



FRANCHISE DISCLOSURE DOCUMENT

POP'S FRANCHISE SYSTEMS, LLC
an Illinois Limited Liability Company
42 Long Grove Drive
Lemont, Illinois 60439
(708) 361-0087
www.popsbeef.com

The franchisee will operate a family oriented restaurant under the name Pop's Italian Beef & Sausage featuring Italian beef and sausage sandwiches, gyros, hamburgers, hot dogs, chicken items and other specialty menu items.

The total investment necessary to begin operation of a franchised Pop's Italian Beef & Sausage restaurant ranges from \$577,200 to \$1,228,000. This includes \$25,000 that must be paid to the franchisor or an 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 governmental agency has verified the information contained in this document.**

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 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 ("FTC"). You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue NW, Washington, D.C. 20580. You can also visit the FTC's home page at www.ftc.gov for additional information. Call your state agency or visit your public library for other sources of information on franchising.

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

Issuance date: May 31, 2023

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit F 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 Pop's Italian Beef & Sausage 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 Pop's Italian Beef & Sausage franchisee?	Item 20 lists current and former franchisees. You can contact them to ask about their experiences.
What else should I know?	These questions are only a few things you should look for. Review all 23 Items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.

What You Need To Know About Franchising *Generally*

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

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

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

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

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

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

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

Some States Require Registration

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

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.

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Item 1

THE FRANCHISOR AND ANY PARENTS, PREDECESSORS AND AFFILIATES

The Franchisor

The franchisor is Pop's Franchise Systems, LLC. For ease of reference Pop's Franchise Systems, LLC will be referred to as "Pop's," "we" or "us" in this Disclosure Document.

We are an Illinois limited liability company organized on August 6, 2009. Except as discussed below, we do not have any predecessors. Our principal business address is 42 Long Grove Drive, Lemont, Illinois 60439.

We began franchising Pop's Italian Beef & Sausage Restaurants ("Restaurants" or "Restaurant") in 2010. We have not owned and operated any Restaurants. However, an affiliate of ours, Pop's Italian Beef and Sausage Company ("PIBSC"), currently owns and operates a Restaurant (see below). PIBSC is an Illinois company organized on December 3, 2007. PIBSC shares our same principal business address.

We disclose our agents for service of process in Exhibit A, as applicable.

Parents, Predecessors, and Affiliates

Except as described above, we have no parents or predecessors to be disclosed in this Item. We also have no affiliates who offer franchises in any line of business or who provide products or services to our franchisees.

There are presently 17 Restaurants in operation. One is owned and operated by PIBSC. 8 of these Restaurants were previously operated by independent operators under the Pop's name under licensing arrangements with PIBSC. All of these Restaurants converted to franchises with us in 2010. PIBSC or its predecessors had been licensing Restaurants since 1997.

Neither we nor our affiliates have offered franchises in any other line of business or engaged in any business activities other than those described in this Disclosure Document.

The Business

The Restaurants are family operated restaurants featuring Italian beef and sausage sandwiches, gyros, hamburgers, hot dogs, chicken items and other specialty menu items. The current Restaurants vary in size and seating. It is anticipated that franchisee Restaurants will be approximately 3,000 to 3,500 square feet. The Restaurants are open 7 days a week.

The Franchise Offered

We are in the business of franchising Restaurants. These Restaurants will operate under the name "Pop's Italian Beef & Sausage" and other names and marks we authorize (the "Marks") and a system which we and our affiliate have developed (the "System"). The Restaurants will offer dine-in, carry-out and catering services. We will refer to the person buying the franchise as

"you" throughout this Disclosure Document. If you are a corporation, partnership or limited liability company or if the franchise agreement is assigned to a corporation, partnership or limited liability company, your principal owners will have to guarantee and be bound by the terms of the franchise agreement (*See* Principal Owner's Guaranty attached to Exhibit B).

If you want to pursue a franchise and you have located a site, you will sign our standard franchise agreement (the "Franchise Agreement") when you purchase a franchise. The Franchise Agreement is attached as Exhibit B. If you want to pursue a franchise and you have not located a site for your Restaurant, we may enter into a site selection agreement (the "Site Selection Agreement") with you before you sign a Franchise Agreement with us. Once a site is located, you will sign the Franchise Agreement. The Site Selection Agreement is attached as Exhibit C. If you would like to develop more than one Restaurant within a particular designated area, and we agree to grant you development rights in that particular designated area, you must sign a development agreement with us (the "Development Agreement"). The Development Agreement is attached as Exhibit D.

Competition

The market for restaurant services is well-established. You will need to compete with a variety of restaurant concepts. The restaurant business is highly competitive concerning price, service, restaurant location, and food quality, and is often affected by changes in consumer tastes, economic conditions, population and traffic patterns. We compete within each market with locally-owned restaurants, as well as with national and regional restaurant chains. There is also active competition for management personnel as well as for attractive commercial real estate sites suitable for restaurants.

Industry Specific Regulations

In addition to the laws, regulations and ordinances applicable to businesses generally, such as the Americans with Disabilities Act, Federal Wage and Hour Laws, and the Occupation, Health and Safety Act, you should consider that certain aspects of the restaurant are heavily regulated by federal, state and local laws, rules and ordinances. The U.S. Food and Drug Administration, the U.S. Department of Agriculture, as well as state and local department of health and other agencies have laws and regulations concerning the preparation of food, sanitary conditions of restaurant facilities and menu labeling. State and local agencies routinely conduct inspections for compliance with certain of these requirements. Under the Clean Air Act and state implementing laws, certain state and local areas are required to attain, by the applicable statutory guidelines, the national air quality standards for ozone, carbon monoxide and particulate matters. Certain provisions of these laws impose caps on emissions resulting from commercial food preparation. You will need to understand and comply with those laws in operating the restaurant.

Item 2

BUSINESS EXPERIENCE

Frank Radochonski: Manager

Mr. Radochonski has been our Manager since our formation on August 6, 2009. Mr. Radochonski is also currently the President of our affiliate company PIBSC and has been the President of PIBSC since its formation on December 3, 2007. For the five years preceding our formation, Mr. Radochonski also served as the President of PIBSC's predecessor company. For each of these positions, Mr. Radochonski maintained offices in Palos Heights, Illinois until 2020 at which time his office changed to Lemont, Illinois.

Kacie Dancy: Director of Operations

Ms. Dancy has been our Director of Operations since March 2010.

William Bunting: Consultant - Planning and Development

Mr. Bunting has been our Consultant - Planning and Business Development since April 2016. Mr. Bunting has been President, TOTAL Franchise OPS, Cinnaminson, New Jersey since March 2015. He has been a Broker with Murphy Business & Financial Corporation, Clearwater, Florida, since October 2014. He has been President of HIT 5 Consulting, Cinnaminson, New Jersey since August 2013.

