract liabilities consist of the unrecognized portions of the revenues related to franchisee and transfer agreements. Commission contract assets as of December 31, 2024 and 2023, are $0 and $8,375, respectively. License contract liabilities as of December 31, 2024 and 2023 are $122,636 and $116,344, respectively. The receivables related to franchisee contracts as of December 31, 2024 and 2023 were $20,000 and $0, respectively. The commission contract assets and license contract liabilities will be recognized/expensed over the term of the contract, which is normally 20 years.

**Income Taxes**

The Company is taxed under the Subchapter S provisions of the Internal Revenue Code. Therefore, the Company's income is currently taxable to the stockholder for federal income tax reporting purposes. The Company is subject to state income taxes.

The Company adopted guidance issued by Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") 740 with respect to accounting for uncertainty in income taxes as of January 1, 2009. A tax position is recognized as a benefit only if it is "more likely than not" that a tax position would be sustained in a tax examination, with a tax examination being presumed to occur. The amount recognized is the largest amount of tax benefit that is greater than 50% likely of being realized on examination. For tax positions not meeting the "more likely than not" test, no benefit is accrued. The adoption had no effect on the Company's financial statements.

The Company's evaluation on December 31, 2024 and 2023 revealed no uncertain tax positions that would have a material impact on the financial statements. The 2021 through 2023 tax years remain subject to examination by the IRS. The Company does not believe that any reasonable possible changes will occur within the next 12 months that will have a material impact on the financial statements.

**Comprehensive Income**

There were no items of other comprehensive income as of December 31, 2024 and 2023 and, thus, net income is equal to comprehensive income for the fiscal years.

**Estimates**

The preparation of financial statements in conformity 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 disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

**Advertising Costs**

Advertising costs are charged to expense as incurred. Advertising expense for the years ended December 31, 2024 and 2023 was $0 and $13,138, respectively.

## NOTE 2 - FINANCIAL INSTRUMENTS

The carrying value of cash and cash equivalents, receivables, and accounts payable are a reasonable estimate of their fair market value due to the short-term nature of these instruments.

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of cash. The Company maintains cash balances at various institutions. The Federal Deposit Insurance Corporation ("FDIC") insures a $250,000 balance on transaction accounts (i.e., checking accounts). At various times during the year, the Company's cash in bank balances may have exceeded insured FDIC limits. At December 31, 2024 and 2023 the Company's uninsured cash balance was $0. The Company has not experienced any losses in such accounts. Management believes it is not exposed to any significant credit risk on cash.

## NOTE 3 - LONG-TERM DEBT

Long-term debt consisted of the following at December 31, 2024 and 2023:

| | Maturity Date | Interest Rate | Security | Face Amount | Balance 12/31/2024 | Balance 12/31/2023 |
|---|---|---|---|---|---|---|
| Note Payable - DLR | 9/30/2024 | 0.00% | Unsecured | $ 250,000 | $ - | $ 97,500 |

The note payable was settled in full during the year-end, December 31, 2024.

## NOTE 4 - OWNERS' EQUITY

The Company is a closely held corporation with 1,000 shares of common stock authorized and 100 shares issued for a total consideration of $1,000 as follows:

| | |
|---|---|
| Michelle Fortin | 75 shares |

In January 2004 and December 2006, additional amounts of $100,000 and $12,000, respectively, were contributed as paid-in capital. The amounts were contributed equally by each of the shareholders.

During the year ended December 31, 2022, Anthony and Ronald Rosati transferred their 25 shares to Michelle Fortin and David Rosati sold his 25 shares to the Company.

The Treasury Stock is valued at cost.

## NOTE 5 - OWNER'S EQUITY ADJUSTMENT

The equity balance as of December 31, 2022 was restated in the amount of $13,937 to recognize the license contract revenue related to a store that closed in 2022.

## NOTE 6 - SUBSEQUENT EVENTS

The Company has evaluated subsequent events through April 9, 2025, the date on which the financial statements were available to be issued.

PAPA SAVERIO'S

# FRANCHISE AGREEMENT

**EXHIBIT E TO THE FRANCHISE DISCLOSURE DOCUMENT**

**FRANCHISE NUMBER _____**

**DATE EXECUTED _____**

# PAPA SAVERIO'S

# FRANCHISE AGREEMENT

VIVE BENE ENTERPRISES, INC.

with

_____

_____

**TABLE OF CONTENTS**

**PAGE**


1. Franchise Fee ……...…..1
2. Royalty Fee ……...….2
3. Grant of Franchise.……..……..…..…2
4. Protected Area; Company's Reservation of Rights……..……..4
5. Company Obligations; Training and Assistance……..……..5
6. Development and Opening of the Franchised Business.……...……..…..…..….6
7. Franchisee Obligations…..…….....…....9
8. Accounting Systems and Reporting; Inspections…….……..…..16
9. Advertising……. …….18
10. Marks……..……..20
11. Confidential Information; Manuals…..……22
12. Term and Renewal ……..23
13. Termination ……...……25
14. Rights and Duties Upon Termination or Expiration…….27
15. Transferability of Interest…….30
16. Enforcement…….....33
17. Independent Contractor; Indemnification……36
18. General Provisions……...……37
19. Acknowledgements…… ……...……..40
20. Entity as Franchisee; Guaranty and Assumption of Obligations…… ……..…..40
21. Electronic Signature and Delivery……...41

Exhibit A Franchise Location and Protected Area
Exhibit B Security Agreement
Exhibit C Statement of Ownership, Officers, and Managers
Exhibit D Guaranty and Assumption of Obligations
Exhibit E Conditional Assignment of Telephone Numbers and Social Media Accounts
Exhibit F Addendum to Franchisee's Lease Agreement
Exhibit G Electronic Funds Transfer Authorization Form

# FRANCHISE AGREEMENT

This Agreement is made between Vive Bene Enterprises, Inc., an Illinois corporation located at 1010 Harvest Ct., Woodstock, IL 60098 (hereinafter called the "Company") and _____ of _____ (hereinafter called the "Franchisee") for one (1) PAPA SAVERIO'S restaurant to be located in the State of _____.

## RECITALS

A. The Company is in the business of offering and selling franchises a restaurant featuring pizza and other food items (the "Franchised Business") under the 'PAPA SAVERIO'S' and 'PAPA SAVERIO'S PIZZERIA' trade name and service mark (the "Marks") using certain procedures, techniques, business methods, business forms, business policies and a body of knowledge pertaining to the establishment and operation of the Franchised Businesses (the "System"). The Franchisee acknowledges that Franchisee does not presently know these procedures, techniques, business methods or business policies, nor does the Franchisee have these business forms or access to the Company's body of knowledge.

B. The Franchisee intends to establish and operate a Franchised Business and desires access to the Company's System pertaining to the operation of the Franchised Business. In addition, the Franchisee desires access to information pertaining to new developments and techniques in the Company's Franchised Business.

C. The Franchisee desires to participate in the use of the Marks in connection with one (1) Franchised Business location to be located solely at a site approved by the Company and the Franchisee. The Franchised Business may be a PAPA SAVERIO'S sports pub or a PAPA SAVERIO'S carryout/delivery restaurant.

D. The Franchisee understands that information received from the Company or from any of its officers, employees, agents or franchisees is confidential and has been developed with a great deal of effort and expense. The Franchisee acknowledges that the information is being made available to Franchisee so that Franchisee may more effectively establish and operate a Franchised Business.

E. The Company has granted, and will continue to grant to others, access to its System.

F. The Company has licensed, and will continue to license, others to use the Marks in connection with the operation of Franchised Businesses.

## AGREEMENT

Acknowledging the above recitals, the parties hereto agree as follows:

**1. Franchise Fee.** The Franchise Fee is due upon the signing of this Agreement.

***Check either A, B, or C below, as applicable:***

☐ **A. First Franchise.** For a first franchise for Franchisee, Franchisee shall pay to Company a Franchise Fee of $35,000 by certified or cashier's check;

☐ **B. Additional Franchise.** If Franchisee is currently a PAPA SAVERIO'S franchisee purchasing an additional franchise, Franchisee shall pay to Company a Franchise Fee of $17,500 by certified or cashier's check; or

☐ **C. Veteran Franchise.** If Franchisee is an honorably discharged U.S. veteran, Franchisee will pay to Company a Franchise Fee of $26,250 by certified or cashier's check.

The Franchise Fee is deemed fully earned upon payment, in consideration of expenses incurred by Company in granting the franchise and for Company's lost or deferred opportunity to grant a franchise to others. The Franchise Fee is not refundable under any circumstances.

**2. Royalty Fee.** The Franchisee shall also pay to the Company weekly, or more frequently as the Company may designate, a Royalty Fee equal to five percent (5%) of the Gross Sales from the Franchised Business which Franchisee operates throughout the term of this Agreement. "Gross Sales" means all sales or revenues, derived directly or indirectly from the Franchisee's business (including all food, beverage, liquor, catering and other sales), including on-premises sales, from selling food products and services from temporary locations in the Protected Area (such as trucks, booths and handcarts) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are "Off-Premises Sales") and monies derived at or away from the Franchised Business, whether from cash, check, credit and debit card, trade credit or credit transactions, including without limitation business interruption insurance proceeds and service charges in lieu of gratuity, but excluding (i) sales taxes collected from customers and paid to the appropriate taxing authority, (ii) the amount of all coupons redeemed at the restaurant (but only if the coupons have been previously approved by the Company as provided in this Agreement and only if such coupons have been included in Gross Sales), (iii) charges for delivery, and (iv) gratuities and tips collected from customers and paid to the appropriate employees. Notwithstanding any provision of this Agreement to the contrary, if a law or other regulation prohibits or restrains Franchisee from paying the Royalty Fee or other amounts due under this Agreement since they are based upon the sale of alcohol, then the percentage rate for calculating the Royalty Fee or other amounts will be increased and the definition of Gross Sales will be changed to exclude the sale of alcohol, such that the Royalty Fee and other amounts paid are equal to the amounts that Franchisee would have paid if the sale of alcohol were included in the definition of Gross Sales. Notwithstanding anything to the contrary, Company reserves the right to require that any revenue associated with the sale or purchase of a gift card or gift certificate shall not be recognized when the sale or purchase occurs, but rather only when such gift card or gift certificate is redeemed and funds are applied; accordingly Company may require Franchisee to use a third-party to administer the gift card and gift certificate program and the Royalty Fee would be due by the franchisee associated with the gift card or gift certificate redemption if this policy is implemented by Company. The Royalty Fee shall be paid in the manner provided in Section 7.J. of this Agreement. The Royalty Fee is not refundable under any circumstances.

**3. Grant of Franchise.**

**A.** The Company hereby grants to the Franchisee:

(1) Access to the 'PAPA SAVERIO'S' System pertaining to the operation of the Franchised Business;

(2) Access to information pertaining to new developments and techniques in the Franchised Business; and

(3) A limited non-exclusive license to use of the Company's rights in and to 'PAPA SAVERIO'S' Marks according to this Agreement and the Company's Franchise Operations Manual and other Confidential Information in connection with the operation of one (1) PAPA SAVERIO'S restaurant to be located at a site approved by the Company and the Franchisee and identified in Exhibit A to this Agreement if currently known and Company-approved, or Exhibit A may be completed once the site is known.

**B.** Franchisee shall at all times faithfully, honestly and diligently perform Franchisee's obligations under this Agreement, continuously exert Franchisee's best efforts to promote and enhance the Franchised Business and not engage in any other business or activity that conflicts with Franchisee's obligations to operate the Franchised Business in compliance with this Agreement. Franchisee shall focus Franchisee's marketing efforts on developing the Marks and System within a protected area described in Exhibit A attached hereto.

**C.** The Franchisee shall also have the right to sell food products and services from temporary (but not permanent) locations in the Protected Area (such as trucks, booths and handcarts) at special events, such as neighborhood festivals, carnivals, charitable events and the like ("Special Events") (these sales at Special Events are referred to as "Off-Premises Sales"), provided that the Franchisee obtains Company's prior consent to conduct Off-Premises Sales at each such Special Event and makes such sales in compliance with Company's standards and specifications to ensure quality and freshness. Immediately upon learning of a Special Event scheduled to occur in the Protected Area, whether from Company or another source, the Franchisee shall notify Company of the time, place and nature of such Special Event and such other information which Company may require from time to time. Within five (5) days of such notice, the Franchisee must notify Company whether it wishes to conduct Off-Premises Sales at such Special Event. If the Franchisee notifies Company that it wishes to conduct such Off-Premises Sales, and if Company does not notify the Franchisee of its disapproval within ten (10) days of its receipt of such notice, Company shall be deemed to have given the required consent. If the Franchisee fails to notify Company within five (5) days as provided above, or if the Franchisee notifies Company that it does not wish to conduct Off-Premises Sales at such Special Event, Company shall have the right to do so. If the Special Event is located in the Protected Area of more than one (1) PAPA SAVERIO'S restaurant, then the restaurant with the highest Gross Sales during the prior twelve (12) months shall have a higher priority to conduct Off-Premises Sales at the Special Event.

**D.** Franchisee is not granted the right to operate any additional PAPA SAVERIO'S restaurants other than at the Franchise Location identified in Exhibit A to this Agreement. Franchisee shall not sell products or services through the Internet or otherwise in e-commerce, by mail order or catalog, or through any other channel of distribution not specifically identified in this Agreement.

**E.** Franchisee authorizes us to conduct a credit and/or background check(s) to confirm your financial and legal ability to purchase, develop, and operate the Franchised Business, both before the execution of this Agreement, as well as during the Term at any time, and always to our satisfaction in our sole discretion. Acquisition of the Franchised Business and Franchisee's right to continue to operate the Franchised Business under this Agreement are dependent upon passing such credit and/or background check(s) to Company's satisfaction in Company's sole discretion.

**4. Protected Area; Company's Reservation of Rights.**

**A.** Company will not, so long as this Agreement is in full force and effect and Franchisee is not in default under any of the terms hereof, and subject to the provisions of Section 4.B and 4.C. herein, grant a franchise for a PAPA SAVERIO'S restaurant to be located with the protected territory and will not operate itself or through an affiliate any other PAPA SAVERIO'S restaurant within the protected area described in Exhibit A attached hereto ("Protected Area").

**The grant of a Protected Territory in this Section 4.A. does not prohibit Company, any affiliate or another franchisee of Company from either (1) marketing and promoting their own PAPA SAVERIO'S restaurant within Franchisee's Protected Area or (2) delivering food to customers located in Franchisee's Protected Area. Franchisee hereby acknowledges that there are no protections granted to Franchisee herein from marketing or promotion of other PAPA SAVERIO'S restaurants or delivery of food within Franchisee's Protected Area**:

_____ ***Initial here***

Company may enfranchise or operate itself through an affiliate any other PAPA SAVERIO'S restaurant outside of the Protected Area. Company and its affiliates have the right to, within and outside the Protected Area: (1) operate and enfranchise any business under different trademarks; (2) conduct any business using the Marks or System on the Internet or by any other alternate channel of distribution, including but not limited to mobile food trucks; (3) to offer and sell at wholesale, retail, or through any other distribution system, products and services which comprise, may in the future comprise or which do not comprise, a part of the System, including, but not limited to, the proprietary or branded products, which products may be resold at retail or through any other distribution channel under the Marks or other trademarks or service marks, including but not limited to, food stores and other retail facilities, the Internet, and as menu items in other restaurants or food service units; and (4) engage in any other activities that are not expressly prohibited by this Agreement.

**B.** Notwithstanding the above provisions, enclosed malls, institutions (such as hospitals), highway toll plazas, airports, parks (including theme parks), sports arenas, convention centers and other facilities or venues where events are scheduled ("Limited Use Facility") shall be excluded from the Protected Area. The Company retains the right to open a PAPA SAVERIO'S restaurant at any Limited Use Facility wherever located, in order to service the facility or venue, or grant licenses for others to do so. In the event the Company decides to open a PAPA SAVERIO'S restaurant at any Limited Use Facility, or grant a license for others to do so, the delivery and service area of Franchisee's Franchised Business shall be automatically adjusted to exclude such Limited Use Facility.

**C.** Franchisee's rights to the Protected Area as set forth in this Section 3 are dependent upon the Franchised Business achieving an average of Thirty-Five Thousand Dollars ($35,000) of Gross Sales per month and such average shall be evaluated over the last most recently ended consecutive six (6) month period ("Minimum Monthly Gross Sales"). If Franchisee fails to meet or exceed the Minimum Monthly Gross Sales during any consecutive six (6) month period, Company may issue a notice of default advising the Franchisee of such failure to meet the Minimum Monthly Gross Sales, may also impose corrective measures and other requirements, and would provide Franchisee an opportunity to cure such default by increasing the Gross Sales of the Franchised Business within the three (3) consecutive months following provision of such notice of default so that the average monthly Gross Sales meets or exceeds the Minimum Monthly Gross Sales required when evaluated over the three (3) consecutive months immediately after the provision of such notice of default. Upon Franchisee's failure to comply with Company's corrective measures or other requirements, and/or failure to achieve the Minimum Monthly Gross Sales on

average during the three (3) months immediately after the provision of the notice of default related to the Minimum Monthly Gross Sales, Company may terminate this Agreement and/or may terminate all Franchisee's rights to the Protected Area, among other rights reserved to Company. Thereafter, Company may enfranchise or operate itself or through an affiliate a PAPA SAVERIO'S restaurant in the previously Protected Area.

**D.** Nothing in this Agreement grants to Franchisee the right to (1) conduct any of the activities reserved to Company herein or (2) share in any revenue generated by any of the Company's permitted activities.

**5. Company Obligations; Training and Assistance.**

**A. Initial Training.** Company shall provide to Franchisee an initial training program for the operation of the Franchised Business using PAPA SAVERIO'S System at a location designated by Company. The Franchisee and Franchisee's managers, presently and in the future, must attend and pass the training program before operating Franchisee's Franchised Business. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee and the Franchisee's manager, if any, in attending the initial training program. If the Company determines, in its sole discretion, that Franchisee does not pass the training program, the Company may require that Franchisee attend additional training for a fee and/or Company shall have the right to terminate this Agreement, effective upon delivery of written notice thereof to Franchisee. Company encourages Franchisee to begin training before incurring any costs or expenses related to the planned opening of the Franchised Business. Company will not be liable to return any Franchise Fee or pay any costs or expenses Franchisee incurs if Company terminates this Agreement because Franchisee does not pass the training program. Franchisee must satisfactorily complete the initial training at least thirty (30) days prior to the opening of the Franchised Business.

Following Franchisee's completion of the initial training program, upon Franchisee's request, Company will provide additional training to Franchisee or initial training to new or additional managers upon request as space is available. Further, Company may require that Franchisee or Franchisee's manager attend additional training in the event that Company determines that the Franchised Business is not being operated in compliance with this Agreement, the mandatory provisions of the Franchise Operations Manual and/or System Standards. In such case, Franchisee will pay Company's then-current training and shall be responsible for all transportation, lodging and other expenses incurred by Franchisee and/or Franchisee's manager, if any, in attending the initial training program.

**B. On-Site Assistance.** Company shall provide a representative at the Franchise Location around the time of the opening of the Franchised Business to provide pre-opening and opening supervision and assistance.

**C. Ongoing Training.** Franchisee shall participate, if Company requires, in up to five (5) days per calendar year of refresher training in the operations and marketing of the Franchised Business. Company may charge Franchisee a fee for any such training. The refresher training shall be at a location which the Company selects and may or may not take place at an annual convention of franchisees. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee in attending the refresher training.

**D. Convention.** Franchisee shall attend, if Company requires, a national business meeting or convention of franchisees for up to three (3) days once per calendar year. Company may charge

Franchisee a fee for attending the meeting or convention. The convention shall be at a location which the Company selects. The Franchisee shall pay all transportation, lodging and other expenses incurred by the Franchisee in attending the convention. This provision shall not obligate Company to hold a national business meeting or convention.

**E. Advisory Services.** Throughout the term of this Agreement Company shall provide to Franchisee continuing advisory service concerning the operation of Franchisee's Franchised Business as Company in its discretion determines is reasonably necessary. This advisory service will, in Company's discretion, be furnished in the form of electronic communications, telephone consultations and/or personal consultation at Company's home office or other location designated by Company.

**F. Additional Assistance.** If Franchisee requests additional assistance in writing and Company determines in its discretion that such additional assistance is reasonably necessary, Company shall provide additional assistance to Franchisee, at a cost to the Franchisee based on the Company's then-current daily fee for the Company's personnel performing such assistance, plus other reasonable expenses, including all transportation, lodging and other expenses.

**6. Development and Opening of the Franchised Business.** Franchisee obligations include:

**A. Site Selection Assistances and Approval.** If Franchisee has not located and the Company has not approved a restaurant location for the Franchised Business as of the date of this Agreement, Franchisee agrees that, within one hundred twenty (120) days after the date of this Agreement, Franchisee must have obtained Company's approval of a restaurant location and obtained lawful possession of it through a lease. Company shall furnish to Franchisee its then current site selection guidelines and criteria, and such site selection counseling and assistance, including on-site evaluation, as Company may deem reasonably necessary in its sole discretion. Franchisee acknowledges and agrees that Franchisee is responsible for obtaining a restaurant location for the Franchised Business acceptable to the Company. Company will review Franchisee's proposed site in order to evaluate and approve or reject the location of the Franchised Business within 30 days after Franchisee provides Company the information about the site. Additional sites are considered until Company's approval is reached or the Franchise Agreement terminates. Franchisee must obtain Company's approval of the site location and the lease. Upon approval of the restaurant location for the Franchised Business, the Company will, in accordance with its standard practices, complete Exhibit A to this Agreement identifying the restaurant location and describing the Protected Area. Franchisee acknowledges that the general territory for searching for a restaurant location may be different than the Protected Area granted to Franchisee. The Company's acceptance or approval of any restaurant location or Protected Area is not a warranty of any kind, express or implied, as to the success or profitability of the Franchised Business. The Company does not guaranty the sales, profits or success of the Franchised Business.

**B. Commence Operation Within 365 Days.** Franchisee shall complete the requirements set forth in Section 6. of and elsewhere in this Agreement and commence operating a PAPA SAVERIO's restaurant within three hundred sixty-five (365) days of the date of this Agreement. If Franchisee has either (i) not provided Company with a copy of the fully executed lease for Franchisee's restaurant location within ninety (90) days of the date of this Agreement or (ii) not commenced operating a PAPA SAVERIO's restaurant within three hundred sixty-five (365) days after the date of this Agreement after having fully complied with Section 6. of and elsewhere in this Agreement, Company has the right to terminate this Agreement upon delivery of written notice to Franchisee.

**C. Lease the Premises.** Franchisee shall lease the premises of Franchisee's restaurant in the form and manner prescribed by the Company and deliver a copy of the executed lease to the Company immediately after its execution. The Franchisee agrees not to execute any lease which has not been approved in writing by the Company. If Franchisee is leasing the location, the Franchisee agrees that the lease or sublease (the "Lease"), shall incorporate and include the Addendum to Franchisee's Lease which is attached to this Agreement as Exhibit F or will incorporate, in a form satisfactory to Company, the following terms: (1) notice to Company of, and Company's right (but not obligation) to cure, Franchisee's default under said Lease within fifteen (15) business days after expiration of Franchisee's cure period; (2) lessor shall be authorized and required to disclose to Company, upon Company's request, any sales or other information pertaining to the location furnished to the lessor by the Franchisee; (3) the Company's right to take an assignment of the Lease, at Company's option, upon the termination of the Lease or the expiration or termination of this Agreement; (4) the lessor's consent to the Franchisee's use of Company's standard signage for the location according to the specifications in the Franchise Operations Manual; (5) that, during the term of the Lease, the premises may only be used for the operation of a PAPA SAVERIO'S restaurant; and (6) upon expiration and termination of this Agreement, the Company shall have the right to enter the premises in order to remove signage and other items bearing the PAPA SAVERIO'S Marks and otherwise de-identify the premises. The Franchisee shall not execute or agree to any modification of the Lease without the prior approval of the Company. The Franchisee agrees that any new, amended, restated, extended or renewed Lease for the restaurant will include the above terms and conditions required to be included in a Lease for a restaurant, as specified in this Agreement. Franchisee is encouraged to employ the services of a real estate attorney for legal advice regarding the terms of the Lease.

**D. Relocation.** If the Franchisee wants to relocate the restaurant, the Franchisee must notify Company in writing at least one hundred eight (180) days prior to the relocation and pay to the Company its relocation fee of 50% of the then-current initial franchise fee for a non-discounted first franchise, and which shall be paid one-half when the Company approves that Franchisee may look for potential relocation sites, and the remaining one-half shall be paid when (and if) the Company accepts the new premises location. In addition, for any supervision or assistance by Company's personnel at Franchisee's location around when the Franchised Business re-opens to the public, Franchisee shall pay Company the then current daily fee for the Company's personnel, plus other reasonable expenses, including without limitation, all travel, lodging, meals and other expenses. Company reserves the right to refuse to approve a proposed relocation if Company believes that the proposed relocation is for any reason not acceptable to Company. Company's judgment may be based on factors such as the proximity to existing or proposed locations for restaurants owned by other franchisees or Company, the suitability of the proposed facilities, compliance with Company's then-current franchise location requirements, the competitiveness within the marketplace or other factors. Company's acceptance or approval of the location and/or the Lease does not constitute a guaranty or a representation of the likelihood of success of the location or the viability of the Lease terms. Franchisee is encouraged to employ the services of a real estate attorney for legal advice regarding the terms of the lease.

**E. Construct the Restaurant.** Franchisee shall promptly after obtaining possession of the site for the Franchised Business: (i) Cause to be prepared and submit for approval by Company a site survey and any modifications to Company's basic plans and specifications (not for construction) for a PAPA SAVERIO'S Franchised Business (including requirements for dimensions, exterior design, materials, interior design and layout, equipment, fixtures, furniture, signs and decorating) required for the development of a PAPA SAVERIO'S Franchised Business at the site leased or purchased therefore, provided that Franchisee may modify Company's basic plans and specifications only to the extent required to comply with all applicable ordinances, building codes and permit requirements and with prior notification to and approval by Company (such approval shall not be construed as a guarantee or representation

concerning the likelihood of success of such location); (ii) obtain all required zoning changes, building, utility, health, sanitation and sign permits and licenses and any other required permits and licenses; (iii) purchase or lease equipment, Off-Premises Sales vehicles, fixtures, furniture and signs in full and strict compliance with Company's purchasing standards and specifications; (iv) purchase and install the point-of-sale system, computer system and/or web-based platform as required by Company pursuant to Section 7.O. of this Agreement; (v) complete the construction and/or remodeling, equipment, furniture and sign installation and decorating of the Franchised Business in full and strict compliance with plans and specifications theretofore approved by Company and all applicable ordinances, building codes and permit requirements; (vi) obtain all customary contractors' sworn statements and partial and final lien waivers for construction, remodeling, decorating and installation services; (vii) purchase in accordance with the Company's specifications and requirements, an opening inventory of food and beverages and the other products and supplies required for the Franchised Business; (viii) establish filing, accounting and inventory control systems conforming to the requirements presented by the Company; and (ix) otherwise complete development of and have the Franchised Business ready to open and commence the conduct of its business in accordance with the terms of this Agreement. Nothing in this Section shall create any responsibility or liability on the part of the Company for delays in obtaining permits, work of independent contractors, delays or losses in the construction phase, or loss sustained because of building design or construction. The Franchisee agrees it will not open the Franchised Business for business until it is in full compliance with this Section 6.D and until it has obtained Company's prior written approval. Franchisee shall pay the Company a fee in the amount of Five Hundred Dollars ($500) per day for each day the Franchised Business is open without Company approval.

**F.** **Lease Renewal, New Lease, and Other Lease Related Matters.** Prior to renewal of the Lease or execution or adoption of any new lease or any amendment, assignment, sublease, rider, etc., Company must review and approve the lease renewal or new lease or amendment, rider, etc.. Company's approval of the lease renewal, new lease amendment, assignment, sublease, or rider, etc. shall be conditioned upon the inclusion of terms in the lease acceptable to Company, including but not limited to those provisions required to be included in a lease for a location as specified in this Agreement. Company's approval of the lease renewal, new lease, amendment, assignment, sublease, or rider, etc. does not constitute a guaranty or a representation of the likelihood of success of the location or of the viability of the lease terms. Franchisee is encouraged to employ the services of a real estate attorney for legal advice regarding the terms of the lease. As a condition to approving the lease renewal, new lease, amendment, assignment, sublease, or rider, etc. Franchisee may be required to remodel, modernize, and redecorate the premises of the Franchised Business so that the Franchised Business reflects the then-current image intended to be portrayed by PAPA SAVERIO'S businesses. Upon receiving a request for a lease renewal, new lease, amendment, assignment, sublease, or rider, etc. Company shall furnish Franchisee with a written notice of any deficiencies which require correction and a schedule for corrections by Franchisee relating to the image, appearance, decoration, furnishings, equipment and stocking of the Franchised Business and a schedule for effecting upgrading or modifications in order to bring the Franchised Business in compliance with PAPA SAVERIO'S's then-current standards. The fee for Company's services in connection with the lease renewal, new lease, amendment, assignment, sublease, or rider, etc. and/or the process for evaluating the necessary upgrades is based upon the costs incurred by the Company, but currently does not exceed Two Thousand Five Hundred Dollars ($2,500) plus reimbursement of Company's associated reasonable attorneys' fees and costs (collectively, "Lease Related Expenses"), and the Lease Related Expenses are due and payable to Company upon the execution of the lease renewal, new lease amendment, assignment, sublease, or rider, etc. by the landlord for the Franchised Business premises. Company reserves the right to increase this fee during the term of the Agreement.

**G. Remodel the Premises.** Franchisee shall be required to periodically make reasonable capital expenditures to re-equip, remodel, modernize and redecorate the premises of the Franchised Business so that the Franchised Business will reflect the then-current image and offerings intended to be portrayed by PAPA SAVERIO'S businesses. All remodeling, modernization, or redecoration of the premises of the Franchised Business and all re-equipping and replacing of vehicles, equipment, signs or other assets of the Franchised Business must be done in accordance with the standards and specifications as prescribed by Company from time to time and with the prior written approval of Company. All replacements must conform to Company's then-current quality standards and specifications and must be approved by Company in writing.

**7. Franchisee Obligations.**

**A. Conduct the Franchised Business According to System Standards.** Franchisee shall conduct the Franchised Business offering only such services and products as Company authorizes from time to time. During the development and operation of the Franchised Business, Franchisee agrees to follow Company's specifications, standards, methods, operating procedures and rules (the "System Standards") contained in the Franchise Operations Manual. Franchisee agrees to develop and operate the Franchised Business in accordance with each and every System Standard, as periodically modified or supplemented by the Company. System Standards may govern all aspects of the development and operation of the Franchised Business, including without limitation, the following: (1) performance, quality and other relevant characteristics of the services and products offered by the Franchised Business; (2) use of the Marks and protection of Confidential Information; (3) types of authorized equipment, Off-Premises Sales vehicles, supplies and products; (4) designated and approved suppliers including, without limitation, Company or Company's designated supplier for the purchase of Company's proprietary food products and certain services; (5) minimum daily and specific hours of operation and required days and times for product and service preparation that may change from time to time; (6) participation in market research and testing and product and service development programs prescribed by Company; (7) qualifications, training, and appearance of the Franchised Business' employees; (8) use and retention of standard forms; (9) use of standard formats; (10) use of computer software and web-based applications; (11) adoption of technological developments or advances; and (12) the addition or deletion of new products and/or services. All products shall be sold only in the weights, sizes, forms and packaging approved by the Company. Franchisee shall bear all costs and expenses pertaining to the development, operation, and maintenance of the Franchised Business and Franchisee's compliance with the System Standards as periodically modified or supplemented by Company.

**B. Operating and Maintaining the Franchised Business.** Franchisee shall operate and maintain the Franchised Business in accordance with Company's mandatory specifications, standards, methods, operating procedures and rules contained in the Franchise Operations Manual. All costs and expenses pertaining to operating and maintaining the Franchised Business shall be borne solely by the Franchisee. The Franchisee agrees to use only those architects and items of equipment, Off-Premises Sales vehicles, inventory, decor, supplies, apparel and signs, that the Company has approved for a Franchised Business as meeting its specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from the Company, its affiliates or suppliers approved by the Company. If the Franchisee proposes to purchase, lease, or otherwise use any architect, equipment, Off-Premises Sales vehicles, inventory, decor, supply, apparel or sign which is not then approved by the Company or from a supplier not then approved by the Company, the Franchisee shall first notify the Company in writing and shall submit to the Company sufficient specifications, photographs, drawings, samples, and information, along with the Company's then-current daily fee for each person which the Company provides for this determination plus reasonable expenses, for a determination by the Company of

whether such architect, equipment, Off-Premises Sales vehicles, inventory, decor, supply, apparel or sign or proposed supplier complies with its specifications and standards relating to among other factors quality, price, consistency, reliability, financial capability, and customer relations, which determination shall be made and communicated in writing to the Franchisee within a reasonable time. Franchisee acknowledges, agrees and accepts that Company and its affiliates may be making a profit on Franchisee's purchases when Franchisee purchases any goods or services from the Company or its affiliates or a designated supplier or an approved supplier. The Franchisee shall maintain the Franchised Business, equipment, Off-Premises Sales vehicles, and furnishings in good repair, attractive appearance, and sound operating condition. The Franchisee, at Franchisee's expense, shall do the repairs, re-equipping, and remodeling requested by Company. The Franchisee shall make no material replacements of or alterations to the Off-Premises Sales vehicles, equipment, signs or other assets of the Franchised Business without prior written approval by the Company.

**C. Operate in Compliance with Law and Good Practices.** Franchisee shall operate the Franchised Business in compliance with applicable laws and governmental regulations, including without limitation, laws and government regulations, relating to labor and employment, occupational hazards, health, worker's compensation and unemployment insurance, and the withholding and payment of federal and state income taxes, social security taxes and sales and service taxes. The Franchisee will obtain at Franchisee's expense, and keep in force, any permits, licenses or other consents required for the leasing, construction or operation of his business. Franchisee agrees that in all dealings with Company, Franchisee's customers and suppliers, and with public officials, Franchisee will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. Franchisee further agrees to refrain from any business or advertising practice which may be harmful to Company, the goodwill associated with the Marks, and/or other PAPA SAVERIO'S restaurants. Franchisee must notify Company 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 unit, which may adversely affect Franchisee's operation or financial condition or that of the PAPA SAVERIO'S restaurant, or of any notice of violation of any law, ordinance, or regulation relating to health or safety.

**D. Operate in Compliance with the Manual.** Franchisee shall operate the Franchised Business in accordance with the mandatory provisions of the Company's Franchise Operations Manual, which contains the System Standards, and which may be amended from time to time as a result of experience, changes in the law or changes in the marketplace. The Franchisee agrees to conform to such amendments, even though Franchisee may not agree with or benefit from the change, and to make all reasonable expenditures necessitated by the amendments, within the time periods reasonably established by the Company. The Franchisee shall refrain from conducting any business or selling any services or products other than those approved by the Company. The Franchisee shall use Franchisee's best efforts to promote and enhance the Franchised Business for the full term of this Agreement.

**E. Management of the Franchised Business.** The Franchised Business shall at all times be under the direct on-premises supervision of Franchisee or Franchisee's manager who has attended and passed the initial training program. If any manager ceases to act as the Franchisee's manager, Franchisee must manage the Franchised Business until such time as a replacement manager has satisfactorily completed the initial training program. Franchisee must notify Company in writing of the name of each manager that Franchisee designates before they begin managing the Franchised Business, and Franchisee agrees that Company may direct communications to such manager concerning the operation of the Franchised Business.

**F. Staffing.** Franchisee agrees to staff the Franchised Business with the number of managers, assistant managers and employees sufficient to operate the Franchised Business in compliance with this Agreement and any mandatory standards and specifications in the Operations Manual and to provide proper customer service during all hours of operation in order to protect the quality of the services and products offered by the Franchised Business for protection of the Marks. Franchisee shall be exclusively responsible for all employment decisions and functions related to the operation of the Franchised Business, including hiring, retaining, disciplining, and firing all employees of the Franchised Business; employees' wages, benefits, vacations, scheduling, performance, evaluations, promotions, demotions, work assignments, time off and other terms of employment and compensation; and proper training of the employees in the operation of a PAPA SAVERIO'S restaurant that meets Company's standards. Franchisee agrees to require all employees to maintain a neat and clean appearance, and to wear uniforms as Company requires for promotion of the Marks. Franchisee and Company acknowledge that the employees are employees of Franchisee and not employees of Company, and should not be held out to third parties to be Company's employees. Franchisee shall notify and communicate clearly with its employees in all dealings, including without limitation, Franchisee's employment applications, written and electronic correspondence, paychecks, employee handbooks, employment policies and procedures, and other written materials used by Franchise with its employees that Franchisee (and only Franchisee) is their employer and that Company is not their employer. Franchisee shall have the sole right to control personnel policies and to manage the day-to-day operations of the Franchised Business.

**G. Purchase and Maintain Insurance.** Franchisee shall purchase and maintain at all times during the term of this Agreement at Franchisee's sole expense such insurance coverage as Company may, in its sole discretion, prescribe from time to time, from a supplier approved by us. Required coverage shall include but not be limited to workers' compensation and other employee insurance as required by law, comprehensive public liability and property damage, vehicle liability, including owned, hired and non-owned vehicle coverage, business interruption, general and umbrella coverages, and any insurance as required by the Lease for the Franchised Business. Franchisee must purchase and maintain dram shop insurance during all times that Franchisee is selling alcohol at the Franchised Business. Such insurance coverage shall be maintained under one (1) or more policies of insurance of the types and containing such terms and conditions and minimum liability protection in such amounts, as are specified from time to time by Company and issued by insurance carriers rated 'AAA' by A.M. Best Company. Company may from time to time increase the minimum amount of coverage required under any policy, and require different or additional kinds of insurance to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. All insurance policies required hereunder shall name Company (and its officers, directors, shareholders, members and employees) as additional insureds, shall contain a waiver by the insurance carrier of all subrogation rights against Company and shall provide that Company will receive thirty (30) days advance written notice of termination, expiration or cancellation or modification of any such policy. Prior to Franchisee's commencement of operations, and each year thereafter no later than twenty-four (24) hours after the expiration date of each annual policy, Franchisee shall furnish to Company a copy of the certificate, or other evidence of the insurance, renewal, or extension of each such insurance policy, together with evidence of payment of premiums, evidencing the required limits. If Franchisee does not maintain such insurance as required, the Company may, at its option and in addition to its other rights and remedies hereunder, but shall not be obligated to, obtain such insurance and keep the same in full force and effect on Franchisee's behalf, and Franchisee shall reimburse the Company for all premiums and other expenses incurred by the Company in connection with obtaining such insurance. In addition, the Franchisee shall indemnify and save the Company harmless (with counsel acceptable to the Company) from any liability or claim of any type that arises in connection with the operation of Franchisee's business.

**H. Refrain from Owning Conflicting or Competing Interests.** During the term of this Agreement, Franchisee shall refrain from owning any interest in, engaging or participating in any, either directly or indirectly, other restaurant featuring pizza or the other food items on the then-current standard PAPA SAVERIO'S menu, during the term of this Agreement, except as a PAPA SAVERIO'S franchisee licensed by Company. Franchisee shall not own, engage or participate in any other business, directly or indirectly, during the term of this Agreement, which franchises or otherwise grants to others the right to operate a restaurant featuring pizza or other food items on the then-current standard PAPA SAVERIO'S menu. Franchisee shall operate the Franchised Business in a manner which maximizes Franchisee's Gross Sales consistent with sound marketing and business practices, and Franchisee shall not engage in any business practice which diverts or reduces Franchisee's Gross Sales. Franchisee shall not employ or seek to employ any person employed by the Company or another PAPA SAVERIO'S business.

**I. Customer Payment Methods.** Franchisee shall make arrangements for and accept payment systems which Company designates from time to time, as part of the operation of the Franchised Business, including but not limited to credit card payments through Visa, MasterCard, and other credit card and debit card issuers and sponsors, check verification services, electronic funds transfer systems, mobile payment systems, and system-wide gift card programs. Franchisee's point-of-sale system and related payment processing systems must be compliant with current Payment Card Industry Data Security standards, all applicable data privacy laws, and any and other procedures required by the Operations Manual to prevent credit card fraud. Franchisee shall defend at its own cost and indemnify and hold harmless Company, its shareholders, directors, officers, employees and agents, from and against any and all loss, costs, expenses (including attorneys' fees), taxes, damages and liabilities, however caused, resulting directly or indirectly from Franchisee's failure to comply with Payment Credit Card Industry Data Security Standards or data privacy laws.

**J. Time and Manner of Payment of All Amounts Due.**

1. Franchisee shall make prompt payment of all amounts due to the Company and its affiliates and to suppliers, vendors, lessors, utility companies and any landlord of the Franchised Business. Royalty Fees, Advertising Fund contributions, and any other amounts Franchisee owes to the Company or its affiliates shall bear interest, compounded from the date due until fully paid, at the rate of two percent (2%) per month; provided however, that in the event such rate exceeds the maximum rate allowable by applicable law, such amounts will bear interest at such maximum rate. Franchisee shall also pay the Company and its affiliates a late fee of Two Hundred Dollars ($200) for every notification or demand for payment, or for non-sufficient funds notices, or for violation of this Agreement, or for failure to timely provide required reports and financial statements. Franchisee acknowledges that the interest and late fee do not constitute the Company's agreement to accept payments or reports after they are due. Time is of the essence of this Agreement.

2. All Royalty Fees, Advertising Fund contributions, interest, late fees, and any other amounts which Franchisee owes to the Company or its affiliates shall be paid by or through an electronic transfer of funds as further described in the Franchise Operations Manual or in any other manner prescribed by the Company. Franchisee shall execute and deliver to the company the Electronic Funds Transfer Authorization form attached to this Agreement as Exhibit G or any other documents necessary to authorize Company to make electronic transfers from Franchisee's bank account prior to opening the Franchised Business and upon any change in Franchisee's bank account. Payments for all amounts shall be in accordance with the procedures set forth in the Franchise Operations Manual. Franchisee agrees to comply with Company's payment instructions, and to sign any and all documents and forms necessary to effectuate the automatic bank drafts (*e.g.* ACH payment). The Company shall have sole discretion to apply

any payments made by Franchisee to any of Franchisee's amounts due to the Company or its affiliates, including, without limitation, any amounts Franchisee may owe as Advertising Fund contributions or other advertising fees. Franchisee's failure to have sufficient funds in its bank account at the time any transfer is to be made by Company is a material breach of this Agreement. If Franchisee fails to submit a report of the Gross Sales of the Franchised Business for the most recent reporting period before the date for the transfer or debit from Franchisee's account of Royalties and Advertising Fund contributions due, Company shall have the right to estimate the Gross Sales for the period based on information available to Company and to then transfer or debit an amount based on such estimated Gross Sales. If the Company later determines that the amount of the Royalty and Advertising Fund contribution transferred or debited is less than the amount that was actually due based on actual Gross Sales, Company shall have the right to transfer or debit the balance. If the Company later determines from reports of Gross Sales submitted by Franchisee that the amount transferred or debited from Franchisee's account is greater than the Royalties and Advertising Fund contributions actually owed, Company will credit the excess against the next transfer or debit for Royalties and Advertising Fund contributions due.

3. Franchisee agrees that Franchisee will not, for any reason whatsoever, including without limitation on grounds of the alleged nonperformance by the Company or its affiliates of any obligations hereunder, set off against or withhold payment of any Royalty Fee, Advertising Fund contribution, or any other amounts due to the Company or its affiliates.

**K. <u>Advisory Council.</u>** Franchisee shall participate actively in a PAPA SAVERIO'S Regional Advisory Franchisee Council ("Council") and participate in all Council programs, for Franchisee's particular Council, approved by Company. Such Council may be formed by Company, in its sole discretion, at any time that more than one (1) franchisee conducts a Franchised Business in any given region, the boundaries of which will be determined by Company in its sole discretion. The purposes of the Council(s) include, but are not limited to, exchanging ideas and problem-solving methods, advising Company on expenditures for system-wide marketing, public relations and advertising, and coordinating franchisee efforts. Franchisee shall pay all assessments levied by the Council, and Company has the right to enforce this obligation. Amounts and expenditures may vary from time to time due to variations in Council participation and costs as determined by a particular Council and as approved by Company.