Item 3

LITIGATION

In or about February 2010, we agreed to enter into a Final Judgment and Consent Decree with the Illinois Attorney General's Office (the "Consent Decree"). The Consent Decree was entered by a court on or about March 18, 2010. The Consent Decree is intended to resolve a complaint by the Attorney General's Office alleging that we or our predecessors sold one or more franchises in Illinois without being registered or without providing a disclosure document to the franchisees as required by the Illinois Franchise Disclosure Act (the "IFDA"). Under the Consent Decree, we will be permanently enjoined from offering or selling franchises in Illinois without being lawfully registered with the Illinois Attorney General's Office and without providing prospective franchisees with a franchise disclosure document that meets the requirements of the IFDA. Our agreement to the entry of the Consent Decree did not constitute an admission of liability for any of the violations alleged by the Illinois Attorney General's Office. We paid the State of Illinois \$12,000 in penalties and costs associated with the Consent Decree.

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

Item 4

BANKRUPTCY

No bankruptcy proceedings are required to be disclosed in this Item.

Item 5

INITIAL FEES

Site Selection Agreement

If you sign a Site Selection Agreement with us because you have not located a site for your Restaurant, you must pay us a \$2,500 deposit at the time that you sign the Site Selection Agreement (the “Deposit”). This Deposit is not refundable under any circumstances. We will apply the Deposit toward the initial franchise fee (see below) if we and you move forward with a franchise.

You may terminate the Site Selection Agreement at any time before you sign the Franchise Agreement. We may terminate the Site Selection Agreement if you do not select and we do not approve an acceptable site within 90 days after the agreement date.

Franchise Agreement

You must pay us an initial franchise fee in a lump sum when you open your Restaurant for business. Our standard initial franchise fee is currently \$25,000. The Deposit will be applied toward the initial franchise fee. The initial franchise fee is fully earned when paid and is not refundable under any circumstances. We may waive the franchise fee for persons who have had a prior relationship with us.

Development Agreement

If you sign a Development Agreement with us, you will pay us a development rights fee in an amount equal to fifty percent (50%) of the initial franchise fee due for each Restaurant for which you are granted the right to develop and open. You will pay us the development rights fee when you sign the Development Agreement with us. The development rights fee is fully earned upon execution of the Development Agreement and is not refundable under any circumstances.

Item 6

OTHER FEES

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	3% of gross sales of your Restaurant if you are a new franchisee; currently 2% of gross sales of the Restaurant for former independent operators who were operating under a license arrangement with PIBSC	Payable by the 15th day of the month on gross sales for the preceding month	<p>Gross sales shall mean the total sales of all products and services of the Restaurant, whether on premises or off premises (such as catering and delivery) or whether for cash or credit, exclusive of sales taxes or other taxes collected from customer of the Restaurant.</p> <p>We may introduce gaming devices on a test basis in a dedicated part of the premises in one or more Restaurants. If we do, we reserve the right to increase the royalty fee by up to 2% of the gross sales of the Restaurant (exclusive of revenue generated from the gaming devices).</p>
Marketing Fund Contribution	2% of gross sales	Same time as royalty fees	We can increase or decrease the amount of the contribution. However, at no time will your contribution exceed 3% of gross sales or defer collection of these payments
Local Advertising	0% to 1.5% of gross sales	Must be spent monthly	All materials must be submitted to us for our prior written approval
Local and Regional Advertising Cooperatives	0% to 1.5% of gross sales	As required by the cooperative	Any contributions will count toward local advertising obligations (see above)
Late Payments	Highest applicable legal rate for	From the date payments are due	Charged on any late payments of royalty fees, marketing fund contributions, amounts due for

Column 1 Type of Fee	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
	open account business or if there is no maximum, 1.5% per month		product purchases or any other amounts due us or our affiliates
Audit Expenses	Cost of audit and inspection plus any reasonable accounting and legal expenses	Upon receipt of invoice	Payable if 2% or more discrepancy in amounts owed or if you fail to submit required reports
Transfer fee	50% to 75% of then current initial franchise fee	At the time of transfer	Applies to a transfer of the Franchise Agreement, the Restaurant or a controlling interest in the Franchise. 50% if the transfer is to an existing franchisee; 75% if the transfer is to a new franchisee
Costs and Attorney's fees	Will vary under circumstances	As incurred	Payable to us if we have to take action to enforce the provisions of the Franchise Agreement, in defending our actions related to the Franchise Agreement or resulting from your breach of the Franchise Agreement
Indemnification	Will vary under circumstances	As incurred	You must indemnify, defend and hold us harmless and reimburse us for any damages arising out of the operation of your Restaurant

Except as noted, all fees are uniform and are imposed by and payable to us or our affiliates. All fees are non-refundable. We may require that you participate in an electronic funds transfer program by which payments due us are paid or directed electronically from your bank.

Item 7

ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Initial Franchise Fee (Note 1)	\$25,000	Lump Sum	Upon opening your Restaurant	Us
Restaurant Lease (first 3 months rent), Utility & Security Deposits	\$40,000-\$60,000	Lump Sum	As incurred before opening	Landlord
Architect Fees	\$5,000-\$25,000	Lump Sum	As incurred before opening	Architect
Leasehold Improvements (Note 2)	\$200,000-\$500,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Signage	\$1,200-\$30,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Furniture & Fixtures	\$30,000-\$70,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Equipment	\$150,000-\$300,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Point-of-Sale Equipment and Computer	\$35,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Office Equipment and Supplies	\$10,000-\$20,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Business Licenses and Permits	\$1,000-\$3,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Professional Fees	\$1,000-\$3,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Initial Inventory	\$5,000-\$10,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Insurance	\$4,000-\$7,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Training Expenses	\$15,000-\$30,000	Lump Sum	As incurred before opening	Contractors/ Vendors
Grand Opening Advertising	\$5,000 -\$10,000	Lump Sum	As incurred before opening	Contractors/ Vendors

Column 1 Type of expenditure	Column 2 Amount	Column 3 Method of payment	Column 4 When due	Column 5 To whom payment is to be made
Additional Funds (Note 3)	\$50,000-\$100,000	Lump Sum	As incurred before opening	Contractors/ Vendors
TOTAL ESTIMATED INITIAL INVESTMENT (exclusive of real estate costs)	\$577,200 - \$1,228,000			

Note: All fees and payments are non-refundable unless otherwise stated in this Disclosure Document or unless otherwise arranged between you and the supplier or vendor.

Explanatory Notes:

1. If you have paid us a Deposit because you have signed a Site Selection Agreement with us, we will apply the Deposit toward the initial franchise fee if we and you move forward. (See Item 5). If you have signed a Development Agreement with us, you will pay us a development rights fee in an amount equal to fifty percent (50%) of the initial franchise fee due for each Restaurant for which you are granted the right to develop and open. (See Item 5). If you are an independent operator of a Restaurant operating under a license arrangement with PIBSC and you choose to sign a Franchise Agreement with us, we will not charge you an initial franchise fee. (See Item 5)
2. Building and construction costs will vary depending upon the condition of the premises for the Restaurant, the size of the premises and local construction cost. We estimate that the size of Restaurant will be approximately 3,000 to 3,500 square feet. Typical locations include free-standing, strip center and street locations. You can purchase or lease the premises. The tables do not include the cost of real estate if you decide to purchase the premises.
3. This estimate includes food costs, labor costs, accounting, advertising, insurance, employee benefits, garbage service, interest, office and restaurant supplies, telephone service, utilities, payroll taxes and other operating expenses for the first 3 months of operation of the Restaurant. 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 much you follow our methods and procedures; your management skills, experience and business acumen; local market for our products and services; the prevailing wage rate; competition; and sales level reached during the initial period.
4. We relied on the experience of our affiliate or its predecessors and our Manager and Founder in operating Restaurants for approximately 30 years to compile these estimates. You should review these figures with a business advisor before making any decision to purchase the franchise. We do not offer direct or indirect financing to franchisees for any items.

Item 8

RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

Lease or Purchase of Premises

You must obtain lawful possession of the premises for the Restaurant through lease or purchase within 90 days after signing the Franchise Agreement. You will not execute a lease without our advance written approval. The lease for the premises must contain the terms and provisions we reasonably approve.

If you do not have an approved site, prior to entering into a Franchise Agreement with us, you will enter into a Site Selection Agreement with us to allow you to locate a site. You must use your best efforts to seek and select a proposed site within the area designated in the Site Selection Agreement acceptable to us as suitable for the operation of the Restaurant within 90 days of the date of the Site Selection Agreement. You must submit to us, in the form we specify, a description of the site and the other information or materials we may reasonably require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout and other physical characteristics for Restaurants. Our approval of a site will not constitute, nor be deemed, a judgment as to the likelihood of success of a Restaurant at the location or a judgment as to the relative desirability of the site in comparison to other sites within the area. If you are unable to locate an acceptable site within the time specified above, we may, at any time thereafter, terminate the Site Selection Agreement. The Deposit you paid under the Site Selection Agreement will not be refunded under any circumstances as described in Item 5.

Prototype and Construction Plans and Specifications

We will assist in the design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for a Restaurant. It will then be your responsibility to have plans and specifications prepared to comply with our requirements and with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the premises utilizing an architect we approve. You must submit final construction plans and specifications to us for our approval before you begin construction at the premises, and must construct the Restaurant in accordance with those approved plans and specifications.

Development of the Restaurant

You must at your own expense do the following within a reasonable time after you have obtained possession of the premises of the Restaurant: (1) secure all financing required to fully develop the Restaurant; (2) obtain all required building, utility, sign, health, sanitation and business permits and licenses and any other required permits and licenses; (3) construct the Restaurant according to the construction plans and specifications we have approved; (4) decorate the Restaurant in compliance with plans and specifications we have approved; (5) purchase and install all required equipment, furniture, furnishings and signs; (6) cause the training requirements of Section 4 of the Franchise Agreement (described in Item 11) to be completed; (7) purchase an opening inventory of products, beverages and other supplies and materials;

(8) do any other acts necessary to open the Restaurant for business; (9) obtain our approval to open the Restaurant for business; and (10) open the Restaurant for business. You must open the Restaurant for business within 180 days after signing the Franchise Agreement.

Computer System

You must use in the development and operation of the Restaurant the cash register/computer terminals/systems ("Computer System") that we specify periodically (See Item 11). Currently, any cash register system that meets our requirements (i.e., order taking, sales information, billing) is approved for use in a Restaurant. Our modification of the specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of the Franchise Agreement. We cannot estimate the future costs of the Computer System (or additions, upgrades or modifications), and the cost to you of obtaining the Computer System (including software licenses) (or additions, upgrades or modifications thereto) may not be fully amortizable over the remaining term of the Franchise Agreement. We have the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System.

Equipment, Furniture, Fixtures, Furnishings and Signs

You must use in the development and operation of the Restaurant only those brands, types, and/or models of restaurant and other equipment, furniture, fixtures, furnishings, cash registers and signs we have approved.

Approved Products, Distributors and Suppliers

We have developed standards and specifications for menu items, ingredients, beverages, materials and supplies incorporated in or used in the preparation, presentation and delivery of prepared food and beverage products authorized for sale at Restaurants. These standards include specifications for bread, Italian beef, branded hotdogs, spices, cups and bags used in the operation of the Restaurant. Your Restaurant must (a) offer for sale all menu items prescribed by us from time to time, and other products and services that we from time to time authorize; (b) offer and sell approved products and services only in the manner we have prescribed; (c) not offer for sale or sell at the Restaurant, the Premises or any other location any menu items or other products or services we have not approved; (d) not use the Premises for any purpose other than the operation of the Restaurant; and (e) discontinue selling and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove in writing. You must maintain an inventory of approved products, beverages, ingredients and other products sufficient in quantity and variety to realize the full potential of your Restaurant.

We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new products and services. You must cooperate by participating in our market research programs, and by providing us with timely reports and other relevant information regarding that market research. In connection with any test marketing, you will be

required to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell them.

We have and will continue to periodically approve suppliers and distributors of the above products that meet our standards and requirements, including, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. None of our officers listed in Item 2 currently owns an interest in any supplier. You must (1) purchase products for sale from the Restaurant in the quantities we designate; (2) utilize the formats, formulae and containers for products we prescribe; and (3) purchase all products and beverages, menus, serving baskets, plates, napkins, glassware, flatware, paper and plastic products, packaging or other materials, and utensils only from distributors and other suppliers we have approved.

We may approve a single distributor or other supplier (collectively "supplier"), for any product and may approve a supplier only as to certain products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of the Restaurants franchised or operated by us. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier periodically.

If you would like to purchase any items from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. (Or the proposed supplier may submit its own request.) We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. Either you or the proposed supplier must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We will notify you of our decision to approve or disapprove your request for approval of a proposed supplier within a reasonable time after we receive your written request, but never to exceed 90 days after we receive your written request and all other information we may have requested from you and after completion of any inspection we deem appropriate. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. (Please note: Do not construe the new-supplier approval process just explained as requiring us to approve any proposed supplier.)

We will issue specifications or identify approved suppliers in our Operations Manuals or bulletins or releases issued to franchisees. We will also issue specifications to approved suppliers. Neither we, nor any of our affiliates, are currently approved suppliers for any products but may be approved suppliers for products in the future. Neither we nor our affiliates have derived income or other material consideration as a result of required purchases or leases but may do so in the future. We currently do not negotiate purchase arrangements with suppliers for the benefit of our franchisees, but we reserve the right to do so in the future. We also do not provide material benefits (for example, renewal or granting additional franchises) to a franchisee based on a franchisee's purchase of particular products or services or use of particular suppliers from our list of approved suppliers. We estimate that approximately 95% to 100% of your purchases or leases to start and operate your business will be made from us, approved or

designated suppliers or in accordance with our specifications or requirements. There are presently no purchasing or distribution cooperatives.