**L. <u>Approved Products, Distributors and Suppliers.</u>**

(1) The reputation and goodwill of PAPA SAVERIO'S restaurants is based upon, and can be maintained only by, the sale of distinctive, high quality food products and beverages and the presentation, packaging, service and delivery of such products in an efficient and appealing manner. Company has developed various food products, ingredients, spices, seasonings, coatings, beverages and product mixes which will be prepared by or for Company according to Company's secret recipes and formulas. Company has developed standards and specifications for other food products, ingredients, spices, seasonings, coatings, mixes, beverages, materials and supplies incorporated in or used in the preparation, cooking, serving, packaging and delivery of prepared food products authorized for sale at PAPA SAVERIO'S restaurants. Company has and will periodically designate and/or approve suppliers and distributors of the foregoing products that meet its standards and requirements, including, without limitation, standards and requirements relating to product quality, prices (including without limitation establishing minimum and maximum prices for products and services offered or sold by the Franchised Business, to the extent legally permissible), consistency, reliability, financial capability, labor relations and customer relations. Franchisee agrees that the Franchised Business will: (1) purchase Company's product mixes and other products developed by Company pursuant to a secret recipe or formula, only from Company or a third party licensed by Company to prepare and sell such products; and (2) purchase from

distributors and other suppliers approved by Company all other goods, food products, ingredients, spices, seasonings, coatings, mixes, beverages, materials and supplies used in the preparation of the food products, and equipment, merchant processing services, menus, forms, paper and plastic products, packaging or other materials that meet Company's standards and specifications for the same. If Franchisee shall fail to comply with the requirements on food and ingredient purchases set forth herein, Company may assess and Franchisee shall pay to Company a non-compliance fee of Five Hundred Dollars ($500) per occurrence, to cover costs incurred by Company in monitoring and obtaining compliance with this section.

(2) The Franchisee agrees to use only those accounting firms and software, architecture services and providers, real estate services and providers, construction and general contractor services and providers, financial analysis and management product(s) or service(s), online ordering and/or delivery providers and/or platform, insurance agents, merchant processing, gift cards, customer loyalty programs, membership programs, other service providers, items of equipment, vehicles, inventory, music provider, audio or visual entertainment provider, decor, payroll processing, employee scheduling services and providers, social media, (all aspects including without limitation marketing, advertising, activities, and presence), computer hardware and software (including without limitation for order taking, inventory management, point of sale (POS) hardware and/or software, and customer relations management (CRM)), phone and security hardware and software, other technology, food and beverage suppliers, seasonings supplier, packaging, bags, wraps, stickers, graphic design services, interior design services, supplies, promotional and marketing services and printing providers, apparel, signs, and comparable items that the Company has approved for a Franchised Business as meeting its specifications and standards for appearance, function, trade dress, design, quality and performance and to purchase or lease them only from the Company, its affiliates or suppliers approved by the Company, notwithstanding anything to the contrary.

(3) Company may from time to time modify the list of designated and approved suppliers and/or list of approved brands and other purchasing standards and specifications, and Franchisee shall not, after ten (10) days from receipt in writing of such modification, purchase from a supplier which is no longer designated or approved or purchase any brand of item no longer approved or any item following specifications that have been modified. Company may approve a single distributor or other supplier for any product and may approve a distributor or other supplier only as to certain products. Company may concentrate purchases with one (1) or more distributors or suppliers to obtain lower prices and/or the best advertising support and/or services for any group of PAPA SAVERIO'S restaurants franchised or operated by Company. Approval of a distributor or other supplier may be conditioned on requirements relating to the frequency of delivery, standards of service, including prompt attention to complaints, or other criteria, and concentration of purchases, as set forth above, and may be temporary pending a further evaluation of such distributor or other supplier by Company.

(4) Franchisee shall notify Company and submit to Company such information, specifications, and samples as Company requests if Franchisee proposes to purchase any food products, ingredients, spices, seasonings, coatings, mixes, beverages, menus, equipment, merchant processing services, menus, forms, paper or plastic products, packaging or other materials, or utensils or services from a distributor or other supplier who has not been previously approved by Company. Company reserves the right to make an on-site inspection of a proposed distributor or supplier's facility. Company shall notify Franchisee within a reasonable time of receipt of all information required to make a determination whether such distributor or supplier is approved or whether such brand or product is approved for use by the Franchised Business. In the event Franchisee has not received a response to request for supplier or product approval from Company within thirty (30) days of submission of such request, the supplier and/or product shall be deemed disapproved. Franchisee (or the proposed supplier) shall pay Company a per diem fee and reasonable expenses incurred by Company in making such determination.

**M. Delivery and Catering Services.** Franchisee agrees that the Franchised Business shall offer delivery and catering services in compliance with System Standards. Company shall have the right to prescribe from time to time the boundaries beyond which the Franchised Business may not offer delivery service and the standards and specifications for delivery in order to preserve the quality and freshness of food products when delivered.

**N. Security Agreement.** In order to secure the prompt performance by Company of the obligations of this Agreement, Franchisee hereby grants Company a security interest in all rights, entitlements, licenses and interests granted under this Agreement or otherwise inuring to Franchisee by reason hereof, and all goods, wares, products, inventory, accounts, proceeds, furniture, equipment, fixtures, commercial tort claims, general intangibles and all other personal property interests of Franchisee arising or used in connection with the Franchised Business, whether at the Franchise Location or elsewhere, and whether now owned or hereafter acquired by Franchisee. This Agreement shall, in and of itself, constitute a Security Agreement within the meaning of the Uniform Commercial Code. In addition, and as a supplement to this Agreement, Franchisee shall execute Company's standard Security Agreement as set forth in Exhibit B to this Agreement In order to perfect the security interest granted hereby and by the Security Agreement attached hereto, Franchisee authorizes Company to file any financing statement, continuation statement, statement of amendment, other statement or filing used or useful under the Uniform Commercial Code, including any amendment or replacement thereof, to perfect Company's security interest as provided herein.

**O. Technology Requirements.**

1. The Company may require the Franchisee to utilize a point-of-sale system, computer system and/or web-based platform, including a customer order processing and inventory control system and/or cash register and credit/debit card system, as specified by Company in the Franchise Operations Manual or otherwise in writing. Franchisee is responsible for becoming proficient in the use of any required point-of- sale, computer systems and/or web-based platform and software. Company shall have the right to access, for any purpose or use related to its operation, management and/or monitoring of the System, any information or reports generated or stored by the required point-of-sale computer system and/or web-based platform. Company shall have the right to require Franchisee to replace any of the components of its point-of-sale and/or computer system if Company deems the component to be (a) undersized or otherwise insufficient for the efficient operation and management of the Franchised Business, or (b) incompatible with Company's computer system or the computer system that Company designates for franchise network use. Throughout the term of this Agreement, Franchisee shall be responsible for maintaining and upgrading as necessary all computer hardware and software required to be used in the operation of the Franchised Business and shall be solely responsible for any and all consequences of not doing so.

2. The Company may require the Franchisee to purchase certain services, software and web-based applications for online ordering, gift card programs, loyalty rewards programs, and similar system-wide programs from suppliers designated by the Company.

3. If Company develops and/or custom designs or has another party develop or custom design a software program and/or hardware system for conducting accounting, inventory or point-of-sale functions and/or other activities related to the Franchised Business (hereinafter "Software Program"), Franchisee agrees to implement the Software Program into the Franchised Business, and to comply with all specifications and standards prescribed by Company regarding the Software Program as

provided from time to time in the Company manuals. At such time as Company requires the implementation of such Software Program, Franchisee shall only utilize the Software Program as prescribed by Company. At such time as Company requires the implementation of such Software Program, Franchisee shall be required to purchase, lease or license the designated Software Program, to purchase or lease specified computer hardware compatible with Company's Software Program requirements and contract for on-going service, maintenance and support for such hardware and Software Program at terms designated by Company or its suppliers.

3. Throughout the term of this Agreement, Franchisee must maintain an active e-mail account and use the e-mail address provided by Company for promoting and operating the business and for communicating with the Company. Franchisee must have and maintain high-speed access to the Internet for promoting and operating the business and for communicating with and receiving information from the Company in the manner Company designates, including but not limited to system-wide area computer networks, intranet system or extranet system. Franchisee shall use any system-wide computer network or intranet or extranet system in compliance with the Franchise Operations Manual.

4. If Franchisee does not maintain such telephone service as required, the Company may, at its option and in addition to its other rights and remedies hereunder, but shall not be obligated to, obtain such telephone service and keep the same in full force and effect on Franchisee's behalf, and Franchisee shall reimburse the Company for all telephone service costs incurred by the Company in connection with obtaining such telephone service plus a fifteen percent service charge. Additionally, Company may, at its option, maintain one or more telephone number(s) for the Franchised Business and, if Company does maintain the number(s), including the applicable area code, Franchisee will be authorized and required to use the number(s) during the term of the Franchise Agreement. Franchisee acknowledges that Company will have the sole rights to and interest in all the telephone number(s). Company will notify Franchisee monthly of the cost of the telephone service and Franchisee must, within five days of receipt of the bill, reimburse Company for its costs in maintaining telephone number(s) for the Franchised Business. In the event that Franchisee does not so reimburse us, Company may, at its option, instruct the telephone service provider to terminate the telephone number(s) or to transfer the number(s) to Company or its designee.

## 8. Accounting Systems and Reporting; Inspections.

**A. Accounting and Record Keeping.** Franchisee shall use the bookkeeping, accounting, and record keeping system prescribed by the Company and submit to the Company such periodic reports, forms, and records as specified, and in the manner and at the time specified, in the Franchise Operations Manual. To ensure uniform financial statements are submitted by Franchisee, Company reserves the right to require Franchisee to use a standard Chart of Accounts for tracking income and expense items for the Franchised Business and the right to require Franchisee to have a fiscal year-end of December 31. For a period of five (5) years from their date of preparation, the Franchisee will keep on file at the Franchisee's principal office and make available to the Company all such records, including, without limitation, the following: receipts, invoices, payroll records, check stubs, bank deposit receipts, sales tax records and returns, business and personal tax returns, and such journals and transactions which properly summarize the transactions of the Franchised Business. The Franchisee hereby grants permission to the Company to examine all records of any supplier pertaining to Franchisee's purchases.

**B. Reporting.** The Franchisee shall furnish to the Company the following reports among others: (i) by the third (3rd) day after the end of the business week (currently Sunday), a telephonic or other electronic report (as the Company designates) of the Gross Sales of the Franchised Business for

the preceding week; (ii) by the third (3rd) day after the end of the business week, a written report of the Gross Sales of the Franchised Business for the preceding week; (iii) by the fifteenth (15th) day after each calendar month, a profit and loss statement for the preceding calendar month and a year-to-date profit and loss statement and balance sheet; (iv) within seventy-five (75) days after the end of each calendar year, a calendar year-end balance sheet and an annual profit and loss statement for the calendar year reflecting all year-end adjustments; (v) within thirty (30) days of filing due dates, all state and local sales tax returns and all federal, state and local income tax returns; and (vi) such other reports as Company may require from time to time. The Franchisee must verify and sign all reports submitted to the Company. Franchisee shall submit all reports in the manner prescribed by Company from time to time. If the Franchisee fails to report Franchisee's weekly Gross Sales on a timely basis, the Company may estimate Franchisee's Gross Sales; the Company may then withdraw any unpaid Royalty Fee, advertising contribution or other amount due by use of the electronic funds transfer system. The Franchisee authorizes the Company to utilize the data supplied by Franchisee in such manner and for such purposes as the Company may desire, including but not limited to, operations reports, advertising reports, other business reports and in any publication, disclosure statement, franchise disclosure document, or advertisement related to the sale of franchised businesses or related entities by Company, anywhere, at any time, without specific compensation therefore. Such data will not include any records or information relating to Franchisee's employees, as Franchisee exclusively controls its employment matters and practices.

**C. Company's Right to Audit.** The Franchisee shall allow the Company's representatives to enter, without prior notice, Franchisee's business premises during business hours to inspect and audit Franchisee's business operations, records, and reports. For purposes of this inspection and audit, records and reports exclude Franchisee's employment records for its employees. In the event any such inspection or audit shall disclose an understatement of the Gross Sales of the Franchised Business for any period, the Franchisee shall pay to the Company within ten (10) days after receipt of the inspection or the audit report, the royalty fee, the Advertising Fund contribution, and other fees plus interest and late fees due on the amount of the understatement. Further, in the event such audit is made necessary by the failure of the Franchisee to furnish reports, financial statements, tax returns or schedules as herein required, or if an understatement of Gross Sales for any period is determined by any such inspection or audit to be greater than two percent (2%), the Franchisee shall reimburse the Company for the cost of such inspection or audit, including without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of employees or agents of the Company and the Company shall have the right to require the Franchisee to furnish, at the Franchisee's sole cost and expense, audited financial statements thereafter. In addition, the Franchisee shall pay for all costs, as specified above, of the inspection and audit if Franchisee's books and records are not produced at the time of the inspection and audit, provided that the Company notified the Franchisee at least five (5) days prior to the scheduled inspection and audit date. The Company shall have the right to review the operation and administration of the Franchised Business by quality control testing, periodic field reviews and such other tests, reviews and inspections and other reasonable actions deemed desirable by the Company.

**D. Inspections.** The Franchisee acknowledges that to assure Franchisee's compliance with this Agreement, the mandatory provisions of the Franchise Operations Manual and System Standards, Company shall have the unrestricted right to enter the Franchised Business to examine the operations and facilities including, but not limited to, testing, sampling, inspecting and observing the rendering of the services and products sold by Franchisee in order to ascertain compliance or noncompliance with this Agreement. Franchisee shall be under an affirmative duty to cooperate with Company or its duly authorized representatives in any such inspection by rendering any assistance as may be reasonably requested. Company shall have the right to observe, photograph and video tape the Franchisee's business's operations for such consecutive or intermittent periods as Company deems

necessary. Company shall have the right to interview personnel and customers of the Franchised Business and to implement a mystery shopper program.

In the event the premises and/or the operation of Franchisee's Franchised Location are rated unacceptable by Company or a qualified third-party agent designated by Company according to published standards for PAPA SAVERIO'S restaurants based on such inspection, Franchisee shall reimburse Company for any and all costs and expenses connected with the inspection (including, without limitation, reasonable compensation for the third party designated agent). Thereafter, Company may conduct additional inspections every thirty (30) days itself or through a designated third-party agent and Franchisee must reimburse Company for any and all costs and expenses connected with any and all inspections that result in an unacceptable rating for Franchisee's restaurant premises or business operations. The foregoing remedies shall be in addition to any other remedies Company may have for Franchisee's failure to comply with the terms of this Agreement.

**9. Advertising.**

**A. Advertising Assistance from Company.** Company may, from time to time, develop advertising, promotional and marketing materials and programs for the PAPA SAVERIO'S franchise system that Company will make available to Franchisee at no charge or for a fee, as determined by Company. Franchisee agrees to implement any system-wide marketing and/or promotional programs developed and offered by Company from time to time in the manner required by Company.

**B. Advertising Fund.** The Company may administer a system-wide advertising fund to which all franchisees contribute ("Advertising Fund"). Company shall direct all advertising and marketing programs financed by the Advertising Fund, and shall have sole discretion over the creative concepts, advertising and marketing programs, and materials used therein, and the geographic, market and media placement and allocation thereof.

1. Franchisee shall contribute to the Advertising Fund an amount up to five percent (5%) of Franchisee's Gross Sales, as herein defined, or a flat amount Company designates. Such amount shall be determined by Company from time to time. Company will give the Franchisee at least sixty (60) days' written notice before establishing the Advertising Fund and requiring contributions or increasing or decreasing the amount Franchisee is required to contribute to the Advertising Fund. Advertising Fund contributions shall be paid together with and in the same manner as payments made for the Royalty Fee hereunder.

2. Franchisee agrees that the Advertising Fund may be used to pay the costs of preparing advertising and promotional materials and administering national, regional and local advertising programs and public relations activities as determined by the Company in its sole discretion. These programs and activities may include, without limitation, creating direct mail, advertising and media materials, formulating advertising and marketing programs, developing and maintaining website and internet-based advertising and marketing programs, developing and maintaining other presence on the Internet, including reputation management and system-wide online programs for customer ordering, gift card and loyalty rewards programs, intranet development and ongoing operation, toll-free restaurant locator and other customer services, employing advertising agencies to assist therewith, creating sample advertising and promotional materials for PAPA SAVERIO'S restaurants, and participating in any national or regional trade shows that Company, in its sole discretion, deems appropriate. Through the Advertising Fund, the Company shall furnish Franchisee with approved advertising and marketing materials on the same terms and conditions as such materials are furnished to other PAPA SAVERIO'S restaurants.

3. The Advertising Fund shall be accounted for separately from the other funds of the Company and shall not be used to defray the Company's general operating expenses, except for such reasonable salaries of personnel who provide marketing assistance and/or who manage and administer the Advertising Fund, administrative costs and overhead as the Company may incur in activities reasonably related to the administration of the Advertising Fund and its advertising and marketing programs (including, without limitation, conducting market research, public relations, preparing advertising and marketing materials and collecting and accounting for contributions to the Advertising Fund). The Company shall be authorized to spend in any fiscal year an amount greater or less than the aggregate contribution of all PAPA SAVERIO'S restaurants to the Advertising Fund in that year; and the Advertising Fund may borrow from the Company or other lenders to cover deficits of the Advertising Fund or cause the Advertising Fund to invest any surplus for future use by the Advertising Fund. A report of the receipts and disbursements of the Advertising Fund, which may be audited, shall be prepared annually and shall be made available to Franchisee upon written request. The cost of preparing the report shall be paid by the Advertising Fund.

4. Franchisee understands and acknowledges that the Advertising Fund is intended to maximize general public recognition and patronage of the Marks and PAPA SAVERIO'S businesses for the benefit of all PAPA SAVERIO'S restaurants and that the Company undertakes no obligation in administering the Advertising Fund to ensure that expenditures which are proportionate or equivalent to Franchisee's contributions are made for the market area of the Franchised Business or that any PAPA SAVERIO'S restaurant benefits directly or pro rata from the conduct of marketing programs or the placement of advertising. Except as expressly provided in this Section, the Company assumes no direct or indirect liability or obligation to Franchisee with respect to the maintenance, direction or administration of the Advertising Fund. Company, may, in its sole discretion, rebate some or all of the contributions made to the Advertising Fund to Franchisee and other franchisees for use in local advertising and marketing, subject to Company's prior approval as required in Section 9.D. herein.

5. The Company shall also be allowed to cause the Advertising Fund to be incorporated or operated through an entity separate from the Company at such time as the Company deems appropriate; such entity shall have the same rights and duties as the Company does pursuant to this Section. Upon sixty (60) days prior written notice to Franchisee, the Company shall have the right, in its sole discretion, (i) to suspend contributions to and operation of the Advertising Fund for one (1) or more periods that Company determines to be appropriate or (ii) to terminate the Advertising Fund. The Company shall distribute all unspent monies of the Advertising Fund which was terminated to the Company, its affiliates and PAPA SAVERIO'S franchisees in proportion to their respective contributions to the Advertising Fund during the preceding twelve (12) month period. The Company shall have the right to reinstate the Advertising Fund upon the same terms and conditions as set forth in this Agreement, upon sixty (60) days prior written notice to Franchisee.

**C. <u>Directory Listings.</u>** Franchisee agrees to list and advertise continually the Franchised Business within Franchisee's Protected Area as specified by the Company, utilizing the Company's standard forms of listing and advertisements. Upon termination or expiration of this Agreement, Franchisee shall assign the right to all directory listings to Franchisor in conjunction with the assignment of the telephone numbers of the Franchised Business.

**D. <u>Advertising by Franchisee.</u>** All of Franchisee's advertising, marketing, promotions, and media relations, including but not limited to print, directory advertising, television, radio, the Internet, and use of social media ("Franchisee Advertising"), must be factual and conform to the highest standards of ethical advertising, be in compliance with all applicable laws, and consistent with the

Company's then current policies, standards, and specifications as specified in the Operations Manual or other writing issued to franchisees. Prior to the use by Franchisee of any Advertising not prepared or previously approved by Company, the content, design, and images of all Franchisee Advertising shall be submitted to the Company for approval, which shall not be unreasonably withheld. If written disapproval is not received by Franchisee within fourteen (14) days from the date of receipt by the Company of such materials, the Company shall be deemed to have given the required approval. Franchisee shall not use any advertising, marketing, promotion or public relations materials or content of which Company has disapproved. Company reserves the right to subsequently determine in its sole discretion that any Franchise Advertising in use is inappropriate or objectionable, and Franchisee shall immediately terminate or remove such advertising upon receipt of written notice from the Company. In the event, Franchise shall use any Franchisee Advertising not previously approved by Company or which has been disapproved by Company, Franchisee shall pay an administrative fee in the amount of Five Hundred Dollars ($500) for each violation upon receiving its invoice. This administrative fee shall compensate the Company for, amongst other things, the additional expenses incurred due to Franchisee's breach of this restriction. Nothing in this Section shall affect the Company's other rights and remedies under this Agreement.

**E. Websites.** Franchisee shall not develop or establish its own independent website. Company's website as it may be developed and changed from time to time is the sole property of the Company. Company may provide to Franchisee a page or page linked to the Company's PAPA SAVERIO'S website. The specifications, standards, and procedures Franchisee must follow for developing and maintaining a page on the PAPA SAVERIO'S website shall be set forth in the Operations Manual or otherwise in writing. All content on Franchisee's page on the PAPA SAVERIO'S Pizza website is subject to Company's prior written approval.

**F. Internet Promotion.** Franchisee specifically acknowledges and agrees that any directory listing, advertising, or other presence on the Internet or use of social media using the Marks, including any use of the Marks on any social or professional network, blog, micro-blog, or other on-line venue or in any other manner on the Internet, shall be deemed advertising under this Agreement, and will be subject to, among other things, Company's approval of Section 9.D. above.

## 10. Marks.

**A. Use the Marks Properly.** Franchisee shall use the Marks as the sole identification of the Franchised Business, provided that Franchisee shall identify itself or himself as the independent owner thereof in the manner prescribed by the Company. Franchisee shall not use any Marks as part of any corporate or trade name or with any prefix, suffix or other modifying words, terms, designs or symbols, or in any modified form, nor may Franchisee use any Marks in connection with the sale of any unauthorized service or product or in any other manner not expressly authorized in writing by the Company. Franchisee agrees to display the Marks prominently and in the manner prescribed by the Company on or in connection with signs, posters, displays, service contracts, stationery and other forms Company designates. Further, Franchisee agrees to give such notices of trademark or service mark registrations and copyrights as the Company specifies and to obtain such fictitious or assumed name registrations as may be required under applicable law. All bank accounts, licenses, permits or other similar documents shall contain the actual name of the person or entity owning the Franchised Business and may contain 'd/b/a 'PAPA SAVERIO'S. Any sign face bearing the PAPA SAVERIO'S name shall remain the property of the Company even though the Franchisee may have paid a third-party provider to make the sign faces.

**B. Infringing Uses.** Franchisee shall immediately notify the Company in writing of any apparent infringement of or challenge to Franchisee's use of any Marks, or claim by any person of any

rights in any Marks or any similar trade name, trademark or service mark of which Franchisee becomes aware. Franchisee shall not communicate with any person other than the Company and its counsel in connection with any such infringement, challenge or claim. The Company shall have sole discretion to take such action as they deem appropriate and the right to exclusively control any litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding arising out of any such infringement, challenge or claim or otherwise relating to any Marks. Franchisee agrees to execute any and all instruments and documents, render such assistance and do such acts and things as may, in the opinion of the Company's counsel be necessary or advisable to protect and maintain the interests of the Company in any such litigation, U.S. Patent and Trademark Office proceeding or other administrative proceeding or to otherwise protect and maintain the interests of the Company in the Marks.