We have the right to charge and/or retain royalties, commissions and rebates from vendors which supply Restaurants. For the year ending December 31, 2022, we received and retained vendor rebates/incentives in the total amount of \$197,274 in connection with purchases of various products by our franchisees.

Insurance

You must purchase and maintain in effect policies of insurance before the Restaurant opens for business. The insurance requirements are described in the Franchise Agreement, but we have the right to increase policy limits or minimum liability protection or require different or additional kinds of insurance and all policies of insurance must name us and any other party designated by us as additional insureds.

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 2 of the Site Selection Agreement; Section 3.1 of the Franchise 128Agreement	Item 8
b. Pre-opening purchases/leases	Sections 3.2, 3.3, 3.4 and 3.5 of the Franchise Agreement	Item 8
c. Site development and other pre-opening requirements	Sections 3.2 and 3.3 of the Franchise Agreement	Item 8
d. Initial and ongoing training	Section 4 of the Franchise Agreement	Item 11
e. Opening	Section 3.6 of the Franchise Agreement	Item 11
f. Fees	Section 5 of the Site Selection Agreement; Section 9 of the Franchise Agreement; Section 5 of the Development Agreement	Items 5 and 6
g. Compliance with standards and policies/operating manual	Section 10 of the Franchise Agreement	Item 11

Obligation	Section in Agreement	Item in Disclosure Document
h. Trademarks and proprietary information	Section 6 of the Franchise Agreement	Item 13
i. Restrictions on products/services offered	Section 10 of the Franchise Agreement	Item 8
j. Warranty and customer service requirements	Section 10 of the Franchise Agreement	
k. Territorial development and sales quotas	Sections 2.3 and 2.4 of the Franchise Agreement; Sections 2 and 3 of the Development Agreement	Item 12
l. On-going product/service purchases	Section 10.4 of the Franchise Agreement	Item 8
m. Maintenance, appearance and remodeling requirements	Section 10.2 of the Franchise Agreement	Item 8
n. Insurance	Section 10.9 of the Franchise Agreement	Item 8
o. Advertising	Sections 9.4 and 11 of the Franchise Agreement	Item 11
p. Indemnification	Section 7.3 of the Franchise Agreement	Item 6
q. Owner's participation/management/staffing	Section 10.8 of the Franchise Agreement	Item 11
r. Records and reports	Section 12 of the Franchise Agreement	Item 6
s. Inspections and audits	Section 13 of the Franchise Agreement	Item 6
t. Transfer	Section 7 of the Site Selection Agreement; Section 14 of the Franchise Agreement; Section 9 of the Development Agreement	Item 17
u. Renewal	Section 2.6 of the Franchise Agreement	Item 17
v. Post-termination obligations	Section 16 of the Franchise Agreement	Item 17

Obligation	Section in Agreement	Item in Disclosure Document
w. Non-competition covenants	Sections 8.3 and 16.5 of the Franchise Agreement	Item 17
x. Dispute resolution	Section 8 of the Site Selection Agreement; Sections 17.7, 17.8 and 17.9 of the Franchise Agreement; Sections 14, 15, 16 and 17 of the Development Agreement	Item 17

Item 10

FINANCING

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

Item 11

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

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

Before you open your Restaurant, we will:

(1) Expend the time and effort and incur the expenses as may reasonably be required to inspect sites you proposed for a Restaurant (Site Selection Agreement - Section 3). We typically will not own the Restaurant's site and lease it to you.

(2) Approve the terms of the lease for the premises of your Restaurant (Site Selection Agreement – Section 3; Franchise Agreement – Section 3.1).

(3) Assist in the preparation of plans, specifications and other materials, reflecting our suggestions and requirements for layout, equipment, fixtures and signs for your Restaurant (Franchise Agreement – Section 3.2).

(4) Approve final construction plans and specifications for your Restaurant (Franchise Agreement – Section 3.2).

(5) Specify the computer system for your Restaurant (Franchise Agreement – Section 3.4).

(6) Provide an initial training program (see below) (Franchise Agreement - Section 4(a)).

During the operation of your Restaurant, we will:

(1) Furnish you with guidance and assistance in the following areas: (a) food preparation and presentation, packaging, sale and delivery of the products authorized for sale by the Restaurant and specifications, standards, and operating procedures used by Restaurants; (b) purchasing approved equipment, furniture, furnishings, signs, food and beverage products, operating materials and supplies; (c) development and implementation of local advertising and promotional programs; (d) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (e) establishing and conducting employee training programs at the Restaurant; (f) changes in any of the above that occur periodically; and (g) specify approved brands, types and/or models of equipment, furniture, fixtures and signs (Franchise Agreement – Section 5.1).

(2) Provide access to you during the term of the franchise of our Operations Manual. The Table of Contents of our Operations Manual is attached as Exhibit G. The total number of pages in the current Operations Manual is 561 pages. It will be made available to you prior to opening. Our Operations Manual may be modified to reflect changes in the specifications, standards, operating procedures and other obligations in operating Restaurants (Franchise Agreement - Section 5.2). Our Operations Manual is confidential and remains our property.

(3) Indemnify you against and reimburse you for all damages for which you are held liable in any proceeding arising out of your use of our Marks in compliance with the Franchise Agreement and all costs reasonably incurred by you in the defense of this kind of claim, so long as you have timely notified us of the claim (Franchise Agreement – Section 6.5).

(4) Review and approve or disapprove of suppliers and distributors you have proposed. We have the right to charge a fee to make this evaluation (Franchise Agreement – Section 10.4).

Advertising

We may administer an advertising fund (the "Marketing Fund") for advertising and promotional programs as we may deem necessary or appropriate. Upon notice from us, you must contribute to the Marketing Fund 2% of the gross sales of the Restaurant payable each week. We have the right to increase your contribution to the Marketing Fund upon 30 days written notice to you. You will not be obligated to contribute more than 3% of the gross sales of the Restaurant to the Marketing Fund. Restaurants owned by us or our affiliates will contribute to the Marketing Fund on the same percentage as you do.

We will direct all marketing programs financed by the Marketing Fund, with sole discretion over the creative concepts, materials and endorsements used therein, and the geographic, market and media placement and allocation thereof. The Marketing Fund may be used to pay the costs of administering regional and multi-regional advertising programs including, purchasing direct mail and other media advertising such as print advertising and television and radio advertising and employing advertising agencies and supporting public relations, market research and other advertising and marketing activities including, the costs of participating in any national or regional trade shows that we, in our sole discretion, deem

appropriate. We will not use Marketing Fund contributions for advertising that is principally a solicitation for the sale of franchises.