**C. Indemnification for Use of Marks.** The Company may in its discretion but shall not be obligated to indemnify or defend Franchisee against, and to reimburse Franchisee for, all damages for which Franchisee is held liable in any proceeding in which Franchisee's use of any Marks, pursuant to and in compliance with this Agreement, is held to constitute trademark infringement, unfair competition or dilution, and for all costs reasonably incurred by Franchisee in the defense of any such claim brought against Franchisee or in any such proceeding in which Franchisee is named as a party, provided that Franchisee has timely notified the Company of such claim or proceeding and has otherwise complied with this Agreement and that the Company shall have the right to defend any such claim.

**D. Modification, Discontinuance or Substitution of Marks.** If it becomes advisable at any time, in the Company's sole discretion, for the Company and/or Franchisee to modify or discontinue use of any Marks, and/or use one (1) or more additional or substitute trademarks or service marks, Franchisee agrees to comply therewith a reasonable time after notice thereof by the Company, and the sole liability and obligation of the Company in any such event shall be to reimburse Franchisee for the out-of-pocket costs of complying with this obligation.

**E. Ownership of the Marks.** Franchisee acknowledges the Company's prior rights in and to the Marks and that Franchisee's right to use the Marks is derived solely from this Agreement, does not give Franchisee any ownership interest therein, and is limited to the conduct of Franchisee's business pursuant to and in compliance with this Agreement and all applicable specifications, standards and operating procedures prescribed by the Company from time to time during the term of this Agreement. Any unauthorized use of the Marks by Franchisee shall constitute an infringement of the rights of the Company in and to the Marks. Franchisee agrees that all usage of the Marks by Franchisee and any goodwill established thereby shall inure to the exclusive benefit of the Company, and Franchisee acknowledges that this Agreement does not confer any goodwill or other interest in the Marks upon Franchisee. All provisions of this Agreement applicable to the Marks shall apply to any additional trademarks, service marks, logo forms and commercial symbols hereafter authorized for use by and licensed to Franchisee pursuant to this Agreement. All products, services, and any sales, marketing or promotional programs concerning same, which are developed presently or in the future by or on behalf of Franchisee in conjunction with, for use in, or arising from or related to the Franchised Business are irrevocably and permanently licensed to the Company for no additional charge to become part of PAPA SAVERIO'S System and for subsequent use by the Company and, if the Company determines, other PAPA SAVERIO'S franchisees.

**F. Internet Usage.** The Franchisee shall not obtain any domain names or website addresses for the Internet incorporating the Marks or create, develop, maintain and/or use a web site on the Internet using any of the Marks without the Company's prior written consent which may be withheld in its discretion. Franchisee shall not use any of the Marks on the Internet in any directory listing or advertising without the Company's prior written consent. Franchisee shall not make any reference to or any association

with the Marks on any social network, blog, micro-blog, or other on-line venue or in any other manner on the Internet without the Company's prior written consent. If any of the foregoing uses is specifically permitted in the Franchise Operations Manual or written policy, Franchisee use must conform completely to all of the applicable standards and procedures set forth in the Franchise Operations Manual or policy.

**11. Confidential Information; Manuals; Non-Disparagement.**

**A. Confidential Information.** "Confidential Information" as used in this Agreement shall include information which Company considers its trade secrets and confidential information, including the Company's customer service standards and other standards and procedures, recipes and product mixes, promotional and marketing strategies, business methods, customer information and any other techniques and know-how concerning the operation of a PAPA SAVERIO'S restaurant business that make up part of the Systems and which may be communicated to Franchisee or which Franchisee may be apprised of by virtue of the training provided by Company, the Franchise Operations Manual, or otherwise by virtue of Franchisee's operation of the Franchised Business. Further, Franchisee acknowledges that any and all information, knowledge, know-how, techniques, and other data which Company designates as confidential shall be Confidential Information for purposes of this Franchise Agreement. Franchisee acknowledges that if Franchisee disclosed any Confidential Information that it could substantially harm the Company, Franchisee and other PAPA SAVERIO'S franchisees. Franchisee agrees to secure, keep secret, and lock away the Franchise Operations Manual and any other PAPA SAVERIO'S System confidential materials. Franchisee agrees that Franchisee will maintain the absolute confidentiality of all, and not disclose any, Confidential Information during and after the term of this Agreement and that Franchisee will not use any Confidential Information in any other business or in any manner not specifically authorized or approved in writing by the Company. Franchisee agrees to require all of Franchisee's personnel that have access to the Confidential Information in carrying out his or her duties to sign a confidentiality and non-competition agreement in the form approved by the Company. Company has the right to review and approve the form or terms of the confidentiality and non-competition agreement that Franchisee uses. Franchisee shall not use any Confidential Information for the purpose of machine learning, augmented human intelligence development, training any artificial intelligence model, algorithm improvement, or similar data aggregation activities without Company's prior written consent. Franchisee may not use Confidential Information in generative artificial intelligence services without Company's prior written consent.

In addition, in the course of the operation of the Franchised Business, and for six (6) months after the termination or non-renewal of this Agreement, Franchisee, Franchisee's owners, managers or employees may develop ideas, recipes, inventions, formulas, concepts, methods, techniques or improvements relating to the Franchised Business, which Franchisee agrees to disclose immediately to Company and which Company may then authorize Franchisee and other PAPA SAVERIO'S franchisees to use. Franchisee will also assure that any corresponding intellectual property rights (including without limitation any rights in utility or design patents, know-how, trade secrets, trademark, service mark and copyrights) in such ideas, recipes, inventions, formulas, concepts, methods, techniques or improvements will be Company's property and the title and rights to which shall be legally assigned to Company immediately in writing by Franchisee, Franchisee's owners, managers, and employees. All of such information developed by Franchisee, Franchisee's owners, managers and employees will be included in the term "Confidential Information," as defined above.

**B. Manuals.** The Franchise Operations Manual is intended to protect the PAPA SAVERIO'S System and Marks and to further the purposes of this Agreement. The Operations Manual shall include both mandatory and recommended standards, specifications, procedures, processes and methods and the mandatory provisions of the Operations Manual are specifically incorporated into this Agreement such that it shall constitute provisions of this Agreement as if fully set forth herein. Franchisee

acknowledges that the Franchise Operations Manual is not intended to control the day-to-day operations of the Franchised Business and that the Franchised Business will be under the control of Franchisee at all times. Company shall loan Franchisee one (1) copy of the Company's Franchise Operations Manual either as a hard paper copy or an electronic copy or accessed on an intranet system, which may include one (1) or more separate manuals as well as audiotapes, videotapes, compact discs, computer software, information available on an Internet site, other electronic media and/or written materials that Company may periodically change. The Franchise Operations Manual may be modified from time to time to reflect changes in the specifications, standards, operating procedures and other obligations in operating PAPA SAVERIO'S restaurants. Franchisee must keep their copy of the Franchise Operations Manual current by immediately inserting all modified pages Company furnishes to Franchisee. Revisions to the Franchise Operations Manual will be deemed effective immediately, unless Company specifies later effective date for a particular revision. If a dispute develops with respect to the contents of the Franchise Operations Manual, the master copy Company maintains at its principal office or the online Franchise Operations Manual will be controlling. Franchisee shall not duplicate or copy any part of the Franchise Operations Manual, permit any part of it to be copied, or disclose it to anyone not having a need to know its contents for purposes of operating the Franchised Business without Company's permission.

**C. Non-Disparagement**. Franchisee hereby agrees not to take any action or make any statement the effect of which would be to directly or indirectly materially impair Company's goodwill or Company's rights to its intellectual property or the goodwill of its affiliates, or be materially detrimental to Company, its affiliates or its franchisees, including, but not limited to any action or statement intended, directly or indirectly, to benefit any of Company's competitors. This provision survives forever. Notwithstanding the above provision, Company and Franchisee agree that Company shall not restrict Franchisee's communications with the Federal Trade Commission or any other state or federal law enforcer about potential law violations.

**12. Term and Renewal.**

**A. Term.** Commencing upon the date of this Agreement, the term of this Agreement is ten (10) years unless terminated prior thereto pursuant to the provisions hereof.

**B. Renewal.** Franchisee may, at Franchisee's option, renew this franchise term for one additional ten (10) year term, subject to the following conditions which must be met prior to each renewal:

1. Franchisee shall have delivered to the Company written notice of Franchisee's desire to exercise Franchisee's option to renew at least six (6) months, but no more than twelve (12) months prior to the expiration of the term of this Agreement;

2. Franchisee shall have during the entire term of this Agreement substantially complied with all of its provisions and the provisions of any other agreement between Franchisee and the Company and/or its affiliates;

3. Company and Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute the form of franchise agreement and such ancillary agreements as are then customarily used by Company in the grant of PAPA SAVERIO'S franchises (with appropriate modifications to reflect the fact that the agreement relates to the grant of a renewal franchise);

4. Franchisee shall pay a renewal fee to Company upon the execution of the renewal franchise agreement in the amount of ten percent (10%) of the then-current initial franchise fee due by a new franchisee opening its first outlet;

5. Franchisee shall have satisfied all monetary obligations owed to Company and its subsidiaries and affiliates and to Company's designated suppliers;

6. Franchisee shall have presented satisfactory evidence to Company that Franchisee has the right to remain in possession of the Franchise Location for the duration of the renewal term;

7. Franchisee shall refurbish and remodel the premises of the Franchise Business and replace the equipment of the Franchised Business to be in compliance with the then-current standards and specifications utilized in the granting of PAPA SAVERIO'S franchises;

8. Franchisee shall comply with Company's then-current qualification and training requirement; and

9. Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) shall execute general releases, in form satisfactory to Company of any and all claims against the Company and its affiliates, and their officers, directors, shareholders, members, employees and agents.

The franchise agreement and ancillary agreements at the time of renewal may contain materially different terms from those contained in this Agreement. Failure by Franchisee (and Franchisee's shareholders or partners or members, if Franchisee is a corporation or partnership or limited liability company) to sign such agreement(s) and releases within thirty (30) days after delivery thereof to Franchisee shall be deemed an election by Franchisee not to renew. If Franchisee, for any reason, abandons, surrenders, or suffers revocation or non-renewal of all or part of Franchisee's rights and privileges under this Agreement, then all such rights and privileges shall revert to the Company.

**C.** **Continued Operation Following Expiration.** Franchisee has no right to continue to operate the Franchised Business after the expiration of the initial term of this Agreement unless Franchisee is granted a renewal Franchise in accordance with Section 12.B. If Company permits Franchisee to continue to operate the Franchised Business after the expiration of the initial term of this Agreement but before the execution of a renewal Franchise Agreement as required by Section 12.B., then the temporary continuation of the Franchised Business will be on a month-to-month basis, and will be terminable at the will of Company by giving Franchisee written notice of termination at least thirty (30) days before the termination is effective. If the laws of the jurisdiction in which the Franchisee or the Franchised Business are located require a longer notice period, the thirty-day period will be deemed modified to be the shortest notice period permitted by the laws of such jurisdiction.

**D.** Franchisee shall, upon the execution of any renewal or extension agreement, be deemed to have released and discharged Company from and against all claims and demands not at issue in mediation or litigation proceedings at the time of renewal or extension, whether or not contingent, which Franchisee may have against Company arising from this Agreement or in any way out of the relationship between Company and Franchisee.

## 13. Termination.

**A. Termination by Franchisee.** If Franchisee is in substantial compliance with this Agreement and the Company materially breaches this Agreement and fails to cure such breach within a reasonable time, which in no event shall be less than ninety (90) days, after written notice thereof is delivered to the Company, Franchisee may terminate this Agreement. Such termination shall be effective ten (10) days after delivery to the Company of notice that such breach has not been cured and Franchisee elects to terminate this Agreement. Except as described in this Section, Franchisee has no right to terminate this Agreement.

**B. Termination by Company without Opportunity to Cure.** In addition to the other provisions of this Agreement allowing termination, the Company may terminate this Agreement effective upon delivery of notice of termination to Franchisee in the following circumstances:

1. Franchisee becomes insolvent; makes an assignment for the benefit of creditors; files a voluntary petition in bankruptcy; files any pleading seeking any reorganization, liquidation or dissolution under any law; admits or fails to contest the material allegations of any such pleading filed against Franchisee; is adjudicated a bankrupt; a receiver is appointed for a substantial part of Franchisee's assets; or the claims of creditors of Franchisee or the Franchised Business are abated or subject to a moratorium under any law;

2. Franchisee fails to pass the training program for franchisees, or if Franchisee fails to provide Company with a copy of the fully executed Lease for Franchisee's restaurant within one hundred twenty (120) days after the date of this Agreement, or if Franchisee fails to commence operating PAPA SAVERIO'S restaurant within three hundred sixty-five (365) days after the date of this Agreement;

3. Franchisee abandons, or surrenders control of the operation of the Franchised Business without the Company's prior written consent;

4. Franchisee loses possession of the restaurant premises, or fails to make rental payments when due, or suffers termination of the Lease;

5. Franchisee submits to the Company on two (2) or more separate occasions at any time during any two (2) year period during the term of this Agreement a report, financial statement, tax return, schedule or other information or supporting record which understates the Gross Sales of the Franchised Business for any period by more than two percent (2%);

6. Franchisee is convicted of or pleads guilty to or no contest to a felony or other crime which substantially impairs the goodwill associated with PAPA SAVERIO'S Marks or PAPA SAVERIO'S System or engages in any misconduct which affects the reputation of the Franchised Business or the goodwill associated with PAPA SAVERIO'S Marks or PAPA SAVERIO'S System, as determined by the Company;

7. Franchisee loses any permit or license which is a prerequisite to the operation of the Franchised Business, or if Franchisee operates the Franchised Business in a manner that presents a health or safety hazard to customers, employees, or the public;

8. Franchisee makes a transfer or assignment of this Agreement, the assets of the Franchised Business, or Franchisee's ownership interest, which is not authorized as provided in the transferability section of this Agreement;

9. Franchisee has received three (3) or more notices of default during any twelve (12) month period, whether or not such defaults were cured;

10. Franchisee delivers to Company three (3) or more non-sufficient funds checks within any twelve (12) month period, whether or not such checks were subsequently paid; and

11. Franchisee made any material misrepresentation or omission in its application for the franchise.

**C. Termination by Company with Opportunity to Cure.** In addition to the other provisions of this Agreement allowing termination, the Company may terminate this Agreement effective upon delivery of notice of termination to Franchisee in the following circumstances:

1. Franchisee fails to pay any amount owed to the Company or its affiliates or to Franchisee's suppliers, providers or vendors, when the same is due and payable and does not correct such failure within ten (10) days after written notice of such failure to comply is delivered to the Franchisee;

2. Franchisee fails to submit reports or financial data which Company requires under this Agreement, when the same are due and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee;

3. Pursuant to Section 4.C.: (i) Franchisee fails to achieve the Minimum Monthly Gross Sales requirements set forth in Section 4.C during any consecutive six (6) month period, and (ii) after the provision of notice of such failure to achieve such Minimum Monthly Gross Sales, Franchisee fails to comply with Company's corrective measures or other requirements, and/or fails to achieve the Minimum Monthly Gross Sales on average during the three (3) months immediately after the provision of the notice of default related to the Minimum Monthly Gross Sales; and/or

4. Franchisee fails to perform any of the terms and conditions in this Agreement, any mandatory specification, standard or operating procedure prescribed by the Company in the Franchise Operations Manual, or otherwise in writing, and does not correct such failure within thirty (30) days after written notice of such failure to comply is delivered to Franchisee.

**D.** Upon the occurrence of any of the above events of default which would allow the Company to terminate this Agreement (which termination Company may or may not choose to do), Company may authorize its suppliers to withhold shipment to the Franchisee of the Company's proprietary products and services and approved products and services until such time as Franchisee has cured the event of default.

**E. Cross Default.** Any default by Franchisee of any other agreement between the Company and Franchisee shall be deemed a default under this Agreement, and any default by Franchisee of this Agreement shall be deemed a default under any and all other agreements between Company and Franchisee. If the nature of such default under any other agreement would have permitted the Company to terminate this Agreement had said default occurred hereunder, the Company shall have the right to terminate this Agreement as if such default has occurred hereunder. For purposes of this Section, an

agreement between the Company or an affiliate of the Company and Franchisee or Franchisee's partner, shareholder, member, manager, executive officer or affiliate shall be deemed an agreement between the Company and Franchisee.

**F. Appointment of Manager.** Notwithstanding the provisions of Sections 13.B. and 13.C. above, in the event that Franchisee does not comply with any provision of this Agreement, the Company may, at its sole option, assign a manager to the Franchised Business on a daily basis for any continuous period Company selects, and which may be extended by Company at its election for up to one (1) year, whose function will be to ensure compliance by Franchisee, Franchisee's employees and agents with the provisions of this Agreement, including without limitation, adherence to the standards, methods, procedures and specifications of the PAPA SAVERIO'S System and the rights and duties upon termination or expiration of this Agreement. During this time, the Company agrees to utilize reasonable efforts to periodically consult with Franchisee to discuss the return of management to the Franchisee. Franchisee shall pay the Company for the services of such manager at such reasonable rate as may be established by the Company. Franchisee agrees to indemnify and hold harmless the Company and its agents and employees who may act hereunder. Nothing in this Section shall affect the Company's other rights and remedies under this Agreement.

## 14. Rights and Duties Upon Termination or Expiration.

A. Upon termination or expiration of this Agreement, all of Franchisee's rights hereunder shall terminate, and Franchisee shall cease operating the Franchised Business. Franchisee shall comply with the following:

1. Franchisee shall forthwith discontinue use of the PAPA SAVERIO'S Marks, PAPA SAVERIO'S System, and all trade names, trademarks, service marks, trade dress, signs, colors, structures, interior and exterior decor, business methods, Confidential Information, printed goods and forms of advertising indicative of the Franchised Business.

2. Franchisee shall return the Franchise Operations Manual, any proprietary Software Program and any and all other materials containing Company's Confidential Information.

3. Franchisee shall pay all amounts due the Company and its affiliates, including without limitation all actual, liquidated, and consequential damages.

4. Franchisee shall cancel any assumed name registration it obtained containing the Marks.

5. Franchisee shall return to the Company any PAPA SAVERIO'S signs and sign faces.

6. Franchisee shall not represent that Franchisee formerly did business under the PAPA SAVERIO'S name or that it is a current or former franchisee of Company.

7. Franchisee shall provide the Company with the names, addresses and telephone numbers of Franchisee's customers during the preceding three (3) years and any other customer data Company requests.

8. Franchisee shall promptly notify the telephone company and all listing agencies of the termination or expiration of Franchisee's right to use any telephone number and any regular, classified or other telephone directory listings associated with the Marks and to authorize transfer of same to or at the direction of the Company. Franchisee shall promptly assign the Company or its designee all of the Franchisee's rights in and to any domain name registrations, any directory listings, accounts with any social media platforms or networks, or any other presence on the Internet, including passwords and account manager access, and shall notify the necessary parties of the termination of the Franchisee's right to use any such domain name, listing, social media account or other presence on the Internet and to authorize an assignment of the same at the direction of the Company. Franchisee acknowledges that as between the Company and Franchisee, the Company has the sole rights to and interest in all e-mail and internet addresses, websites, domain names and search engine identifiers, listings or presence on any social media platform or networks, and all telephone and facsimile numbers and directory listings associated with the Marks. Franchisee authorizes the Company, and hereby appoints the Company and any officer of the Company as Franchisee's attorney-in-fact, to direct the telephone company (as authorized by the Exhibit E Conditional Assignment of Telephone Number and Social Media Accounts executed with this Agreement), internet service providers, domain name registrars, social media platforms or networks, and all listing agencies to transfer same to the Company or at its direction, should Franchisee fail or refuse to do so, and the telephone company, internet service providers, domain name registrars, social media platforms and networks, and all listing agencies may accept such direction or this Agreement as conclusive of the exclusive rights of the Company in such e-mail and internet addresses, websites, domain names and search engine identifiers, listings or presence on any social media platform or networks, and all telephone and facsimile numbers and directory listings and its authority to direct their transfer.

9. Should Company exercise its option to assume the Lease for the Franchise Location pursuant to the Exhibit F Addendum to Franchisee's Lease, Franchisee shall promptly cooperate with Company in delivering possession of the leased premises to Company. If Company does not opt to take assignment of the Lease for the Franchise Location upon the expiration or termination of this Agreement, Franchisee shall immediately make such modifications or alterations to the leased premises as may be necessary to prevent any association between Company or the System and any business thereon subsequently operated, and shall make such specific additional changes thereto as Company may reasonably request for that purpose, including, without limitation, removal of all distinctive physical and structural features identifying the System. In the event Franchisee fails or refuses to comply with the requirements of this paragraph, Company shall have the right to enter upon the premises, without being guilty of trespass or any other tort, for the purpose of making or causing to be made such changes as may be required at Franchisee's expense, which expense Franchisee agrees to pay upon demand.

10. Franchisee shall furnish to the Company within thirty (30) days after the effective date of the termination or expiration evidence satisfactory to the Company of Franchisee's compliance with all the post-termination or post-expiration obligations.

**B. <u>Option to Purchase Assets.</u>** Upon the termination or expiration of this Agreement, the Company shall have a ninety (90) day option to purchase from Franchisee all of the equipment, supplies, inventory, advertising materials and any items with Company's Marks for cash at fully depreciated book value (also expressly agreed to exclude any value for goodwill). If the Company and Franchisee do not agree upon the amount of the fully depreciated book value (also expressly agreed to exclude any value for goodwill) within a reasonable amount of time, then a business appraiser selected by mutual agreement shall determine the fully depreciated book value (also expressly agreed to exclude any value for goodwill). The cost of the business appraiser shall be borne equally by the Company and Franchisee. The Company has an unrestricted right to assign this option to a third party. If the Company

and Franchisee cannot mutually agree on one (1) appraiser, then the Company and Franchisee shall select separate appraisers, and the average of the determinations will be binding. In the event of separate appraisers, the Company and Franchisee shall bear costs separately. If Company elects to exercise any option to purchase herein provided, Company shall have the right to set off all amounts due from Franchisee under this Agreement, and the cost of the appraisal, if any, against any payment therefore.

**C. Post-Termination Covenant Not to Compete.** In the event of termination or expiration of this Agreement, Franchisee shall not, for a period of two (2) years after the later of (i) the date of the termination or expiration or (ii) the date on which Franchisee ceases to conduct the business conducted pursuant to this Agreement, directly or indirectly:

(1) be associated as an employee, proprietor, stockholder, partner, member, agent, officer, director, consultant, representative, manager, spouse, parent, or in any other capacity with, or operate, engage, own, invest in, or participate in, (i) any Competitive Restaurant located within twenty (20) miles of Franchisee's former restaurant location or (ii) any Competitive Restaurant within twenty (20) miles of any other PAPA SAVERIO'S restaurant licensed by Company or (iii) any entity which franchises or otherwise grants to others the right to operate any restaurant serving featuring pizza or the other food items on the then-current PAPA SAVERIO'S menu. "Competitive Restaurant" as used herein shall mean any restaurant featuring pizza or other food items on the then-current PAPA SAVERIO'S menu. After the date of this Agreement, other franchisees may open additional Franchised Businesses, thereby expanding the prohibited area in this provision.

(2) divert or attempt to divert any former business or customer of the Franchised Business to any Competitive Restaurant;

(3) solicit or accept business from any former customers of the Franchised Business;

(4) solicit or employ or contract with any current or former employee or subcontractor of Franchisee, Company or any other PAPA SAVERIO'S business.

The two (2) year period referred to above shall be tolled during any period of Franchisee's noncompliance with the terms of this Agreement. In the event the duration, scope and/or geographic area set forth in this paragraph and Agreement are held to be unreasonable and therefore unenforceable by any court of competent jurisdiction, then the duration, scope and/or geographic area of the foregoing restrictions and agreements shall remain in full force and effect as to such maximum duration, scope and/or geographic area as the court shall allow.

Franchisee agrees that the covenants contained herein are prepared for use in many jurisdictions with differing public policies and that such public policies change. Accordingly, Franchisee agrees that the prevailing non-competition restrictions set forth above may be modified by a Court to the extent necessary to make the non-competition agreements valid and enforceable against Franchisee.

Franchisee acknowledges that violation of the covenants not to compete contained in this Agreement would result in immediate and irreparable injury to Company for which no adequate remedy at law will be available. Accordingly, Franchisee hereby acknowledge that Company may seek to obtain the entry of an injunction prohibiting any conduct by Franchisee or Franchisee's owners in violation of the terms of the covenants not to compete set forth in this Agreement. Franchisee expressly agrees that it may conclusively be presumed that any violation of the terms of said covenants not to compete was accomplished by and through

Franchisee's unlawful use of the Company's Confidential Information. Further, Franchisee expressly agrees that the existence of any claims Franchisee may have against Company, whether or not arising from this Agreement, shall not constitute a defense to the enforcement by Company of the covenants not to compete set forth in this Agreement. Franchisee further agrees to pay all costs and expenses (including reasonable attorneys' and experts' fees) incurred by the Company in connection with the enforcement of those covenants not to compete set forth in this Agreement.

**D. Continuing Obligations.** All obligations of the Company and Franchisee which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement and until they are satisfied in full or by their nature expire.

## 15. Transferability of Interest.

**A. Transfer by the Company.** The Company shall have the right, in its sole discretion, to transfer or assign this Agreement and all or any part of its rights or obligations to any person or legal entity, and any designated assignee of Company shall become solely responsible for all obligations of Company under this Agreement from the date of assignment. Franchisee shall execute such documents consenting to such a transfer as Company shall request.

**B. Transfer by Franchisee.** Franchisee understands and acknowledges that the rights and duties set forth in this Agreement are personal to Franchisee, and that Company has granted this franchise in reliance on Franchisee's business skill, financial capacity, and personal character. Accordingly, neither Franchisee nor any immediate or remote successor to any part of Franchisee's interest in this Agreement, nor any individual, partnership, corporation, limited liability company, or other legal entity which directly or indirectly owns any interest in Franchisee or in the Franchised Business shall sell, assign, transfer, convey, pledge, encumber, merge, or give (collectively "transfer") away any direct or indirect interest in this Agreement, in Franchisee, or in all or substantially all of the assets of the Franchised Business without the prior written consent, as set forth below, of Company. Any purported assignment or transfer not having the written consent of Company required by this Section shall be null and void and shall constitute a material breach of this Agreement, for which Company may immediately terminate without opportunity to cure pursuant to the terms of this Agreement.

**C. Conditions to Transfer.** The Company shall not unreasonably withhold its written approval of an assignment or transfer, provided Franchisee and the assignee or transferee have met all of the following conditions as determined by Company in its sole discretion:

1. Franchisee has properly offered the Company the opportunity to exercise the right of first refusal as provided in the right of first refusal section of this Agreement, and the Company declined to exercise it;

2. The assignee or transferee has sufficient business experience, aptitude, financial resources, meets the Company's then-applicable standards for franchisees; is of good moral character; and does not operate a Competitive Restaurant;

3. Franchisee has delivered a copy of the purchase agreement and related documents to Company and Company has determined that the terms and conditions contained in such agreements, including price and payment terms, will not adversely affect the proposed assignee or transferee's future operation of the Franchised Business. Company shall have the right to communicate with

and confer with both Franchisee and the proposed assignee on any aspect of the proposed transfer and to furnish the proposed assignee with financial and other information regarding the Franchised Business in Company's possession;

4. The assignee or transferee completes the initial training program required of new franchisees to Company's satisfaction;

5. The assignee or transferee executes the then-current form of franchise agreement and other agreements (which may contain materially different terms than those set forth herein) being used by the Company; or at Company's option, the assignee or transferee agrees in a form approved by the Company to be personally bound jointly and severally by all the provisions of this Agreement and assume and guarantee all of Franchisee's obligations hereunder and all other agreements between Franchisee and the Company or its affiliates to the same extent as if they had been original parties to the original agreements;

6. Franchisee engages an escrow agent approved by the Company to handle the closing and supervise the exchange of funds;

7. All of Franchisee's money obligations owed to the Company, its affiliates, and the Advertising Fund are fully paid;

8. Franchisee is not in default under this Agreement or any other agreement between Franchisee and Company or its affiliates;

9. The assets of the Franchised Business must be refurbished, remodeled or replaced in order to be in compliance with the then-current standards and specification utilized in the granting of PAPA SAVERIO'S franchises;

10. The lessor has consented to the assignment of the Lease for the restaurant premises to the assignee or transferee if the Lease requires such a consent;

11. Franchisee pays the Company a non-refundable transfer fee in the amount of one-half (1/2) of the then-current initial franchise fee for a first franchise;

12. Franchisee (and each of Franchisee's shareholders or partners or members, if Franchisee is a corporation or a partnership or limited liability company) shall execute general releases of all claims against the Company, its affiliates, and their officers, directors, shareholders, members, employees and agents;

13. Company approves the material terms and conditions of the assignment from Franchisee to the proposed assignee and must have determined that the price and terms of payment are not so burdensome as to adversely affect the future operations of the Franchised Business by the assignee;

14. Franchisee must comply with all of the post-termination obligations under this Agreement; and

15. Franchisee (and each of Franchisee's shareholders or partners or members, if Franchisee is a corporation or a partnership or limited liability company) subordinates any amounts due by transferee to Franchisee and/or any of Franchisee's principals to Company's interests.

**D. Assignment to Partnership, Corporation or Limited Liability Company.** If Franchisee is in full compliance with this Agreement, the Company shall not unreasonably withhold its consent to a transfer of this Agreement and the assets of the Franchised Business to a partnership or corporation or limited liability company, provided: (1) the partnership or corporation or limited liability company name does not include the word 'PAPA SAVERIO'S' and its activities are confined exclusively to operating Franchisee's Franchised Business; (2) Franchisee owns and controls all of the general partnership interests, stock, membership interests, or the equity and voting power, and provided that, in a form approved by the Company, the partnership or corporation or limited liability company assumes all of Franchisee's obligations hereunder and the partners or shareholders or members agree to be personally bound jointly and severally by all the provisions of this Agreement and assume and guarantee all of Franchisee's obligations hereunder and all other agreements to the same extent as if they had been parties to the original agreements; (3) any subsequent transfer or issuance of partnerships interests or of shares of the corporation or membership interests in the limited liability company shall be subject to Company's consent and agreement; (4) the partnership's Partnership Agreement and each partnership interest certificate, or the corporation's Articles of Incorporation and Bylaws and each stock certificate, or the limited liability company's Articles of Organization and Operating Agreement and each membership certificate shall clearly indicate that any transfer of partnership interests, shares of stock or membership interests is restricted and may be transferred subject to Company's consent and agreement only in accordance with the terms of this Agreement; and (5) Franchisee shall pay to the Company all legal expenses and other charges incurred by the Company in connection with such transfer.

**E. Right of First Refusal.** If Franchisee shall at any time determine to transfer (as previously defined) Franchisee's rights under this Agreement, or the assets of the Franchised Business, or Franchisee's ownership interest, in whole or part, Franchisee shall obtain a bona fide, executed written offer from a responsible and fully disclosed transferee and shall submit an exact copy of such offer to the Company. The Company or its designee shall, for a period of thirty (30) days from the date of delivery of such offer to the Company, have the right, exercisable by written notice to Franchisee, to purchase the interest for the price and on the terms and conditions contained in the offer, provided that any brokers', agents', or finders' fees shall be deducted from the purchase price and the Company or its designee may substitute cash for any form of payment proposed in such offer. If the Company or its designee does not exercise this right of first refusal, Franchisee may, subject to fulfilling the same conditions for transfers contained in this Agreement, complete the transfer to such transferee on the terms of the bona fide offer. If the transfer to such transferee is not completed within one hundred twenty (120) days after delivery of such offer to the Company, or if there is a material change in the terms of the sale, the Company or its designee shall again have the right of first refusal herein provided.

**F. Death or Disability.** Upon the death or permanent disability of Franchisee (or Franchisee's managing shareholder or partner, or member, if Franchisee is a corporation or partnership or limited liability company), the executor, administrator, conservator, or other personal representative of such person shall transfer his interest to the heirs or beneficiaries of such person or to a third party approved by the Company within a period of one hundred eighty (180) days, so long as arrangements satisfactory to the Company are made for the interim continued active management of the Franchised Business. Such transfers, including without limitation, transfers by devise or inheritance or trust provisions, shall be subject to the same conditions for transfers contained in this Agreement. Franchisee shall be deemed to have a "permanent disability" if Franchisee's ability to operate or oversee the operation of the Franchised Business

on a regular basis is for any reason curtailed for a continuous period of six (6) months. In addition to the foregoing, in order to prevent any interruption of the Franchised Business and to protect the goodwill associated with the PAPA SAVERIO'S Marks and System, if Franchisee dies or becomes disabled so that Franchisee is not able to operate or oversee the operation of the Franchised Business on a regular basis, the Company may at its option, but not obligation, operate the Franchised Business on Franchisee's behalf for a continuous period of at least up to ninety (90) days, which may be extended by Company at its election through the end of the one hundred eighty (180) day period, during which time the Company agrees to utilize reasonable efforts to periodically consult with Franchisee to discuss the status of the Franchised Business. All revenues received from the operation of the Franchised Business during such period of operation by the Company shall be kept in a separate account by the Company and the expenses of the Franchised Business including, without limitation, reasonable compensation and expenses of the Company and its agents and employees in operating the Franchised Business, shall be charged to such account. If, as herein provided, the Company elects to temporarily operate the Franchised Business on behalf of the Franchisee, the Franchisee agrees to indemnify and hold harmless the Company and its agents and employees who may act hereunder.

**16. Enforcement.**

**A. Mandatory Mediation.** Prior to commencing any legal proceeding, Franchisee must give notice to Company setting forth in reasonable detail the nature and basis of the claim or dispute and the parties shall then seek to negotiate and resolve the dispute by negotiation between the parties for no less than thirty (30) days. Thereafter, if a resolution is not reached, the parties agree to seek to resolve the dispute through an independent mediator. The parties will work diligently to agree upon a qualified, independent mediator. Unless otherwise mutually agreed, mediation shall commence at a location within the Chicago, Illinois metropolitan area within two (2) weeks after the selection of the mediator (or if Company's headquarters is no longer in the Chicago, Illinois metropolitan area, then in such county where Company's headquarters is located when such mediation occurs). Mediation shall continue until the parties agree to terminate the process, the mediator determines that the process is not working (i.e., has reached an impasse), or thirty (30) days have elapsed since the commencement of mediation and the parties do not by mutual agreement extend the process. Any recommendation or decision by the mediator shall be non-binding and confidential. The fees and expenses of the mediator shall be shared equally by the parties, and each party shall bear its own costs otherwise. In the event the dispute is not resolved through mediation as provided herein, either party may proceed immediately to initiate arbitration proceedings concerning the dispute. Each party hereby agrees that all statements made in the course of mediation shall be strictly confidential, and shall not be disclosed to or shared with any third parties, other than the mediator. Each party also agrees that any documents or data specifically prepared for use in good faith settlement negotiations and/or mediation are confidential and shall not be disclosed to or shared with any third party except those parties whose presence is necessary to facilitate the mediation process. The parties agree not to make copies of any such settlement documents, and to return them to the other party upon the conclusion of the mediation. Each party agrees and acknowledges that no statements made in, or evidence specifically prepared for mediation shall be admissible for any purpose in any subsequent proceedings. Notwithstanding the foregoing, Company shall have no obligation to mediate claims that are the subject of Paragraph 16.B herein, or to mediate claims against Franchisee for non-payment of royalties, advertising fund contributions and other amounts due to Company.

**B. Specific Performance; Injunctive Relief.** Provided Company gives Franchisee the appropriate notice, Company will be entitled, without being required to post a bond, to seek the entry of temporary and permanent injunctions and orders of specific performance to: (i) enforce the provisions of this Agreement relating to Franchisee's use of the Marks and Franchisee's non-disclosure and non-competition

obligations under this Agreement; (ii) prohibit any act or omission by Franchisee or Franchisee's employees that constitutes a violation of any applicable law, ordinance or regulation, constitutes a danger to the public, or may impair the goodwill associated with the Marks or the PAPA SAVERIO'S franchises; (iii) prevent any other irreparable harm to Company's interests; (iv) enforce Franchisee's obligations upon termination or expiration of this Agreement; and (v) to prohibit an assignment or attempted assignment of the this Agreement, the franchise or Franchisee in violation of the applicable provisions of this Agreement. If Company obtains an injunction or order of specific performance, Franchisee agrees to pay Company an amount equal to the total of Company's costs of obtaining it, including, without limitation, reasonable attorneys' fees, expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages Company incurs as a result of the breach of any such provision. Franchisee further agrees to waive any claims for damages in the event there is a later determination that an injunction or specific performance order was issued improperly.

**C. Arbitration.** Except for actions brought by Company as described in Section 16.B. above, or at Company's option, actions solely for non-payment by Franchisee, all controversies, disputes or claims arising between the Company and the Franchisee (including any claim against the Company's officers, directors, shareholders, agents and employees, in their capacity as such, or against the owners and guarantors of the Franchisee, if applicable) in connection with, arising from, or with respect to: (1) any provision of this Agreement or any other agreement related to this Agreement between the parties; (2) the relationship of the parties hereto; (3) the validity of this Agreement or any other agreement between the parties related to this Agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the Franchised Business (except controversies, disputes or claims relating to the Marks) which shall not be resolved in mediation (if required), shall be submitted for arbitration on demand of either party. Such arbitration proceedings shall be conducted before a single arbitrator at a location within the Chicago, Illinois metropolitan area, and, except as otherwise provided in this Agreement, shall be administered by the American Arbitration Association and conducted in accordance with the then-current Commercial Arbitration Rules of the American Arbitration Association or any successor. The arbitrator shall be selected according to the Commercial Arbitration Rules of the American Arbitration Association with preference to be given to arbitrators experienced in franchise disputes. The parties agree that each shall file any compulsory counterclaims (as defined by Rule 13 of the Federal Rules of Civil Procedure) within the same proceeding as the claim to which it relates within twenty (20) days of the date of filing of the claim or within the time to file an Answer to the claim to which it relates. Any such claim which is not submitted or filed as described herein will be forever barred. The arbitrator shall have the right to award or include in the award any relief which is deemed proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from the due date), specific performance and injunctive relief, and attorneys' fees and costs in accordance with the terms of this Agreement. The arbitrator must issue a reasoned award explaining the bases for the decision. The parties agree that there shall be a record of the arbitration proceeding. Court reporter fees shall be paid in advance and split evenly between the parties. Except as set forth in Section 16.D, the award and decision of the arbitrator shall be conclusive, binding and non-appealable upon all parties hereto and judgement upon the award may be entered in any court of competent jurisdiction, subject to the terms of this Agreement as to jurisdiction. The provisions of this Article shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement. The Franchisee and the Company agree that arbitration shall be conducted only on an individual, and not a class-wide, basis.

**D. Appeals.** Notwithstanding any language to the contrary in this Agreement, the parties hereby agree that any award issued by the Arbitrator as specified in Section 16.C may be appealed pursuant to the American Arbitration Association's Optional Appellate Arbitration Rules ("Appellate Rules"); that the award rendered by the arbitrator shall, at a minimum, be a reasoned award; and that the award shall not be considered final until after the time for filing the notice of appeal pursuant to the Appellate Rules has

expired. Appeals must be initiated within thirty (30) days of receipt of the arbitrator's award pursuant to Section 16.C. by filing a Notice of Appeal with any American Arbitration Association office. The appeal shall be heard by a single arbitrator. Following the appeal process, the decision rendered by the appeal tribunal may be entered in any court having jurisdiction thereof.

**E. Governing Law/Consent to Jurisdiction.** Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act 15 U.S.C. Section 1051 et. seq.), and except that all issues relating to arbitrability or the enforcement or interpretation of the agreement to arbitrate set forth in this Section shall be governed by the United States Arbitration Act (9 U.S.C. Section 1 et seq.) and the federal common law relating to arbitration, this Agreement and the franchise shall be governed by the internal laws of the State of Illinois (without reference to its choice of law and conflict of law rules), except that the provisions of any franchise law of such state shall not apply unless the jurisdictional requirements of said law have been met independently of this provision. Franchisee agrees that the Company may institute any action against Franchisee arising out of or relating to this Agreement, which is not required to be arbitrated under this Agreement or as to which arbitration has been waived by the parties, in any state or federal court of jurisdiction located in the State of Illinois and Franchisee irrevocably submits to the exclusive jurisdiction or venue of such courts.

**F. Costs and Attorneys' Fees.** If a claim for amounts owed by Franchisee to the Company or its affiliates is asserted in any legal proceeding before a court of competent jurisdiction, or if the Company or Franchisee enforces this Agreement in a judicial proceeding, the party prevailing in such proceeding shall be entitled to recover from the other its costs and expenses, including without limitation, court costs, fees for in-house or outside attorneys and paralegals, management preparation time, expert witness fees, collection agency fees, accounting fees, whether incurred prior to, in preparation for or in contemplation of the filing of such proceeding. If the Company engages a collection agency or legal counsel in connection with any failure by Franchisee to pay when due amounts due the Company, or to submit when due any reports, information, or supporting records, or in connection with any failure to otherwise comply with this Agreement, Franchisee shall reimburse the Company for any of the above listed costs and expenses incurred by it. If Company engages an attorney's assistance to enforce its rights under this Agreement against Franchisee or any guarantor, Company shall be entitled to recover its costs and expenses, including without limitation, fees for reasonable in-house or outside attorneys and paralegals, management preparation time, expert witness fees, collection agency fees, accounting fees, whether incurred prior to, in preparation for or in contemplation of the enforcement effort.

**G. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. THE COMPANY AND FRANCHISEE HEREBY WAIVE TO THE FULLEST EXTENT PERMITTED BY LAW, ANY RIGHT TO OR CLAIM FOR ANY PUNITIVE OR EXEMPLARY DAMAGES AGAINST THE OTHER AND AGREE THAT IN THE EVENT OF A DISPUTE BETWEEN THEM EACH SHALL BE LIMITED TO THE RECOVERY OF ANY (I) ACTUAL DAMAGES SUSTAINED BY IT AND (II) TRADEMARK LAW TREBLE DAMAGES. THE COMPANY AND FRANCHISEE IRREVOCABLY WAIVE TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM, WHETHER AT LAW OR IN EQUITY, BROUGHT BY EITHER OF THEM.**

**H. Limitation of Claims.** Except for claims arising from underreporting of Gross Sales by Franchisee or nonpayment of amounts owed by Franchisee to the Company or its affiliates pursuant to this Agreement, any and all claims arising out of or relating to this Agreement or the relationship of the Company and Franchisee in connection with Franchisee's operation of the business shall be barred unless an action or proceeding is commenced within one (1) year from the date of the occurrence of the facts giving rise to such claims.

**I. Cumulative Remedies.** The rights and remedies specifically granted to either Company or Franchisee by this Agreement will not be deemed to prohibit either party from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

**17. Independent Contractor; Indemnification.** The Company and Franchisee are independent contractors. This Agreement does not create a fiduciary relationship between the Company and Franchisee.

**A. Independent Contractor.** Franchisee is not and shall not represent itself or himself to be the agent, joint venturer, partner or employee of the Company, or to be related to the Company other than as its independent franchisee. Franchisee shall conspicuously identify itself or himself at the Franchised Business and on the vehicles of the Franchised Business and in all dealings with suppliers, customers, employees, public officials and others as the owner of the Franchised Business. Franchisee shall place notices of independent ownership at the Franchised Business and on business cards, stationery, advertising and other materials as Company requires from time to time. Nothing in this Agreement authorizes Franchisee to make any contract, agreement, warranty or representation on Company's behalf or to incur any debt or other obligation in Company's name. No representations shall be made or acts taken by Franchisee which could establish any apparent relationship of agency, joint venture, partnership or employment, and the Company shall not be bound in any manner whatsoever by any agreements, warranties or representations made by Franchisee to any other person nor with respect to any other action of Franchisee. The Company shall have no liability for any sales, use, excise, income, property or other taxes levied upon Franchisee, the Franchised Business or its assets, or on Company in connection with the business Franchisee conducts, or on any payments Franchisee makes to Company pursuant to this Agreement or any franchise agreement (except for Company's own income taxes). If any such taxes are assessed against Company, Franchisee shall reimburse Company the actual amount of the taxes upon demand and upon receipt of proof of tax assessment. All royalty fees, advertising fees and other charges referred to in this Agreement are quoted exclusive of any value added, sales or other tax chargeable thereon, and Franchisee shall pay any such tax as required by law. The Company shall not be obligated or liable for any injury or death of any person or damage to any property caused by Franchisee's action, failure to act, negligence or willful conduct, nor for any liability of Franchisee.

**B. No Employer Relationship.** Franchisee expressly acknowledges that Company is not Franchisee's employer or an employer of any of Franchisee's employees. In addition, Company is not a joint employer with Franchisee. Franchisee acknowledges that Company's training, guidance, advice and assistance, the Franchisee's obligations under this Agreement and the standards and specifications required by Company hereunder and in the Operations Manual are imposed not for the purpose of exercising control over Franchisee but rather for the limited purpose of protecting the Marks and System, goodwill and brand consistency. Franchisee is solely responsible for the management of the Franchised Business as an independent franchise owner/operator.