The Marketing Fund will be accounted for separately from our other funds and will not be used to defray any of our general operating expenses, except for the reasonable salaries, administrative costs and overhead we may incur in connection with activities reasonably related to the administration of the Marketing Fund and its marketing programs including preparing advertising and marketing materials and collecting and accounting for contributions to the Marketing Fund. We may spend in any fiscal year an amount greater or less than the aggregate contribution of all Restaurants to the Marketing Fund in that year and the Marketing Fund may borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund, and will furnish it to you upon written request.

We will have the right to cause the Marketing Fund to be incorporated or operated through an entity separate from us at any time we deem appropriate, and this entity will have the same rights and duties as we do under the Franchise Agreement. The Marketing Fund is intended to enhance recognition of the Marks and patronage of Restaurants. Although we will endeavor to utilize the Marketing Fund to develop advertising and marketing materials and programs, and to place advertising that will benefit all Restaurants, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to the contributions to the Marketing Fund by Restaurants operating in that geographic area or that any Restaurant will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials or the placement of advertising. We assume no direct or indirect liability or obligation to you or any other Restaurant in connection with the establishment of the Marketing Fund or the collection, administration or disbursement of monies paid into the Marketing Fund.

We have the right, in our sole discretion, to suspend contributions to and operations of the Marketing Fund for one or more periods that we determine to be appropriate and the right to terminate the Marketing 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 our respective contributions to the Marketing Fund during the preceding 12 month period. We will have the right to reinstate the Marketing Fund upon the same terms and conditions set forth in the Franchise Agreement upon 30 days' advance written notice to you.

In 2020, we implemented an advertising program in which Franchisees pay \$600 twice a year for a total of \$1,200. 50% of these payments will be spent based upon an allocation decided by a committee of franchisees and us. The remainder will be allocated by us toward system-wide or regional advertising and promotion. Prior to 2020, we did not collect or spend any monies on advertising or promotion.

We reserve the right to require that you participate in local and regional advertising cooperatives in connection with the advertising and promotional programs administered by us or by other franchisees of the System. You must pay amounts that are approved by these

cooperatives. Your total contribution to these cooperatives will be upheld to your obligation to expend funds on local advertising.

There are presently no regional or local advertising cooperatives. There are presently no advertising councils.

Before your use of them, samples of all local and regional advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval, which will not be unreasonably withheld. You may not use any advertising or promotional materials that we have not previously approved in writing.

We and/or our affiliates, in our sole discretion, may establish and operate websites, social media accounts, applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons, mobile applications, online videos, display banner campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "Digital Marketing") that are intended to promote the Marks, the Restaurant, and the entire brand network. We will have the sole right to control all aspects of any Digital Marketing, including those related to your Restaurant. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Restaurant. If we do permit you to conduct any Digital Marketing, you must (i) comply with any standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such standards or content requirements, (ii) only use materials that we have approved and must submit any proposed modifications to us for our approval, (iii) not use any Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly permit, (iv) include any information that we require, and (v) include only the links that we approve or require. We retain the right to pre-approve your use of linking and framing between any Digital Marketing that you conduct and all other websites. If we consent to your use of the Marks (or words or designations similar to the Marks) in any domain name, electronic address, website, or other source identifier, we may register such names, addresses, websites, or identifiers and then license use of the registered item back to you under a separate agreement. You must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that we approve and maintain on your behalf. We retain the ownership of copyright to any of the materials that you may develop for use on the Internet. We may withdraw our approval for any Digital Marketing at any time.

Computer/Cash Register

You must use in the development and operation of the Restaurant the cash register/computer terminals and operating software ("Computer System") we may specify periodically. Currently, any cash register system that meets our requirements (i.e., order taking, sales information, billing) is approved for use in a Restaurant. We estimate that the cost to purchase and maintain the Computer System will not exceed \$35,000 for your Restaurant (see Item 7). As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including a license to use proprietary software developed by us or

others. Our modification of these specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of the Franchise Agreement. There are no limitations on the frequency and cost of these obligations of yours. We cannot estimate the future costs of the Computer System (or additions or modification to the Computer System), and the cost to you of obtaining the Computer System (including software licenses) (or any additions or modification) may not be fully amortizable over the remaining term of the Franchise Agreement. Nonetheless, you will incur these costs in obtaining the computer hardware and software comprising the Computer System (or additions or modification). We have the right to charge a reasonable systems fee for software or systems modifications and enhancements specifically made for us that is licensed to you and other maintenance and support services that we furnish to you related to the Computer System. Neither we nor any affiliate or third party has an obligation to provide ongoing maintenance, repairs, upgrades or updates to the Computer System unless you enter into a contract for these services. We will have independent access to the information and data from the Computer System. There is no contractual limitation on our right to access this information and data.

Training

Before your Restaurant opens for business, you or your designated owner and your management team must attend and complete to our satisfaction a training program in the operation of a Restaurant. The training program will be a total of approximately 2 to 6 weeks and will consist of the following:

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location⁽¹⁾
Beef Station	0	2-4 weeks	See note 1
Hot Dog Station	0	2-4 weeks	See note 1
Fry Station	0	2-4 weeks	See note 1
Grill Station	0	2-4 weeks	See note 1
Gyro Station ⁽²⁾	0	2-4 weeks	See note 1
Middle Sandwich Station ⁽²⁾	0	2-4 weeks	See note 1
Chicken Station	0	2-4 weeks	See note 1

Column 1 Subject	Column 2 Hours of Classroom Training	Column 3 Hours of On-The-Job Training	Column 4 Location⁽¹⁾
Counter System	0	2-4 weeks	See note 1
Managerial Operations and Catering	0	4-6 weeks	See note 1
Totals	0	2-6 weeks	

Explanatory Notes:

1. Training will take place at the Restaurant located in Palos Heights, Illinois, or at another Restaurant location we have authorized and approved as a training facility.

2. Not all Restaurants will have a gyro and/or a middle sandwich station. Whether your Restaurant has a gyro station and/or a middle sandwich station will depend on its size.

Mr. Radochonski, our Manager, along with his team, will conduct the training program. Mr. Radochonski trained all of the independent operators operating Pop's Italian & Beef Restaurants under license arrangements with our affiliate PIBSC and has been involved in the day-to-day operations of Pop's Italian & Beef Restaurants since 1980. The instructional materials will include the Operations Manual and various handouts.

We may require at your expense that you (or your designated principal owner) attend additional training programs (up to 5 days per year) and conventions or national franchise meetings (up to 5 days per year).

For a minimum of 10 days before, during and after the opening of the Restaurant, we will furnish to you, at the premises and at our expense, at least one of our representatives for the purpose of facilitating the opening of the Restaurant. If you request, and we agree to provide, additional assistance, you must reimburse us for our expense of providing this additional assistance, including salary, travel and lodging and expenses of our employees.