**C. Indemnification.** Franchisee and its owners shall indemnify and save the Company and its affiliates and their shareholders, members, managers, directors, officers, employees and agents ("Indemnitees") harmless (with counsel acceptable to the Company) from all fines, taxes, suits, proceedings, claims, demands or actions of any nature or kind whatsoever, directly or indirectly arising out of, or in any manner whatsoever associated or connected with Franchisee's operation of the Franchised Business, Franchisee's acts or omissions (including Franchisee's noncompliance or alleged noncompliance with any law, ordinance, rule or regulation and including any allegation that Company is a joint employer or otherwise responsible for Franchisee's acts or omissions relating to Franchisee's employees), or the

breach by Franchisee of any provision of this Agreement. Further, Franchisee and its owners shall indemnify and save the Company and its Indemnitees harmless from and against any and all damages, costs, expenses and fees (including without limitation, attorneys', accountants', and experts' fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses) incurred by or on behalf of any of the foregoing in the investigation or defense of any and all such fines, taxes, suits, proceedings, claims, demands or actions. The Company shall have the right to defend any such claim against it. This indemnity shall continue in full force and effect subsequent to and notwithstanding the expiration or termination of this Agreement.

Franchisee agrees to give the Company notice of any such action, suit, proceeding, claim, inquiry or investigation. At the expense and risk of the Franchisee, the Company may elect to assume (but under no circumstance is obligated to undertake) the defense and/or settlement of any such action, suit, proceeding, claim, demand, inquiry or investigation, provided that the Company will seek the advice and counsel of the Franchisee, and shall keep the Franchisee informed, with regard to any such proposed or contemplated settlement(s). Such an undertaking by the Company shall in no manner or form diminish the Franchisee's obligation to indemnify the Company and to hold it harmless.

In order to protect persons or property, or its reputation or goodwill, or the reputation or goodwill of others, the Company may, at any time and without notice as it in its judgment deems appropriate, offer, order, consent or agree to settlements or take such other remedial or corrective actions as it deems expedient with respect to the action, suit, proceeding, claim, demand, inquiry or investigation.

All losses and expenses incurred under this Section 17.B shall be chargeable to and paid by the Franchisee pursuant to its obligations of indemnity regardless of any actions, activity or defense undertaken by the Company or the subsequent success or failure of such actions, activity or defense. 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 the Franchisee. The Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by the Indemnitees from the Franchisee.

The Indemnitees and assumptions of liabilities and obligations set forth in this Agreement shall continue in full force and effect subsequent to, and notwithstanding the expiration or termination of, this Agreement.

## 18. General Provisions.

**A.** This Agreement shall be binding upon the parties and their respective executors, administrators, heirs, assigns and successors in interest.

**B.** All notices, requests, demands, and other communications required or permitted hereunder shall be in writing and shall be deemed to have been duly given when tendered for delivery if delivered by hand, or one (1) day after the date of deposit if deposited with a commercial delivery service which guarantees next day delivery, or two (2) days after deposit if mailed certified mail, return receipt requested, postage prepaid, addressed to the appropriate party at their respective addresses above or at such other place as the party entitled to notice may designate by notice given in the same manner to the other.

**C.** Time is of the essence of this Agreement and all provisions shall be so interpreted.

**D.** If any applicable law or rule requires a greater prior notice of the termination of or election not to renew this Agreement, or the taking of some other action than is required under this Agreement, the prior notice or other requirements required by this law or rule shall be substituted for the requirements of this Agreement.

**E.** The parties acknowledge that Franchisee does not have the right to terminate this Agreement except as provided in Section 13.A. or as otherwise agreed by the parties. Franchisee further acknowledges and agrees that, in the event of any termination of this Agreement by Franchisee that is not in accordance with the terms of Section 13.A., or any termination of this Agreement by Company in accordance with the terms of Section 13.B. prior to its expiration date, such termination may result in lost future revenue and profits to Company, harm to the goodwill associated with the Marks, and increased costs to Company to re-develop or re-franchise the market in which the Franchised Business is located. Accordingly, in the event that Franchisee terminates this Agreement other than in accordance with the terms of Section 13.A., or if Company terminates this Agreement pursuant to the terms of Section 13.B., then Franchisee shall pay to Company by the effective date of such termination, as liquidated damages, that amount which is calculated by multiplying the average weekly amount of Royalty Fees and Advertising Fund contributions due and payable during the fifty-two weeks prior to the termination (either by Franchisee or if Franchisee has not been in operation for at least fifty-two weeks as of the date of termination, then based on the average weekly amount of Royalty Fees and Advertising Fund contributions of all Papa Saverio's businesses during the fifty-two week period immediately preceding Franchisee's termination date) by the number of weeks then remaining in the term of this Agreement. The parties hereby acknowledge and agree that the actual damages that would be incurred by Company in the event of any breach or early termination of this Agreement would be difficult to calculate and that the liquidated damages provided for in this Agreement are fair and reasonable under the circumstances and are not a penalty. The parties further acknowledge and agree that the liquidated damages specified in this paragraph are only intended to compensate Company for the early termination of this Agreement and Company's loss of revenue resulting therefrom, but not for any other breach of this Agreement by Franchisee or any other damages incurred by Company, and all remedies applicable thereto remain available to Company.

**F.** The obligations and authorizations hereunder shall be joint and several. The invalidity of any provision of this Agreement shall not impair the validity of any other provision. If any provision of this Agreement is determined by a court of competent jurisdiction to be unenforceable, that provision will be deemed severable and this Agreement may be enforced with that provision severed or as modified by the court. In the case of any questions of ambiguity relating to any provisions contained herein, there shall not be any construction against the drafter of the document.

**G.** The preamble and recitals set forth above are hereby incorporated into and made a contractual part of the covenants of this Agreement. The exhibits referred to in this Agreement are attached hereto, made a part hereof, and are incorporated herein by reference.

**H.** The headings and captions in this Agreement are inserted for convenience only and shall not constitute a part hereof or affect the construction or interpretation of any provision of this Agreement. Whenever required by context, the masculine pronouns shall include the feminine and neuter genders and the singular shall include the plural and vice versa.

**I.** No waiver of or failure to enforce any of the provisions, terms, conditions, or obligations herein by any party shall be construed as a waiver of any subsequent breach of such provision, term, condition, or obligation of this Agreement or of any other provision, term, condition, or obligation hereunder, whether the same or different nature. Subsequent acceptance by the Company of the payments

due to it hereunder shall not be deemed to be a waiver by the Company of a preceding breach by Franchisee. If there develops a custom or practice which is at variance with the terms of this Agreement, the Company will not be deemed to have waived its right to demand exact compliance with any of the terms of this Agreement at a later time.

**J.** Franchisee acknowledges that the Company has, and will in the future enter into license or franchise agreements with third parties pursuant to which such third parties are licensed to use the Marks and otherwise receive the benefits of PAPA SAVERIO'S System (the "Other Agreements"). Franchisee acknowledges that the provisions of the Other Agreements have or may vary substantially from those contained in this Agreement. No action taken by Company with respect to any one (1) or more of the Other Agreements or any party thereto shall create a course of conduct which may be relied upon or asserted by Franchisee under this Agreement as a modification to this Agreement or otherwise. Company shall not bear any liability whatsoever to Franchisee under this Agreement by reason of Company's failure to waive any of the provisions of this Agreement, or to give a consent or approval hereunder even though Company may have waived such provisions or similar provisions or given similar consents or approvals under any one (1) or more of the Other Agreements.

**K.** No implied covenant of good faith and fair dealing shall be used to alter the express terms of this Agreement. The parties agree to do or cause to be done all acts or things necessary to implement and carry into effect this Agreement to its full extent.

**L.** If by virtue of the community property laws of any state, Franchisee's spouse is deemed to have any property interest in this Agreement, Franchisee's ownership interest, or the Franchised Business, the Company will have the right to require Franchisee's spouse to consent and join in all of the terms and conditions of this Agreement, any related agreements and any amendments thereto. Any spouse may be required by Company to sign the Franchise Agreement and any exhibits, including any guaranty at any time, notwithstanding anything to the contrary.

**M.** This Agreement and all exhibits to this Agreement, together with the System Standards contained in the Franchise Operations Manual, (which may be periodically modified, as provided in this Agreement) constitute the entire understanding and agreement between the parties and there are no other oral or written understandings or agreements between the parties, and no oral or written representations by the Company relating to the subject matter of this Agreement, the franchise relationship, or the Franchised Business, except for those contained in the Franchise Disclosure Document provided to Franchisee (any understandings or agreements reached, or any representations made, before this Agreement are superseded by this Agreement). Nothing in this Section is intended as, nor shall it be interpreted to be, a disclaimer by the Company of any representation made in its Franchise Disclosure Documents, including the exhibits and any amendments thereto. This Agreement may be executed in more than one (1) counterpart, each of which shall be deemed an original, but all of which together shall constitute one (1) and the same instrument.

**N.** The terms and conditions of any State Law Addendum attached hereto are incorporated herein.

**O.** Company will not be liable for loss or damage or deemed to be in breach of this Agreement if the failure to perform each respective obligations results from: (1) transportation shortages or inadequate supply of labor, material or energy beyond the control of the parties, or the voluntary foregoing of the right to acquire or use any of the foregoing in order to accommodate or comply with the orders, requests, regulations, recommendations or instructions of any federal, state or municipal government or any department or agency thereof; (2) compliance with any law, ruling, order, regulation, requirement or instruction of any federal, state,

or municipal government or any department or agency thereof; (3) acts of God; (4) acts or omissions of another party; (5) fires, strikes, embargoes, war, riot, acts of terrorism, or pandemic; or (6) any other similar event or cause. Any delay resulting from any of the causes set forth above will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, this clause shall not apply or not result in an extension of the term of this Agreement.

**P.** Franchisee and Franchisee's owners agree to comply with and/or to assist Company to the fullest extent possible in its efforts to comply with Anti-Terrorism Laws (as defined below). In connection with such compliance, Franchisee, and Franchisee's owners certify, represent, and warrant that none of Franchisee's property or interest is subject to being "blocked" under any of the Anti-Terrorism Laws and that Franchisee and Franchisee's Owners are not otherwise in violation of any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" means 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 any other requirements of any governmental authority addressing in or in any way relating to terrorist acts and acts of war. Franchisee and Franchisee's owners acknowledge and agree that any violation of the Anti-Terrorism Laws by Franchisee or Franchisee's owners or employees or any "blocking" of any of Franchisee's assets under the Anti-Terrorism laws shall constitute grounds for immediate termination of this Agreement and any other agreement Franchisee shall have entered with Company or its affiliates, in accordance with the termination provisions of this Agreement.

**19. Acknowledgments.** Franchisee acknowledges each of the following:

**A.** Franchisee acknowledges that in all of Franchisee's dealings with Company, the officers, directors, managers, members, employees and agents of Company act only in a representative capacity, not in an individual capacity. Franchisee further acknowledges that this Agreement and all business dealings between Franchisee and such persons as a result of this Agreement are solely between Franchisee and Company. Franchisee acknowledges that Company reserves the right, without accountability to Franchisee, to receive and retain commissions, rebates, allowances and other similar amounts received by Company from any supplier who has been approved by Company from time to time in connection with the supply of goods, fixtures, furnishings, equipment, signs, supplies, and other products or services for the Franchised Business. Franchisee acknowledges that the covenants not to compete set forth in this Agreement are fair, reasonable and will not impose any undue hardship on Franchisee, since Franchisee has other considerable skills, experience and education which afford Franchisee the opportunity to derive income from other endeavors.

**B.** No statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

**20. Entity as Franchisee; Guaranty and Assumption of Obligations.** If Franchisee is an entity, the Exhibit C Statement of Ownership, Officers, and Managers must be completed concurrently with the execution of this Agreement, and Franchisee hereby represents that the information provided in Exhibit C is true, complete and accurate. Franchisee shall promptly provide Company with written notification if any of the information contained in Exhibit C changes at any time during the term of this Agreement and will comply with the applicable transfer provisions contained herein prior to making any change in ownership. If Franchisee is an entity, this Agreement must be personally guaranteed and the obligations hereunder assumed by the

Owners of the Franchisee, and all such Owners must execute the Guaranty and Assumption of Obligations which is attached hereto as Exhibit D concurrently with the execution of this Agreement by Franchisee.

**21. Electronic Signature and Delivery.** This Agreement may be signed with full legal force and effect using electronic signatures and records. Delivery of this Agreement by facsimile, e-mail, or other functionally equivalent electronic means of transmission constitutes valid and effective delivery. The effective date of the Agreement is the date as of which all parties have signed this Agreement and related exhibits.

**IN WITNESS WHEREOF,** the parties hereto have caused this Agreement to be duly executed on the dates set forth below each signature.

| | | |
|---|---|---|
| **FRANCHISEE:**<br>**Name: _____**<br><br>**X_____**<br><br>**Date: _____** | **FRANCHISEE (spouse):**<br>**Name: _____**<br><br>**X_____**<br><br>**Date:**<br>**_____** | ***or if Franchisee is an entity*:**<br>**Entity Name:**<br>**_____**<br><br>**By:_____**<br><br>**Title:_____**<br><br>**Date: _____** |
| **COMPANY:**<br>**VIVE BENE ENTERPRISES, INC.**<br>**An Illinois corporation**<br><br>**By:_____**<br><br>**Title:_____**<br><br>**Date: _____** | | |

## EXHIBIT A

TO THE PAPA SAVERIO'S FRANCHISE AGREEMENT
BETWEEN THE UNDERSIGNED PARTIES

## FRANCHISE LOCATION AND PROTECTED AREA

As provided in the above franchise agreement, the following information is now available and is hereby specified for inclusion in the franchise agreement. **Alternatively, Exhibit A may be completed once the Franchise Location site is known.**

**Franchise Location:** The franchise location approved by the Company for operation of the PAPA SAVERIO'S restaurant is _____ _____ **("Franchise Location").** Alternatively, if the Franchise Location is unknown as of signing the Franchise Agreement, this Exhibit A may be completed once the Franchise Location site is known.

**Protected Area:** *Before signing this Exhibit A, initial one (1) below as applicable, and fill in number of miles if in an Urban Location.*

☐ **All Protected Areas Other than an Urban Location.** The Protected Area is the geographical area within four (4) miles of the front door, by road, of the Franchise Location using the roads in existence as of the date of this Agreement. The Protected Area is not computed as a radius as the crow flies around the Franchise Location. It is computed from front door to front door. The Protected Area does not prohibit or affect any locations existing before the date of this Agreement.

☐ **Protected Area in an Urban Location.** The Protected Area is the geographical area within _____ (____) miles of the front door, by road, of the Franchise Location using the roads in existence as of the date of this Agreement. The Protected Area is not computed as a radius as the crow flies around the Franchise Location. It is computed from front door to front door. The Protected Area does not prohibit or affect any locations existing before the date of this Agreement.

| | | |
|---|---|---|
| **FRANCHISEE:**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | **FRANCHISEE (spouse):**<br>Name:<br>_____<br><br>**X**_____<br><br>Date:<br>_____ | *or if Franchisee is an entity*:<br>Entity Name:<br>_____<br><br>By:_____<br>Title:_____<br><br>Date: _____ |
| **FRANCHISOR:**<br>**VIVE BENE ENTERPRISES, INC.**<br>An Illinois corporation<br><br>**X**_____<br>By: Donald Fortin, as Chief Operating Officer<br><br>Date: _____ | | |

**EXHIBIT B**

TO THE PAPA SAVERIO'S FRANCHISE AGREEMENT
BETWEEN THE UNDERSIGNED PARTIES

**SECURITY AGREEMENT**

Vive Bene Enterprises, Inc., an Illinois corporation ("Secured Party"), and _____, a(n) _____ ("Debtor"), agree as follows:

1. Background.

Secured party, as franchisor, and Debtor, as franchisee, are parties to a Franchise Agreement of even date (the "Franchise Agreement") pursuant to which, among other things, Debtor is obligated to pay, from time to time, certain sums to Secured Party. In order to induce Secured Party to enter into the Franchise Agreement, Debtor, among other things, is entering into this Security Agreement pursuant to which Debtor's payment and performance of all obligations under the Franchise Agreement are secured on the terms and conditions hereinafter provided for. Capitalized terms defined in the Franchise Agreement shall have the same meaning herein as therein.

2. Security Interest.

To secure the payment and performance by Debtor of all obligations and liabilities under the Franchise Agreement (such payment and performance of such obligations and liabilities collectively, "Obligations"), Debtor shall and hereby does grant, convey, assign and transfer to Secured Party, a security interest in and to the Franchise Agreement and all signs and other appurtenances and other property, real and personal, bearing any of the Proprietary Marks used at, located on or affixed to the Franchised Business operated by Debtor ("PAPA SAVERIO'S Restaurant"), and all equipment, fixtures, furnishings and improvements located at the PAPA SAVERIO'S Restaurant, whether now owned or hereafter acquired by Debtor (the "Collateral").

3. Default.

3.1. Definitions. The term "Event of Default" means the occurrence and continuation of any one (1) or more of the following events:

(a) any failure of Debtor promptly and faithfully to pay, observe and perform, when due, any of the Obligations;

(b) if Debtor becomes insolvent, commits an act of bankruptcy, files a voluntary petition in bankruptcy, or an involuntary petition in bankruptcy is filed, or a permanent or temporary receiver or trustee for the PAPA SAVERIO'S Restaurant, or all or substantially all of the Debtor's property, is appointed by any court and such appointment is not actively opposed through legal action, or Debtor makes an assignment or arrangement for the benefit of creditors, or calls a meeting of creditors, or Debtor makes a written statement to the effect that he or it is unable to pay his or its debts as they become due, or a levy of execution is made upon Debtor, or an attachment or lien outstanding with respect to the PAPA SAVERIO'S Restaurant for thirty (30) days, unless the

attachment or lien is being duly contested in good faith by Debtor and Secured Party is advised in writing;

(c) if Debtor loses possession or the right of possession of all or a significant part of the PAPA SAVERIO'S Restaurant through condemnation or casualty and the PAPA SAVERIO'S Restaurant is not relocated or reopened as required by the Franchise Agreement;

(d) if Debtor abandons, surrenders or transfers control of the operation of the Franchised Business without Secured Party's prior written consent; or

(e) if Debtor is a corporation, limited liability company, partnership, joint venture or other legal entity, any action is taken which purports to merge, consolidate, dissolve or liquidate Debtor without the prior written consent of Secured Party.

3.2. Remedies. Upon the occurrence of an Event of Default, all amounts payable to Secured Party shall become immediately due and payable and Secured Party shall have all the rights and remedies of a secured party under the Uniform Commercial Code as in effect in the state or states in which the Collateral may be located, including, but not limited to, the right to enter upon the PAPA SAVERIO'S Restaurant peaceably and remove all Collateral. Secured Party shall give Debtor reasonable notice of the time and place of any public or private sale or other intended disposition of all or any particular Collateral, as the case may be. Debtor agrees that the requirement of reasonable notice shall be met if notice is mailed to Debtor at its address first above written not less than five (5) business days prior to the sale or other disposition. Expenses of retaking, holding, preparing for sale, selling or the like, shall include, without limitation, Secured Party's reasonable attorneys' fees and other legal expenses. Secured Party's rights and remedies, whether pursuant hereto or pursuant to the Illinois Uniform Commercial Code or any other statute or rule of law conferring rights similar to those conferred by the Illinois Uniform Commercial Code, shall be cumulative and not alternative.

4. Notices. Any notice, request or other communication to either party by the other as provided for herein shall be given in writing and shall be deemed given on the date the same is (i) actually received or (ii) three (3) days after being mailed by certified or registered mail, return receipt requested, postage prepaid and addressed to the addresses first set forth below. The person and the place to which notices or copies of notices are to be mailed to either party may be changed from time to time by such party by written notice to the other party.

5. Applicable Law. This Agreement shall be governed by and interpreted under the laws of the State of Illinois, without regard to the principles of conflict of laws thereof.

6. Miscellaneous.

6.1. This Security Agreement shall inure to the benefit of, and shall be binding upon the respective successors, assigns, and legal representatives of the parties hereto.

6.2. The captions used herein are inserted for reference purposes only and shall not affect the interpretation or meaning of this Security Agreement.

6.3. Debtor hereby authorizes Secured Party, from time to time, to file financing statements in such form as may be necessary to perfect the security interest in the Collateral in any or all pertinent jurisdictions and in this regard, to execute said financing statements for itself (as secured party) and for Debtor (as debtor), as Debtor's agent. Upon Secured Party's request, Debtor shall execute any such financing

statement as debtor.

In agreement with the foregoing terms, the parties sign below:

| | | |
|---|---|---|
| **DEBTOR:**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | **DEBTOR (spouse):**<br>Name:<br>_____<br><br>**X**_____<br><br>Date:<br>_____ | *or if Franchisee/Debtor is an entity*:<br>Entity Name:<br>_____<br><br>By:_____<br>Title:_____<br><br>Date: _____ |
| **SECURED PARTY:**<br>**VIVE BENE ENTERPRISES, INC.**<br>An Illinois corporation<br><br>By:_____<br><br>Title:_____<br><br>Date:<br>_____ | | |

**EXHIBIT C**

TO THE PAPA SAVERIO'S FRANCHISE AGREEMENT

**STATEMENT OF OWNERSHIP, OFFICERS, AND MANAGERS**

Owners of the Franchisee Entity:

List below the names, titles, residential addresses and respective percentage ownership interests of each owner of the Franchisee entity executing this Agreement, whether shareholder of a corporation, member of a limited liability company, or partner of a partnership (attach additional sheets if necessary):

1. _____
_____
_____
_____%

2. _____
_____
_____
_____%

3. _____
_____
_____
_____%

4. _____
_____
_____
_____%

Officers (for corporation or LLC) and/or Managers (if manager-managed LLC) of the Franchisee Entity:

1. _____
_____
_____
Title

2. _____
_____
_____
Title

3. _____
_____
_____
Title

4. _____
_____
_____
Title

**EXHIBIT D**

TO THE PAPA SAVERIO'S FRANCHISE AGREEMENT

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given on _____, by _____ _____.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement of even date herewith (the "Agreement") by Vive Bene Enterprises, Inc. (the "Company"), each of the undersigned hereby personally and unconditionally, jointly and severally: (a) guarantees to the Company, and its successors and assigns, for the term of the Agreement and thereafter as provided in the Agreement, that _____ _____ ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement; and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities.