Site Selection

If you want to pursue a franchise and you have not located a site for your Restaurant, we may enter into a Site Selection Agreement with you. Under this Site Selection Agreement, you must select, and we must approve, an acceptable site within 90 days after the agreement date, otherwise we may terminate the agreement. You will submit to us a written description of the proposed site before signing any lease, sublease or other related documents and we will not unreasonably withhold approval of a site that meets our standards for location, neighborhood,

traffic patterns, parking availability, layout and other physical characteristics. If you have not located an acceptable site, or if you have not signed the lease, sublease or other related documents for an acceptable site within 90 days from the date of the Franchise Agreement, we can terminate the Franchise Agreement.

Restaurant Opening

You must obtain lawful possession of the premises for the Restaurant through lease or purchase within 90 days after signing the Franchise Agreement. You will not execute a lease without our advance written approval. The lease for the premises must, if we require it, permit us to take possession of the premises under certain conditions if the Franchise Agreement is terminated. It must also contain the terms and provisions we reasonably approve.

We estimate that it will be up to 6 months after you sign the Franchise Agreement before you open your Restaurant, but the interval may vary based on the following factors: the location and condition of the site, the Restaurant's construction schedule, the extent to which you must upgrade or remodel an existing location, the delivery schedule for equipment and supplies, permits and licensing requirements, delays in securing financing arrangements and completing training, and your compliance with local laws and regulations. We can terminate the Franchise Agreement in the event you fail to open the Restaurant within 180 days after the signing of the Franchise Agreement (Franchise Agreement – Section 3.6).

Item 12

TERRITORY

Site Selection Agreement

If you sign a Site Selection Agreement with us, we and you will designate a "Designated Area" within which you will focus your site selection activities. The Designated Area will vary widely depending on the market where you are looking for a site. We will identify the Designated Area by streets or other natural boundaries. There is no minimum size for Designated Areas.

Under the Site Selection Agreement, you will not receive an exclusive territory. You may face competition for locations from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control.

Franchise Agreement

You may operate the Restaurant only at the approved site. You will not receive an exclusive area. You will be granted a protected area (the "Protected Area"). The Protected Area will be a radius of 5 miles in most areas. The radius may be larger if the area does not include a population of at least 125,000 people. In large metropolitan areas, like Chicago, the radius will be 1/2 to 1 mile. We also reserve the right to define the Protected Area by street boundaries, municipal boundaries, expressways, railroad tracks or other similar bounding descriptions. The Protected Area will be described in an Exhibit to the Franchise Agreement and may be depicted

on a map attached to the Exhibit. Provided you are in compliance with the Franchise Agreement, neither we nor our affiliates will operate or grant a franchise for the operation of another Restaurant located within the Protected Area.

We reserve all other rights, including (by way of example and not as a limitation), (a) the right to operate or grant others the right to operate Restaurants located outside the Protected Area on terms and conditions we deem appropriate; (b) the right to produce and sell products using the Marks or other commercial symbols through other channels of distribution according to terms and conditions we deem appropriate; and (c) the right to operate other retail outlets or enter into other lines of business offering dissimilar products or services under trademarks and service marks other than the Marks. We do not need to pay you any compensation for soliciting or accepting orders within the Protected Area in one of the manners described in this paragraph.

There is no provision in the Franchise Agreement for relocation of the Restaurant during the term or for the establishment of additional Restaurants. You may not relocate the Restaurant without our approval. Whether or not we would allow relocation depends on the circumstances at the time and what is in the Restaurant's best interest and what is in the System's best interest. If you are unable to maintain possession of the premises of the Restaurant upon renewal, we will allow you to relocate the Restaurant to another acceptable location provided you expeditiously develop the premises in compliance with our standards and specifications.

You may solicit and sell to customers regardless of their location, provided you may not offer or sell any products or services at wholesale or by mail order or over the Internet or any other electronic medium without our prior written consent. Other Restaurants, including those operated by us or our affiliates, also may solicit and sell to customers wherever located, even if they are located within your Protected Area.

You have no options or rights of first refusal to purchase additional Restaurant franchises. Continuation of rights to your Protected Area is not dependent on achievement of any specific sales volume, market penetration or any other contingency. There are no other circumstances which allow us to modify your Protected Area or your territorial rights.

Neither we nor our affiliates operate, franchise, or have present plans to operate or franchise a business under a different trademark that sells or will sell goods or services similar to those you will sell. However, we reserve the right to do so in the future.

Development Agreement

If you sign a Development Agreement with us, we will grant you rights in a designated area (the "Designated Territory") to establish a certain number of Restaurants. The Designated Territory will vary widely depending on the market where you are looking to develop Restaurants. We will identify the Designated Territory by streets or other natural boundaries. There is no minimum size for the Designated Territory. If you are in full compliance with the Development Agreement and all Franchise Agreements, we will not establish, or grant any other party the rights to establish Restaurants in the Designated Territory prior to the expiration of the Development Agreement's term. Subject to this limitation, we reserve, on behalf of ourselves and our affiliate, all other rights.

Except with respect to your development obligations described in the Development Agreement, continuation of your Designated Territory exclusivity does not depend on your achieving a certain sales volume, market penetration or other contingency.

Item 13

TRADEMARKS

We grant you the right to operate your Restaurant under the name "Pop's Italian Beef & Sausage," our principal trademark. You may also use our other current or future trademarks we approve to identify your Restaurant.

Our Manager, Mr. Radochonski, has registered our principal Mark on the principal register of the United States Patent and Trademark Office ("USPTO"). Our principal Mark is as follows:

Mark	Registration Number	Date Registered	Affidavits Filed?	Registration Renewed?
POP'S	1967629	April 16, 1996	Yes	Yes

Applications are on file for the following trademarks: GET YOUR BEEF ON! (Application No. 87416714, filed April 19, 2017), and BEAUTY IS IN THE EYE OF THE BEEF HOLDER (Application No. 87416743, filed April 19, 2017). We have entered into a Trademark and Proprietary Information License Agreement with Mr. Radochonski effective as of October 1, 2009 under which Mr. Radochonski authorized us to use, or license others to use, the Marks owned by him. The term of this license is perpetual and is terminable by either party upon default by the other party. Termination of the Trademark and Proprietary Information License Agreement will not affect our then-existing franchise agreements with our franchisees and will not affect any renewal terms under those franchise agreements. Termination will only affect our license to use the Marks with respect to new franchisees. No other agreements limit our rights to use, or license the use of, the Marks.

There are no currently effective material determinations of the USPTO, trademark trial and appeal board, the trademark administrator or of any state, pending infringement, opposition or cancellation or pending material litigation involving our principal trademarks. Except as otherwise described, there are no other agreements in effect which materially affect our rights to use or license the use of the Marks in a manner material to the franchise. We do not actually know of either superior rights or infringing uses that could materially affect your use of the Marks in any state.

Your right to use the Marks is derived solely from the Franchise Agreement and is limited to your conduct of business in compliance with the Franchise Agreement and all applicable specifications, standards and operating procedures we prescribe during the term of the franchise. Any unauthorized use of the Marks by you will constitute an infringement of our rights in and to the Marks. Your usage of the Marks and any goodwill established by your usage of the Marks will be for our exclusive benefit and the Franchise Agreement does not confer any goodwill or other interests in the Marks upon you. All provisions of the Franchise Agreement

applicable to the Marks will apply to any additional proprietary trade and service marks and commercial symbols authorized for use by and licensed to you under the Franchise Agreement. You may not at any time during or after the term of the Franchise Agreement contest, or assist any other person in contesting, the validity or ownership of any of the Marks.

You must use the Marks as the sole identification of the Restaurant, provided that you must identify yourself as the independent owner of the Restaurant in the manner we prescribe. You may not use any 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 with the sale of any unauthorized service or in any other manner we have not expressly authorized in writing. You must prominently display the Marks on or with Restaurant posters and displays, service contracts, stationery, other forms we designate, and in the manner we prescribe, give the notices of trade and service mark registrations and copyrights we specify, and obtain the fictitious or assumed name registrations as may be required under applicable law.

You must immediately notify us of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark, and you may not communicate with any person other than us and our counsel about any infringement, challenge or claim. We and our affiliates will have sole discretion to take any action we deem appropriate and the right exclusively to control any litigation or USPTO or other proceeding arising out of any infringement, challenge or claim or otherwise relating to any Mark and you must execute any and all instruments and documents, render assistance and do the 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.

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 must comply with our instructions within a reasonable time after notice by us and our sole obligation in this event will be to reimburse you for your out-of-pocket costs of complying with this obligation; provided, however, that you will not be obligated to spend more than 1% of your gross sales to comply with this obligation.

We will indemnify you against, and reimburse you for, all damages for which you are held liable in any proceeding arising out of your use of any Mark, in compliance with the Franchise Agreement, and for all costs you reasonably incur 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 the 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 under the 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.

Item 14

PATENTS, COPYRIGHTS AND PROPRIETARY INFORMATION

No patents or pending patent applications are material to the franchise. You can use the proprietary information in our Operations Manual. Our Operations Manual is described in Item 11. Although we have not filed an application for a copyright registration for our Operations Manual, we claim copyright protection in it and it is proprietary. We are not obligated to take any action for unauthorized uses of the information contained in our Operations Manual, but, in appropriate circumstances, we intend to do so. We have no obligation to indemnify you for losses brought by you concerning your use of this information, but, under appropriate circumstances, we intend to do so. We are not aware of any infringing uses of this information. There are no agreements in effect affecting our right to use this information.

We and our affiliates have developed proprietary confidential information comprising methods, techniques, procedures, information, systems and knowledge of and experience in the design and operation of Restaurants including (1) secret recipes, proprietary products, and methods of efficiently and cost-effectively preparing and serving food, beverage and other products sold at Restaurants; (2) knowledge of test programs, concepts or results relating to new menu items or categories; (3) sources of products sold from Restaurants; (4) advertising and promotional programs; (5) Restaurant image and decor; (6) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of Restaurants; and (7) the selection and methods of training managers, cooks and other employees. We will disclose the Confidential Information to you in the initial training program, the Operations Manual and in guidance furnished to you during the term of the Franchise. You will not acquire any interest in the Confidential Information other than the right to utilize it in the development and operation of your Restaurant during the term of the franchise.

The Confidential Information is proprietary and, except to the extent that it is or becomes generally known in the Restaurant industry or trade, the Confidential Information is our trade secret and is disclosed to you solely for your use in the operation of the Restaurant during the term of the franchise. You (1) must not use the Confidential Information in any other business or capacity; (2) must maintain the confidentiality of the Confidential Information during and after the term of the Franchise; (3) must not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) must adopt and implement all reasonable procedures prescribed periodically to prevent unauthorized use or disclosure of any of the Confidential Information, including without limitation, restrictions on disclosure to employees of the Restaurant and the use of nondisclosure clauses in employment agreements with these employees.

Item 15

OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS

The Restaurant at all times must be under the direct, on-premises supervision of you (or your designated principal owner). You (or your designated principal owner) must complete our required training program and must devote full time and efforts to the management of the Restaurant. You must hire a management team and employees and you will be exclusively responsible for the terms of their employment, their compensation, and for the proper training of the employees in the operation of the Restaurant. The management team must complete our required training programs (if we require such training). You must establish at the Restaurant a training program for all other employees using our Operations Manual. All employees must maintain a neat and clean appearance and to conform to the standards of dress and/or uniforms we specify from time to time for all Restaurants. All employees must render prompt, efficient and courteous service to all customers of the Restaurant. Neither you nor your principal owner nor your management team can engage in any other business or activity that may conflict with your or their obligations under the Franchise Agreement. You, your principal owner and your management team must maintain our trade secrets and abide by our covenants not to compete.

If you are an entity, all of your owners must sign a Principal Owner's Guaranty (which is attached to the Franchise Agreement in Exhibit B) agreeing to be bound by and guaranteeing the obligations of the "Franchisee" under the Franchise Agreement. If the Franchise Agreement is subsequently assigned to a corporation, partnership or limited liability company, your owners must agree to be bound by the terms of the Franchise Agreement and guarantee the obligations of the Franchisee under the Franchise Agreement. (See Assignment and Assumption of Franchise Agreement attached as Exhibit E).

Item 16

RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

We require that you offer and sell only those products and services we have approved for Restaurants. You must offer all goods and services that we designate for Restaurants. We have the right to add new or additional products and services which you must offer at your Restaurant. There are no restrictions in the Franchise Agreement on our right to do this. You may operate a retail but not a wholesale business from the Restaurant (see Item 12). Subject to our approval, we may in certain instances allow you to offer additional menu items based upon local tastes and preferences.

You may offer catering services ("Catering Services") and delivery services ("Delivery Services") and you must do so in accordance with the terms of the Manuals, the terms of the Franchise Agreement or otherwise provided by us in writing. We may require that you only provide Delivery Services through a third party service ("TPS") that we approve or designate. You acknowledge that we, our affiliates, and other franchisees may provide Catering Services and Delivery Services near your Restaurant. We retain the right to revise and/or make exceptions to our Catering Services and Delivery Services policies as they apply to you and our other

franchisees. We reserve the right to limit the geographic area in which you provide Catering Services and/or Delivery Services.

Item 17

RENEWAL, TERMINATION, TRANSFER AND DISPUTE RESOLUTION

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

THE FRANCHISE RELATIONSHIP

Provision	Section in Franchise or Related Agreement	Summary
a. Length of the franchise term	Section 2.1 of the Franchise Agreement	10 years
b. Renewal or extension of the term	Section 2.7 of the Franchise Agreement	2 additional terms of 5 years
c. Requirements for franchisee to renew or extend	Section 2.7 of the Franchise Agreement	You must: maintain possession of premises and refurbish and redecorate in compliance with our then current requirements or obtain and develop suitable substitute premises; correct any deficiencies in the operation of the Restaurant identified in our written notice to you prior to expiration; sign our then current form or franchise agreement and any ancillary documents; and sign a general release of any and all claims against us, our officers, directors, employees and agents. The terms of our then current form of franchise agreement that you sign for renewal of the franchise may differ materially from any and all of those contained in the Franchise Agreement attached to this Disclosure Document.