Each of the undersigned waives: (1) acceptance and notice of acceptance by the Company of the foregoing undertakings; (2) notice of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed; (3) protest and notice of default to any party with respect to the indebtedness or non-performance of any obligations hereby guaranteed; (4) any right he or she may have to require that an action be brought against Franchisee or any other person as a condition of liability; and (5) any and all other notices and legal or equitable defenses to which he or she may be entitled.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several with all other current and future guarantors of Franchisee's obligations; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) such liability will not be contingent or conditioned upon pursuit by the Company of any remedies against Franchisee or any Other person; (4) such liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which the Company may from time to time grant to Franchisee or to any Other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement; and (5) this Guaranty shall apply to any amounts recovered from Company as a preference, fraudulent transfer or otherwise in a bankruptcy or similar proceeding.

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

GUARANTOR(S)

% OF INTEREST IN FRANCHISEE
**(Percentages must equal 100)**

**x**_____ Percentage: _____
Print Name: _____
Address: _____
_____ Date: _____

SPOUSE (IF NOT OTHERWISE LISTED AS AN OWNER HEREIN)
**x**_____ Percentage (if any): _____
Print Name: _____
Address: _____
_____ Date: _____

**x**_____
Print Name: _____ Percentage: _____
Address: _____
_____ Date:_____

SPOUSE (IF NOT OTHERWISE LISTED AS AN OWNER HEREIN)
**x**_____ Percentage (if any): _____
Print Name: _____
Address: _____
_____ Date: _____

**x**_____
Print Name: _____ Percentage: _____
Address: _____
_____ Date: _____

SPOUSE (IF NOT OTHERWISE LISTED AS AN OWNER HEREIN)
**x**_____ Percentage (if any): _____
Print Name: _____
Address: _____
_____ Date: _____

**x**_____
Print Name: _____ Percentage: _____
Address: _____
_____ Date: _____

SPOUSE (IF NOT OTHERWISE LISTED AS AN OWNER HEREIN)
**x**_____ Percentage (if any): _____
Print Name: _____
Address: _____
_____ Date: _____

**EXHIBIT E**

TO THE PAPA SAVERIO'S PIZZA FRANCHISE AGREEMENT

**CONDITIONAL ASSIGNMENT OF TELEPHONE NUMBERS AND SOCIAL MEDIA ACCOUNTS**

Franchisee (Assignor): _____, whose business address is _____, in consideration of the granting of a franchise to Assignor contemporaneously herewith, and other valuable consideration paid by Vive Bene Enterprises, Inc., an Illinois corporation (Franchisor/Assignee), hereby assigns unto the Assignee (i) all telephone numbers and listings utilized by Assignor in the operation of Assignor's PAPA SAVERIO'S restaurant at Assignor's address above-referenced and (ii) all accounts with social media platforms or networks, including passwords and log-in information. Assignor acknowledges that "PAPA SAVERIO'S" and the associated marks are solely the property of Franchisor/Assignee. As such, Assignor's right to use any telephone numbers and directory listings and social media accounts associated with "PAPA SAVERIO'S" trademarks and service marks was solely due to a limited license granted by Assignee/Franchisor in connection with the Assignee/Franchisor's trademark(s)/service mark(s) pursuant to a Franchise Agreement. Once said license has expired and/or terminated pursuant to the expiration or termination of the Franchise Agreement, Assignor has no right to the telephone number or directory listing or social media accounts associated with the Assignee/Franchisor's trademark, including, but not limited to PAPA SAVERIO'S.

This Assignment shall constitute authorization to the appropriate telephone company to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said business telephone lines to the appropriate social media companies to change and transfer to Franchisor/Assignee all of Assignor's rights in and to the use of said social media account, and Assignor hereby irrevocably appoints and authorizes Franchisor/Assignee to act as Assignor's attorney-in-fact and hereby empowers Franchisor/Assignee to execute such instruments in the Assignee's name in order to give full effect to this Assignment and to effectuate any transfer.

Upon the Assignment, the Assignee hereby assumes the performance of all of the terms, covenants and conditions of the telephone company with respect to such telephones, telephone numbers and telephone listings with the full force and effect as if the Assignee had been originally issued such telephones, telephone numbers, telephone listings and the usage thereof and all of the terms, covenants and conditions of the social media companies with respect to the social media accounts with full force and effect as if Assignee had originally been issued such social media accounts.

(*Remainder of Page Intentionally Blank*; *Signature Page Follows*)

| | | |
|---|---|---|
| **ASSIGNOR (FRANCHISEE):**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | **ASSIGNOR (FRANCHISEE) (spouse):**<br>Name:<br>_____<br><br>**X**_____<br><br>Date:<br>_____ | *or if Assignor-Franchisee is an entity*:<br>Entity Name:<br>_____<br><br>By:_____<br>Title:_____<br><br>Date: _____ |
| **ASSIGNEE (FRANCHISOR):**<br>**VIVE BENE ENTERPRISES, INC.**<br>An Illinois corporation<br><br>By:_____<br>Title:_____<br>Date: _____ | | |

**EXHIBIT F**

TO THE PAPA SAVERIO'S PIZZA FRANCHISE AGREEMENT
BETWEEN THE UNDERSIGNED PARTIES

**ADDENDUM TO FRANCHISEE'S LEASE AGREEMENT**

THIS LEASE ADDENDUM (the "Addendum") is made and entered into on _____, by and between _____, hereinafter referred to as "Landlord", and _____, hereinafter referred to as "Tenant", and modifies that certain lease (the "Lease") of even date herewith.

WITNESSETH:

WHEREAS, Landlord and Tenant are parties to the Lease, concerning real estate commonly described as _____ ("Premises");

WHEREAS, Tenant intends to use the Premises for the operation of a PAPA SAVERIO'S franchised business pursuant to a "Franchise Agreement" between Tenant and Vive Bene Enterprises, Inc. ("Franchisor") using the Marks and system of doing business licensed to Tenant by Franchisor in the Franchise Agreement; and

WHEREAS, pursuant to the terms of the Franchise Agreement, Tenant's Lease for the operation of the PAPA SAVERIO'S franchised business is subject to the approval of Franchisor and such lease must contain certain terms required by Franchisor including the provisions of this Addendum.

NOW, THEREFORE, in consideration of the mutual promises hereinafter contained, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. The Premises may be used only for the operation of a Papa Saverio's business.

2. ASSIGNMENT. Tenant shall have the right to assign this Lease, without payment of an assignment fee and without Landlord's consent being required, to Franchisor, or any parent, subsidiary, designee, or affiliate of Franchisor ("a Franchisor Entity"). In such event, Tenant shall remain liable for any obligations occurring prior to the date of the assignment to Franchisor or a Franchisor Entity and Franchisor/Franchisor Entity do not automatically assume such obligations accruing prior to the date of the assignment. Tenant, or Franchisor or a Franchisor Entity that has received an assignment of the Lease hereunder, shall have the right to assign this Lease, without payment of an assignment fee, and upon Landlord's approval which shall not be unreasonably withheld or delayed, to a duly authorized franchisee of Franchisor in connection with the sale, transfer or assignment of the business operated on the Premises. Landlord shall not withhold or delay consent to an authorized franchisee of Franchisor if such franchisee has been approved by Franchisor. The assignor shall remain liable for any obligations accruing under the Lease prior to the date of the assignment and such assignee shall not be responsible for any obligations accruing under the Lease prior to the date of assignment. Landlord may require a replacement guaranty of future accruing amounts in the event of such assignment. The parties agree to execute any commercially reasonable documents necessary to document the assignment and assumption of the Lease hereunder. Any options to extend or renew the term of the Lease shall automatically transfer to an assignee in connection with an assignment and assumption of the Lease.

3. FRANCHISOR'S OPTION TO ASSUME LEASE. Landlord and Tenant grant to Franchisor/Franchisor Entity the right, exercisable at the option of Franchisor, to take assignment of and assume all rights, title and interest of Tenant in and to the Lease and the Premises: (a) on the termination or expiration of the Franchise Agreement between Tenant

and Franchisor; (b) on the commencement of eviction or termination proceedings by the Landlord against Tenant; (c) on cessation of the use of the Premises by Tenant as a Papa Saverio's restaurant; or (d) the abandonment or closing by Tenant of the Papa Saverio's restaurant on the Premises. Franchisor must give written notice to Landlord of its intent to exercise this option within sixty (60) days after it becomes aware of the event triggering the option. Landlord must give Franchisor prompt notice of the commencement of any eviction or termination proceedings against Tenant. If Franchisor timely exercises its option, the Lease and all rights, title and interest of Tenant under the Lease and to the Premises will automatically be assigned to and assumed by Franchisor/Franchisor Entity, subject to the limitations on the obligations to be assigned in Sec. 1 hereof. If Franchisor does not give notice exercising its assignment option within the sixty (60) day period, Franchisor will be deemed to have forfeited its rights under this Paragraph. Upon Franchisor's written request, Landlord and/or Tenant agree to execute documents in a form acceptable to Landlord in its reasonable discretion confirming this assignment and assumption of the Lease pursuant to this Addendum. If Franchisor takes assignment of the Lease pursuant to this Paragraph, Franchisor shall not be deemed to have assumed any obligations of Tenant under the Lease having accrued as of the date of assignment and assumption.

4. NOTICE AND CURE RIGHTS. Landlord shall provide to Franchisor a copy of any written Notice of Default or Notice of Termination issued by Landlord to the Tenant at the time that such notice is issued to Tenant. Franchisor reserves the right, but is under no obligation, to cure any default(s) under the Lease if Tenant should fail to do so within fifteen (15) days after the expiration of the cure period given to Tenant in which to cure the default. Landlord shall not evict Tenant from the Premises unless it has delivered a copy of any Notice of Default or Notice of Termination to Franchisor and Franchisor has had the foregoing opportunity to cure the default(s). Landlord acknowledges and understands that by curing Tenant's default, Franchisor does not assume and Landlord shall not hold Franchisor responsible for any liabilities of Tenant under the Lease accrued by the date of such cure by Franchisor. All notices shall be sent to:

   Vive Bene Enterprises, Inc.
   Attention: Business Manager
   1010 Harvest Ct.
   Woodstock, IL 60098

5. FRANCHISOR'S SIGNAGE. The Landlord consents that Tenant and/or Franchisor shall have the right to display at the Premises the Papa Saverio's standard signage packages, including logo and lighted neon window signs, and any available pylon, monument or directory signage, as required by Franchisor upon the execution of the Lease and as they may be modified and changed from time to time by Franchisor, subject only to the provision of local ordinances. Franchisor's current sign specifications are attached to this Addendum as Exhibit 1.

6. USE OF PREMISES. The Parties agree that, during the term of the Lease and any renewals or extensions, the Premises shall be used only for the operation of a Papa Saverio's restaurant offering dine-in, carryout and/or delivery and offering pizza and related menu items, beer, wine, liquor (and other alcoholic beverages) and other products and services as authorized by Franchisor for Papa Saverio's franchisees from time to time. Landlord shall not allow Tenant's use or exclusive use clause to infringe on the exclusive rights to operate of any existing tenants, nor shall Landlord allow any tenants with inferior rights in comparison to Tenant to violate or infringe of the exclusive right of Tenant to operate. Tenant shall be permitted to use an outdoor eating area when available, Tenant will also be allowed the right to use any exterior space deemed applicable for a walk-in cooler/freezer, or mechanical equipment deemed necessary to operate a Papa Saverio's restaurant, as they may be modified and changed from time to time by Franchisor, subject only to the provision of local ordinances.

7. EXCLUSIVE USE. Tenant shall not at any time be restricted by Landlord from selling nor shall Landlord grant any other tenant the exclusive right to sell, any items on Tenant's Menu. Throughout the term of the Lease and any renewals or extensions, Landlord agrees that Tenant shall have the exclusive use in the shopping center in which the Premises

is located to engage in a business that primarily sells pizza. As used herein, the term "primarily" means that greater than 10% of the gross sales of the restaurant are derived from the sale of pizza calculated in a twelve (12) month period, throughout the term of the lease and any renewals and extensions and in the event that Tenant opens a Papa Saverio's sports pub, Landlord agrees that Tenant shall have exclusive use in the shopping center in which the Premises is located to engage in a sports pub themed restaurant, (for example a Buffalo Wild Wings type of restaurant). Throughout the term of the Lease and any renewals or extensions and in the event that Tenant expands to a Papa Saverio's sports pub after first opening as a Papa Saverio's carryout/delivery restaurant, Landlord agrees that Tenant shall have the exclusive use in the shopping center in which the Premises is located to engage in a sports pub-themed restaurant (for example, a Buffalo Wild Wings type of restaurant) as long as the shopping center does not already have a tenant in place that engages in a sports pub themed restaurant. Landlord shall not allow any other tenant in the shopping center in which the Premises is located to violate the terms of this exclusivity agreement, and if a violation occurs, in addition to any other remedies Tenant may have at law or in equity, Tenant shall have the right to terminate this Lease upon thirty (30) days written notice.

8. IMPROVEMENTS. Landlord shall not unreasonably withhold or delay its consent to any remodeling, redecorating, re-equiping, or other alterations to the interior of the Premises as may be required by Franchisor from time to time so that Tenant's Papa Saverio's franchised business reflects the then-current image for Papa Saverio's businesses as required by Franchisor for the franchise system, on the condition that such work is performed in a good and workmanlike manner.

9. Landlord shall permit Franchisor to enter the Premises upon termination or expiration of the franchise agreement between Franchisor and Tenant, or upon the termination or expiration of the Lease between Landlord and Tenant, in order to (i) remove signage and other items bearing the Papa Saverio's service marks and trademarks and otherwise to de-identify the Premises, and (ii) remove any furniture, fixtures, equipment and inventory in which Franchisor has a security interest.

10. LIEN SUBORDINATION. If Landlord has a security interest or lien on Tenant's furniture, fixtures, equipment and inventory ("Collateral") pursuant to either a statute, common law or the terms of this Lease, such security interest or lien shall be subject and subordinate to Franchisor's security interest in the Collateral pursuant to the terms of the Franchise Agreement, regardless of whether Franchisor's security interest has been perfected. Upon request, Landlord shall execute a waiver of Landlord's lien in a form reasonably acceptable to Landlord.

11. CONTINGENCY. In acknowledgement that Tenant must obtain the approval of this Lease from Franchisor, the parties agree that this Lease shall be contingent upon Tenant obtaining written approval of the Lease from Franchisor within twenty-one (21) days of the execution of this Lease (if such approval have not been obtained prior to the date of the execution of this Lease). If Tenant does not obtain Franchisor's written approval of the Lease within such twenty-one (21) day period, Tenant may within three (3) business days deliver written notice to Landlord that it has been unable to obtain the required approval and that, therefore, the Lease shall be null and void. If the Lease is declared null and void hereunder, all deposits made by Tenant shall be returned to Tenant by Landlord.

12. Landlord and Tenant agree not to amend the Lease in any respect except with the prior written consent of Franchisor. Landlord and Tenant shall not enter into an extension or renewal of this Lease without the prior written consent of Franchisor and without including the terms similar to those contained in this Addendum.

13. Landlord shall make available to the Franchisor all information which it collects or produces related to sales of the Papa Saverio's business and the way in which the Papa Saverio's business is operated. The Tenant consents to Landlord providing all such information to the Franchisor.

14. Landlord and the Franchisor may rely upon any notice from either of them regarding the status of the Lease or of the Franchise Agreement; they shall have no duty to perform any independent investigation to verify the Tenant's rights under the Lease or the Franchise Agreement; and, the Tenant agrees to indemnify and hold the Franchisor (and its affiliates/designees and companies with which the Franchisor may merge or consolidate) harmless from any and all claims, expenses and attorneys' fees arising out of the Lease and the reliance upon the Franchisor's or Landlord's representations regarding the Tenant's status, the status of the Franchisor or the status of the Franchise Agreement.

15. This Addendum amends the Lease between the parties described hereinabove, and in the event of any conflict between the terms of this Addendum and the terms of this Lease, the terms of this Addendum shall control. Except as provided herein, all other terms of said Lease shall remain unchanged.

| LANDLORD: | TENANT: |
|---|---|
| By: _____ | By: _____ |
| Name: _____ | Name: _____ |
| Title: _____ | Title: _____ |
| Date: _____ | Date: _____ |

**EXHIBIT 1 TO LEASE ADDENDUM**

Franchisor's Current Sign Specifications

(*Available in Manuals and/or from Franchisor*)

## EXHIBIT G

TO THE PAPA SAVERIO'S FRANCHISE AGREEMENT
BETWEEN THE UNDERSIGNED PARTIES

## ELECTRONIC FUNDS TRANSFER AUTHORIZATION FORM

As a duly authorized signer on the financial institution account identified below of the undersigned Franchisee, I authorize Vive Bene Enterprises, Inc. to initiate weekly electronic fund transfer debts from the account for payments due or when applicable, apply electronic funds transfer credits to the same. Said debts may be for Royalty Fees, Advertising Fund contributions (if applicable), interest, late fees, and any other amounts Franchisee owes to the Company or its affiliates pursuant to the Franchise Agreement between Franchisee and Company, and in amounts required by the Franchise Agreement. The dollar amount to be debited for each transfer will vary.

Currently, Vive Bene Enterprises, Inc. is initiating weekly debits on Thursday of every week for payment of the Royalty Fee and any other amounts then due, unless that day falls on a holiday, in which case the debit will be initiated the following business day. The dates and intervals for initiating debts for amounts due under the Franchise Agreement may be changed upon delivery of notice to Franchisee.

If any such electronic debit(s) should be returned by my financial institution as unpaid (Non-Sufficient or Uncollected Funds), I understand that Vive Bene Enterprises, Inc. shall be entitled to collect interest and late fees as provided in the Franchise Agreement, and to debit same from this account once there are sufficient funds to cover it.

This authorization is to remain in full force and effect until Vive Bene Enterprises, Inc. has received written notification of its termination in such time and in such manner as to afford Vive Bene Enterprises, Inc. a reasonable opportunity to act on it, and to obtain a replacement Electronic Funds Transfer Authorization from Franchisee for a replacement account. Any such notice should be sent to the following address:

Vive Bene Enterprises, Inc.
Attn: Donald Fortin
1010 Harvest Ct.
Woodstock, IL 60098

Franchisee is responsible for, and shall pay on demand, all costs or fees charged by the financial institution holding the account relating to the handling of debits pursuant to this authorization. I understand and authorize all of the above.

FRANCHISEE: _____

AUTHORIZING SIGNATURE: _____ DATE: _____

PRINT NAME AND TITLE: _____

STORE ADDRESS: _____

**Financial Institution Account Identifying Information:**

Enter financial institution account information in the fields below or attach a voided check.

| | |
|---|---|
| **Financial Institution:** | **Branch:** |
| **City:** | **State & Zip Code:** |
| **Transit / ABA # (Routing #):** | **Account #:** |

## RECEIPT OF FRANCHISE-RELATED DOCUMENTS

## PAPA SAVERIO'S FRANCHISE SYSTEM

The undersigned does hereby acknowledge receipt of the following documents, in form for execution, relating to a Papa Saverio's franchise of Vive Bene Enterprises, Inc.

THE PROPOSED FRANCHISEE MUST INITIAL ON THE LINE NEXT TO THE FOLLOWING APPLICABLE DOCUMENT(S):

| | | | |
|---|---|---|---|
| **X** _____ | **X** _____ | [_X_] | Franchise Agreement with State Specific Addenda (if applicable) |
| **X** _____ | **X** _____ | [__] | Other, Specify _____. |

I further acknowledge that it is my responsibility to review all such documents personally or to have my attorney review such documents so that I am fully familiar with the transaction contemplated by these documents prior to the execution of any document.

A FEDERAL TRADE COMMISSION RULE REQUIRES THAT WE PROVIDE FRANCHISEE WITH THE FRANCHISE-RELATED DOCUMENTS NOTED ABOVE AT LEAST SEVEN CALENDAR DAYS PRIOR TO THE DATE THEY ARE TO BE EXECUTED. PLEASE DO NOT SIGN OR RETURN THESE DOCUMENTS UNTIL SEVEN CALENDAR DAYS HAVE ELAPSED FROM THE DATE OF THIS RECEIPT.

| | |
|---|---|
| Signed: **X** _____ | Signed: **X** _____ |
| Print Name:_____ | Print Name:_____ |
| Date Received: **X** _____ | Date Received: **X** _____ |

PAPA SAVERIO'S

# FRANCHISE OPERATIONS MANUAL

# TABLE OF CONTENTS

# Table of Contents

## SECTION A: INTRODUCTION


WELCOME LETTER ..... 1
HISTORY OF PAPA SAVERIO'S ..... 3
SERVICES PROVIDED TO FRANCHISEES ..... 4
Site Selection ◄ ..... 4
Construction Assistance ◄ ..... 4
Initial Training ◄ ..... 4
Initial On-Site Assistance ◄ ..... 5
Ongoing Training and Support ◄ ..... 5
Approved Suppliers ◄ ..... 6
Advertising Materials and Sales Aids ◄ ..... 6
Ongoing Research and Development ◄ ..... 6
RESPONSIBILITIES OF FRANCHISEES ..... 7
Responsibilities to Customers ◄ ..... 7
Responsibilities to Your Employees ◄ ..... 8
Responsibilities to the Franchisor ◄ ..... 8
Responsibilities to Other Franchisees ◄ ..... 9
VISITS FROM THE CORPORATE OFFICE ..... 10
PAYING OTHER FEES ..... 11
Ongoing Training ◄ ..... 11
Additional Assistance ◄ ..... 11
Transfer ◄ ..... 11
Non-Approval Restaurant Opening ◄ ..... 11
Lease Renewal Fee ◄ ..... 12
Late Payments ◄ ..... 12
Interest on Late Payments ◄ ..... 12
Modification ◄ ..... 12
Refurbishment ◄ ..... 12
Computer System Maintenance and Upgrades ◄ ... 13
Audit ◄ ..... 13
Supplier Evaluation ◄ ..... 13
Indemnification ◄ ..... 13
Management Fees ◄ ..... 14
Attorneys' Fees ◄ ..... 14


## SECTION B: PRE-OPENING PROCEDURES


PRE-OPENING CHECKLIST ..... 1
Pre-Opening Checklist ◄ ..... 2
ESTABLISHMENT OF BUSINESS FORM ..... 12
Business Structures ◄ ..... 12
Liability for Debts of Business Activity ◄ ..... 13
Federal Income Taxation of Business Profits ◄ ..... 13
Potential for Double Taxation Upon Withdrawal of Business Profits (for federal tax purposes) ◄ ..... 14
Deduction of Business Losses by Owners ◄ ..... 14
Social Security and Medicare Tax Imposed on Business Profits ◄ ..... 15
Retirement Plans ◄ ..... 15
SITE SELECTION PROCESS ..... 16
Site Selection Criteria ◄ ..... 16
Market Analysis ◄ ..... 17
Gaining Site Selection Approval ◄ ..... 18
Lease Considerations ◄ ..... 19
Working with an Architect ◄ ..... 20
Selecting a Contractor ◄ ..... 21
Building Out the Pizzeria Facility ◄ ..... 22
REQUIRED LIST OF EQUIPMENT ..... 24
INITIAL INVENTORY ..... 25
ORGANIZING THE OFFICE ..... 26
SIGNAGE AND LOGO SPECIFICATIONS ..... 28
Business Cards and Letterhead ◄ ..... 28
Signage Requirements ◄ ..... 30
CONTRACTING WITH REQUIRED UTILITIES AND SERVICES ..... 31
OBTAINING REQUIRED LICENSES AND PERMITS ..... 33
SETTING UP BANK ACCOUNTS ..... 35
Accounts to Open ◄ ..... 35
PROCURING REQUIRED INSURANCE POLICIES ..... 36
MEETING YOUR TAX OBLIGATIONS ..... 37
Employer Identification Number ◄ ..... 37
Federal Taxes ◄ ..... 37
State Taxes ◄ ..... 38
CONDUCTING A GRAND OPENING ..... 39
Planning ◄ ..... 42


## SECTION C: HUMAN RESOURCES


EEOC GUIDELINES ..... 1
Employers Covered by EEOC-Enforced Laws ◄ ..... 1
How Employees Are Counted ◄ ..... 1
Record Keeping Requirements ◄ ..... 2

Reporting Requirements ◄ 2
Charge Processing Procedures ◄ 2
Mediation ◄ 3
Remedies ◄ 4
Regulatory Enforcement Fairness Act ◄ 4
Technical Assistance ◄ 4
Informal Guidance ◄ 4
Publications ◄ 5
LAWS REGARDING HARASSMENT 6
Sexual Harassment ◄ 6
Racial and Ethnic Harassment ◄ 6
Pregnancy Discrimination ◄ 7
Religious Accommodation ◄ 7
IMMIGRATION REFORM/CONTROL ACT 8
WAGE AND LABOR LAWS 10
What the FLSA Requires ◄ 10
What the FLSA Does Not Require ◄ 12
FLSA Minimum Wage Poster ◄ 12
PROFILE OF THE IDEAL PAPA SAVERIO'S EMPLOYEE 14
RECRUITING EMPLOYEES 18
Determining Hiring Needs ◄ 18
Getting the Word Out ◄ 18
Sources of Applicants ◄ 19
Employment Applications ◄ 21
THE INTERVIEW PROCESS 24
Completing the Interview Report ◄ 30
Reference Checks ◄ 31
Background Checks ◄ 32
Delivery Personnel Checks ◄ 33
Job Offer ◄ 35
JOB DESCRIPTIONS 38
Owner and/or General Manager ◄ 39
Assistant/Kitchen Manager ◄ 41
Pizza Prep Cook ◄ 43
Kitchen Line Cook ◄ 44
Counter ◄ 46
Drivers ◄ 46
HIRING ON A TRIAL BASIS 48
TRAINING EMPLOYEES 49
Training Tips ◄ 49
Orientating New Employees ◄ 50
Initial Training of New Employees ◄ 54
Ongoing Training Process ◄ 58
PERSONNEL POLICIES 59
TIME TRACKING 68
UNIFORM AND DRESS CODE 69
CONDUCTING EMPLOYEE EVALUATIONS 71
Preparation ◄ 72
Procedure ◄ 74
Review Meeting ◄ 74
PROGRESSIVE DISCIPLINE 77
TERMINATION/SEPARATION PROCEDURES 80
Termination ◄ 80
Resignation ◄ 82

## SECTION D: DAILY OPERATING PROCEDURES

SUGGESTED HOURS OF OPERATION 1
DAILY ROUTINES — FRONT OF HOUSE 2
Opening Procedures – Management ◄ 2
Opening Procedures – Counter ◄ 4
Ongoing Procedures / Shift Change – Management ◄ 5
Shift Change Procedures – Counter ◄ 5
Closing Procedures – Management ◄ 6
Closing Procedures – Counter ◄ 7
DAILY ROUTINES — BACK OF HOUSE 9
Opening Procedures ◄ 9
Post-Rush Procedures ◄ 10
Pre-Close Procedures ◄ 11
Closing Procedures ◄ 11
CUSTOMER SERVICE PROCEDURES 13
Papa Saverio's Customer Service Philosophy ◄ 13
Providing Excellent Customer Service ◄ 13
Use of Comment Cards ◄ 15
Handling Customer Complaints ◄ 16
Handling Refund Requests ◄ 18
CUSTOMER TRANSACTION PROCEDURES 19
Greeting Customers ◄ 19
Taking Customer Orders ◄ 19
Communication of Orders ◄ 21
Using the POS System to Enter Orders ◄ 21
Suggestive Selling ◄ 22
Transacting Sales ◄ 22
Preparing Carry-Out Orders ◄ 23
FOOD PREPARATION PROCEDURES 24
Delivery Orders ◄ 24
Food Product Specifications ◄ 24
Papa Saverio's Recipes ◄ 24

Preparing Menu Items to Order ◄ ..... 25
CATERING PROCEDURES ..... 26
Taking Catering Orders ◄ ..... 27
Payment / Deposit for Catering Orders ◄ ..... 28
Preparation of Catering Orders ◄ ..... 29
Delivery and Set Up of Catering Orders ◄ ..... 29
Customer Satisfaction Follow-up ◄ ..... 30
COOKING PROCEDURES ..... 31
Meeting Time-Temperature Requirements ◄ ..... 31
Food Thermometers ◄ ..... 31
Preparing Procedures ◄ ..... 32
Thawing Procedures ◄ ..... 32
Cooking Procedures ◄ ..... 33
Cooling Procedures ◄ ..... 33
Holding Procedures ◄ ..... 34
Reheating Procedures ◄ ..... 34
Serving Procedures ◄ ..... 35
FOOD SAFETY AND SANITATION ..... 36
Preventing Contamination ◄ ..... 36
Personal Hygiene ◄ ..... 38
Types of Contamination ◄ ..... 40
Cross-Contamination ◄ ..... 40
Biological Hazards ◄ ..... 41
Staphylococcus ◄ ..... 42
Salmonellosis ◄ ..... 42
Clostridium Perfringens (E. Coli) ◄ ..... 43
Botulism ◄ ..... 44
Hepatitis Virus A ◄ ..... 44
Cooking Food ◄ ..... 45
Reheating Food ◄ ..... 45
Cooling Food ◄ ..... 46
FOODBORNE ILLNESS ..... 48
Contributing Factors to a Foodborne Illness ◄ ..... 50
Top 5 Food Safety & Sanitation Issues ◄ ..... 51
Recommended Manager Script ◄ ..... 52
PREP PROCEDURES ..... 54
Prepping Menu Items Correctly ◄ ..... 54
Prep Work ◄ ..... 54
DELIVERY PROCEDURES ..... 56
Delivery Standards ◄ ..... 56
Mapping Out Deliveries ◄ ..... 58
Delivery Safety and Security Procedures ◄ ..... 60
Greeting the Delivery Customer ◄ ..... 68
Transacting the Sale on Delivery ◄ ..... 68
Delivery Money Handling Procedures ◄ ..... 71
THE POS SYSTEM ..... 72
MONEY HANDLING PROCEDURES ..... 73
Accepting Payment ◄ ..... 73
Cash Handling Procedures ◄ ..... 75
Reconciling Sales and Payments ◄ ..... 76
Making Your Bank Deposit ◄ ..... 77
REQUIRED CLEANING AND MAINTENANCE ..... 78
Daily Cleaning and Maintenance ◄ ..... 78
Weekly Cleaning and Maintenance ◄ ..... 80
Monthly Cleaning and Maintenance ◄ ..... 81
Counters, Tables, Product Preparation Surfaces ◄ 81
Floors ◄ ..... 81
Walls and Ceilings ◄ ..... 82
Wash Bowls ◄ ..... 82
Windows ◄ ..... 82
Lighting and Air Vents ◄ ..... 83
Waste Receptacles ◄ ..... 83
Restrooms ◄ ..... 83
Sidewalks ◄ ..... 84
Dumpster Area ◄ ..... 84
Care of Cleaning Equipment ◄ ..... 84
Fire Extinguishers ◄ ..... 85
Cleaning Stationary Equipment ◄ ..... 85
Daily Side Work ◄ ..... 85
SAFETY AND SECURITY ..... 86
Responsibility ◄ ..... 86
Orientation ◄ ..... 87
Preventing Strains ◄ ..... 88
Preventing Burns ◄ ..... 89
General Oven Safety ◄ ..... 89
Preventing Electrical Shock ◄ ..... 90
Safe Chemical Handling ◄ ..... 90
Preventing Cuts ◄ ..... 91
Safe Equipment Operation ◄ ..... 92
Accident Reporting and Investigation ◄ ..... 92
Workers' Compensation Issues ◄ ..... 95
Fire Safety ◄ ..... 95
Robbery ◄ ..... 97
Burglary ◄ ..... 98
Power Failure ◄ ..... 98
Disorderly Customers ◄ ..... 99

## SECTION E: MANAGING A PAPA SAVERIO'S BUSINESS


ORGANIZING YOUR MANAGEMENT ACTIVITIES ..... 1
- Manager's Communication Log ◄ ..... 1
- Use of Checklists ◄ ..... 2

MANAGING PERSONNEL ..... 3
- Scheduling Employees ◄ ..... 3
- Communicating With Employees ◄ ..... 7
- Organizing the Staff ◄ ..... 8
- Motivating Employees ◄ ..... 8

MANAGING THE CUSTOMER EXPERIENCE ..... 11
- Ensuring the Customer Experience ◄ ..... 11
- Ensuring Quality Control ◄ ..... 12
- Building Customer Loyalty ◄ ..... 12
- Facilitating Customer Service Procedures ◄ ..... 13
- Overseeing Facility and Equipment Maintenance Program ◄ ..... 14

INVENTORY MANAGEMENT ..... 16
- Product Ordering Procedures ◄ ..... 16
- Establishing Par Levels ◄ ..... 20
- Ordering from Approved Suppliers ◄ ..... 20
- Product Receiving Procedures ◄ ..... 25
- Inventory Rotation/Storage ◄ ..... 27
- Tracking Inventory ◄ ..... 29

GENERATING NECESSARY REPORTS/ USING THE POS SYSTEM ..... 30

FRANCHISE REPORTING REQUIREMENTS ..... 31
- Royalty Payment ◄ ..... 31
- Advertising Contributions ◄ ..... 31
- Required Weekly Reports ◄ ..... 32
- Electronic Funds Transfer ◄ ..... 33
- Financial Statements ◄ ..... 33
- Financial Primer ◄ ..... 33


## SECTION F: ADVERTISING


PROMOTING PAPA SAVERIO'S IN YOUR AREA ..... 1
- Use of Media ◄ ..... 1
- Direct Mail ◄ ..... 2
- Print ◄ ..... 5
- Yellow Pages / White Pages ◄ ..... 8
- Internet ◄ ..... 8
- Email Marketing ◄ ..... 8
- Guidelines for Using Papa Saverio's Marks ◄ ..... 9
- Using Referrals to Build Business ◄ ..... 9
- Sampling ◄ ..... 10
- Owner's Website ◄ ..... 10

REQUIRED ADVERTISING EXPENDITURES ..... 11
- Systemwide Advertising Fund ◄ ..... 11
- Local Advertising Requirement ◄ ..... 11
- Cooperative Advertising ◄ ..... 12
- Grand Opening / Anniversary Advertising ◄ ..... 13

PUBLIC RELATIONS/COMMUNITY INVOLVEMENT ..... 14
- Community Involvement ◄ ..... 15

OBTAINING ADVERTISING APPROVAL ..... 17


## APPENDICES


A GUIDE TO CATERING

HARASSMENT PROCEDURES

SITE SELECTION

EXHIBIT G TO THE FRANCHISE DISCLOSURE DOCUMENT

## STATE ADDENDUM

Some administrators of franchise registration states may require us to enter into an addendum to the Papa Saverio's Franchise Disclosure Document and/or franchise agreement describing certain state laws or regulations which may supersede the Franchise Disclosure Document or franchise agreement. If you are in a registration state which requires an addendum, it will follow this page.

## VIVE BENE ENTERPRISES, LLC
## ADDENDUM TO FRANCHISE DISCLOSURE DOCUMENT
## FOR THE STATE OF ILLINOIS

The Vive Bene Enterprises, Inc. Franchise Disclosure Document for use in the State of Illinois is modified in accordance with the following:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Payment of the Initial Franchise Fee is deferred until Franchisor has met its initial obligations to Franchisee and the Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

**VIVE BENE ENTERPRISES, INC.**
**ADDENDUM TO FRANCHISE AGREEMENT**
**FOR USE IN STATE OF ILLINOIS**

THIS ADDENDUM to the Franchise Agreement is agreed to between VIVE BENE ENTERPRISES, INC. and _____ (Franchisee) to amend said Franchise Agreement to include the following language:

Illinois law shall apply to and govern the Franchise Agreement.

In conformance with Section 4 of the Illinois Franchise Disclosure Act, any provision in a franchise agreement that designates jurisdiction and venue in a forum outside of the State of Illinois is void. However, a franchise agreement may provide for arbitration to take place outside of Illinois.

Franchisee's rights upon Termination and Non-renewal are set forth in Sections 19 and 20 of the Illinois Franchise Disclosure Act.

In conformance with Section 41 of the Illinois Franchise Disclosure Act, any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Payment of the Initial Franchise Fee is deferred until Franchisor has met its initial obligations to Franchisee and the Franchisee has commenced doing business. The Illinois Attorney General's Office imposed this deferral requirement due to Franchisor's financial condition.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective as of the dates below.

| | | |
|---|---|---|
| **FRANCHISEE:**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | **FRANCHISEE (spouse):**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | *or if Franchisee is an entity*:<br>Entity Name:<br>_____<br><br>By:_____<br>Title:_____<br><br>Date: _____ |
| **FRANCHISOR:**<br>**VIVE BENE ENTERPRISES, INC.**<br>An Illinois corporation<br><br>By:_____<br>Title:_____<br><br>Date: _____ | | |

**VIVE BENE ENTERPRISES, INC.**
**ADDENDUM TO FRANCHISE AGREEMENT**
**FOR USE IN STATE OF WISCONSIN**

THIS ADDENDUM to the Franchise Agreement is agreed to between VIVE BENE ENTERPRISES, INC. and _____ (Franchisee) to amend said Franchise Agreement to include the following language:

The Wisconsin Fair Dealership Law, Chapter 135 of the Wisconsin Statutes supersedes any provisions of the Franchise Contract or Agreement if such provisions are in conflict with that law.

IN WITNESS WHEREOF, each of the undersigned hereby acknowledges having read this Addendum, understands and consents to be bound by all of its terms, and agrees it shall become effective on the dates below.

| | | |
|---|---|---|
| **FRANCHISEE:**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | **FRANCHISEE (spouse):**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | *or if Franchisee is an entity*:<br>Entity Name:<br>_____<br><br>By:_____<br>Title:_____<br><br>Date: _____ |
| **FRANCHISOR:**<br>**VIVE BENE ENTERPRISES, INC.**<br>An Illinois corporation<br><br>By:_____<br>Title:_____<br><br>Date: _____ | | |

EXHIBIT H TO FRANCHISE DISCLOSURE DOCUMENT

**RENEWAL ADDENDUM**
**TO THE FRANCHISE AGREEMENT**

This Addendum is to a Franchise Agreement by and between Vive Bene Enterprises, Inc., an Illinois corporation (hereinafter Company), and _____ (hereafter Franchisee) to amend said Franchise Agreement as follows:

WHEREAS, Franchisee has owned and operated a Papa Saverio's Restaurant located at _____ pursuant to a Franchise Agreement dated _____, _____ ("Initial Franchise Agreement");

WHEREAS, the Initial Franchise Agreement was for a term of _____ years from the date of the Franchise Agreement and expires on _____;

WHEREAS, the Initial Franchise Agreement provided for a successor or renewal term, available in the Company's discretion, for an additional ten (10) year term after the initial term provided that certain terms and conditions were met by Franchisee; and

WHEREAS, Franchisee desires to continue to own and operate a Papa Saverio's Restaurant and to extend the franchise relationship;

WHEREAS, by the terms of the Initial Franchise Agreement, in order to receive a successor or renewal franchise term, Company may require, in its sole discretion, Franchisee to amend and extend the Initial Franchise Agreement, or that Franchisee must execute the standard form of Franchise Agreement currently offered by Company, which agreement is being executed contemporaneously with this Renewal Addendum ("Franchise Agreement") and Franchisee must meet certain conditions as set forth in the Initial Franchise Agreement.

NOW THEREFORE, in consideration of the mutual covenants contained herein, the parties hereto agree as follows:

1. The above recitals are incorporated herein and made a part of this Renewal Addendum to the Franchise Agreement.

2. No initial franchise fee is required to be paid upon renewal of the franchise, provided the renewal franchise fee is due as provided in the Initial Franchise Agreement.

3. Company is not required to provide any initial training or on-site assistance related to initial opening of the Franchised Business as this has been previously fulfilled during the initial term.

4. Paragraphs 6.A.,B.,C., and E. of the Franchise Agreement on Initial Site Selection, Development, Initial Construction, and Opening of the Business are inapplicable.

5. Commencing upon the date of this Renewal Addendum, the term of the Franchise Agreement is ten (10) years unless terminated prior thereto pursuant to the provisions hereof.

6. ***[Include this as applicable if not completed before signing]*** On or before _____, 20____, Franchisee must complete the following regarding the premises of the Restaurant:

**<<< INSERT LIST >>>**

All of the above repairs, redecoration and remodeling shall be done following Company's standards and specifications and are subject to the timing requirements, inspection, and approval of the Company. Failure to complete the foregoing repairs, redecoration and remodeling shall be a material default under the Franchise Agreement.

7. In all other respects, the Franchise Agreement shall be construed and enforced as it is written.

8. In consideration of the mutual and several agreements recited above and the renewal of Franchisee's Initial Franchise Agreement, Franchisee does forever release and discharge Company, its officers, directors, shareholders, agents and employees, in that capacity and individually, its guarantors, successors, and assigns on behalf of its successors and assigns from all manner of actions, cause, causes of action, suits, debts, sums of money, accounts, promises, variances, trespasses, damages, judgments, execution, claims and demands, whatsoever, in law or in equity, arising out of any relationship between Franchisee and Company whether contractual or otherwise which it now has, or has had, or which its successors and assigns hereafter can, shall or may have, for upon or by reason of any matter, cause or thing whatsoever at any time prior to the date of this Agreement.

In witness whereof, the parties hereto, intending to be legally bound, hereby have duly executed, sealed and delivered this Renewal Addendum on the dates set forth below each signature.

| | | |
|---|---|---|
| **FRANCHISEE:**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | **FRANCHISEE (spouse):**<br>Name: _____<br><br>**X**_____<br><br>Date: _____ | *or if Franchisee is an entity*:<br>Entity Name:<br>_____<br><br>By:_____<br>Title:_____<br><br>Date: _____ |
| **FRANCHISOR:**<br>**VIVE BENE ENTERPRISES, INC.**<br>An Illinois corporation<br><br>By:_____<br>Title:_____<br><br>Date: _____ | | |

## State Effective Dates

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

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

| State | Effective Date |
|---|---|
| Illinois | |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

EXHIBIT J TO FRANCHISE DISCLOSURE DOCUMENT

## RECEIPT
## (KEEP THIS COPY FOR YOUR RECORDS)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Vive Bene 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 and Rhode Island require that we give you this 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.

Michigan, Oregon and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Vive Bene 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency identified on Exhibit A.

The franchisor is Vive Bene Enterprises, Inc. located at 1010 Harvest Ct., Woodstock, Illinois 60098. Its telephone number is (847) 774-6075.

The name, principal business address and telephone number of each franchise seller offering the franchise are: Donald Fortin, Vive Bene Enterprises, Inc., 1010 Harvest Ct., Woodstock, Illinois 60098, (847) 774-6075; Darren Schmitt, Vive Bene Enterprises, Inc., 1010 Harvest Ct., Woodstock, Illinois 60098, (847) 774-6075
*[Any broker or other franchise seller involved in a particular franchise transaction must be disclosed here before the disclosure document is given to the prospective franchisee.]*

Issuance Date: May 19, 2026

Vive Bene Enterprises, Inc. authorizes the respective state agencies identified in Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated May 19, 2026, that included the following Exhibits:

| | |
|---|---|
| Exhibit A State Administrators | Exhibit E Franchise Agreement with Exhibits |
| Exhibit B Agents for Service of Process | Exhibit F Operations Manual Table of Contents |
| Exhibit C Franchisee Information | Exhibit G Franchisee Acknowledgement Questionnaire |
| Exhibit D Financial Statements | Exhibit H State Addendum |
| | Exhibit I Renewal Addendum |

| _____ | _____ | _____ |
|---|---|---|
| Date FDD Received | Signature | Printed Name |

| _____ | _____ | _____ |
|---|---|---|
| Date FDD Received | Signature | Printed Name |

## RECEIPT
## (RETURN THIS COPY TO US)

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Vive Bene 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 and Rhode Island require that we give you this 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.

Michigan, Oregon and Wisconsin require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If Vive Bene 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 law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the state agency identified on Exhibit A.

The franchisor is Vive Bene Enterprises, Inc. located at 1010 Harvest Ct., Woodstock, Illinois 60098. Its telephone number is (847) 774-6075.

The name, principal business address and telephone number of each franchise seller offering the franchise are: Donald Fortin, Vive Bene Enterprises, Inc., 1010 Harvest Ct., Woodstock, Illinois 60098, (847) 774-6075; Darren Schmitt, Vive Bene Enterprises, Inc., 1010 Harvest Ct., Woodstock, Illinois 60098, (847) 774-6075.
*[Any broker or other franchise seller involved in a particular franchise transaction must be disclosed here before the disclosure document is given to the prospective franchisee.]*

Issuance Date: May 19, 2026

Vive Bene Enterprises, Inc. authorizes the respective state agencies identified in Exhibit B to receive service of process for it in the particular state.

I have received a disclosure document dated May 19, 2026 that included the following Exhibits:

Exhibit A State Administrators
Exhibit B Agents for Service of Process
Exhibit C Franchisee Information
Exhibit D Financial Statements
Exhibit E Franchise Agreement with Exhibits
Exhibit F Operations Manual Table of Contents
Exhibit G Franchisee Acknowledgement Questionnaire
Exhibit H State Addendum
Exhibit I Renewal Addendum

| _____ | _____ | _____ |
|---|---|---|
| Date FDD Received | Signature | Printed Name |

| _____ | _____ | _____ |
|---|---|---|
| Date FDD Received | Signature | Printed Name |