Provision	Section in Franchise or Related Agreement	Summary
d. Termination by franchisee	Section 6 of the Site Selection Agreement	You may terminate the Site Selection Agreement at any time prior to our approval of a site only upon written notice to us.
e. Termination by franchisor without cause	Not applicable	Not applicable
f. Termination by franchisor with cause	Section 2 of the Site Selection Agreement; Section 15 of the Franchise Agreement; Section 8 of the Development Agreement	We may terminate the Site Selection Agreement if you are unable to locate an acceptable site within 90 days. We may terminate the Franchise Agreement only upon written notice to you. We may terminate the Development Agreement only upon written notice to you.
g. "Cause" defined – curable defaults	Section 15 of the Franchise Agreement	Under the Franchise Agreement, if you do not pay us within 10 days after written notice; you do not comply with any other provision of the franchise agreement or specification, standard or operating procedure and do not correct the failure within 30 days after written notice. Under the Site Selection Agreement and the Development Agreement, there are no curable defaults.
h. "Cause" defined – non-curable defaults	Section 15 of the Franchise Agreement; Section 8 of the Development Agreement	Under the Franchise Agreement, you fail to timely lease, purchase develop or open the Restaurant; you or your principal owner fails to complete the training program; you abandon, surrender, transfer control of or do not actively operate the Restaurant or lose the right to occupy the location of the Restaurant; you or your principal owner make an unauthorized transfer or assignment of the

Provision	Section in Franchise or Related Agreement	Summary
		franchise or assets of the Restaurant; you are adjudged a bankrupt, become insolvent or make an assignment for the benefit of creditors; you or your principal owners are convicted of a felony or are convicted or plead no contest to any crime or offense that adversely affects the reputation of the Restaurant and the goodwill of our Marks; you violate any health or safety law or ordinance or regulation or operate the Restaurant that creates a health or safety hazard; or you fail on 3 or more occasions within any consecutive 12 month period to comply with the franchise agreement whether or not your failures to comply are corrected after notice to you. Under the Development Agreement, you fail to satisfy your development obligations or any franchise agreement executed by you for the operation of a Restaurant is terminated for any reason.
i. Franchisee's obligations on termination/non-renewal	Section 16 of the Franchise Agreement	You must pay all amounts owed, refrain from using our Marks, return to us or destroy, as we specify, all customer lists, software, forms and materials bearing our Marks or relating to the Restaurant, de-identify the premises, return the Operations Manual and cease using all confidential information and abide by the post-term non-compete.

Provision	Section in Franchise or Related Agreement	Summary
j. Assignment of contract by franchisor	Section 7 of the Site Selection Agreement; Section 14.2 of the Franchise Agreement; Section 9 of the Development Agreement	The Site Selection Agreement, Franchise Agreement and Development Agreement are fully transferable by us.
k. "Transfer" by franchisee-defined	Section 7 of the Site Selection Agreement; Section 14.3 of the Franchise Agreement;	Transfer includes any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest or change of ownership in the franchise agreement, the Restaurant or any interest in the franchise.
l. Franchisor approval of transfer by franchisee	Section 7 of the Site Selection Agreement; Section 14.4 of the Franchise Agreement; Section 9 of the Development Agreement	We will not approve any transfer of the Site Selection Agreement; We will not unreasonably withhold approval of the Franchise Agreement. We will not approve any assignment of the Development Agreement, except in connection with the assignment of all franchise agreements to which you are a party, provided that all franchise agreements are assigned to the same individual or entity.
m. Conditions for franchisor approval of transfer	Section 14.4 of the Franchise Agreement	Proposed new owner must have sufficient business experience, aptitude and financial resources to operate the Restaurant; you must pay all amounts due us and our affiliates; proposed new owner and its management team (if we require) must successfully complete our training program; your landlord must consent to transfer of the lease; you must pay us a transfer fee of 50% of our then current initial franchise fee if

Provision	Section in Franchise or Related Agreement	Summary
		transfer is to an existing franchisee or 75% of our then current franchise fee if transfer is to a new franchisee; you and your principal owners must deliver a general release in favor of us and our officers, directors, employees and agents; new owner must agree to remodel to bring the Restaurant to current standards; new owner must assume all obligations under your franchise agreement or, at our option, sign a new franchise agreement on our then current form.
n. Franchisor's right of first refusal to acquire franchisee's business	Section 14.8 of the Franchise Agreement	We have 30 days to match any offer.
o. Franchisor's option to purchase franchisee's business	Sections 16.6 and 16.7 of the Franchise Agreement	We have the option for 30 days to purchase the Restaurant upon termination or expiration of the franchise agreement at fair market value, including obtaining a lease for real estate on existing terms. If you own the Restaurant property, we also have the right to purchase any property on which the Restaurant is located at fair market value. If we cannot agree on fair market value (or fair rental value), the value will be determined by an appraisal process.
p. Death or disability of franchisee	Section 14.6 of the Franchise Agreement	Executor, administrator or other personal representative must transfer interest of franchisee or principal owner within 12 months. All transfers are subject to provisions in franchise agreement regulating transfers.

Provision	Section in Franchise or Related Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 8.3 of the Franchise Agreement	Neither you nor your principal owners nor any immediate family members of you or your principal owners may perform services for or have any interest in any similar restaurant business.
r. Non-competition covenants after the franchise is terminated or expires	Section 16.5 of the Franchise Agreement	You and your principal owners are prohibited from performing services for or having an interest in any similar restaurant business for 2 years within 8 miles of the Restaurant or any other Restaurant.
s. Modification of the agreement	Section 10 of the Site Selection Agreement; Section 17.12 of the Franchise Agreement; Section 19 of the Development Agreement	No modifications unless both parties consent.
t. Integration/merger clause	Section 10 of the Site Selection Agreement; Section 17.12 of the Franchise Agreement; Section 19 of the Development Agreement.	Only the terms of the Franchise Agreement, Site Selection Agreement and Development Agreement are binding (subject to state law). Nothing in the Franchise Agreement, Site Selection Agreement or Development Agreement is intended to disclaim our representations made in this Disclosure Document. 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

Provision	Section in Franchise or Related Agreement	Summary
		statement made by any franchisor, franchise seller, or any other person acting on behalf of the franchisor. This provision supersedes any other term of any other document executed in connection with the franchise.
u. Dispute resolution by arbitration or mediation	Section 8.A of the Site Selection Agreement; Section 17.7 of the Franchise Agreement; Section 14 of the Development Agreement	All controversies, disputes or claims subject to arbitration in the city in which our headquarters is located.
v. Choice of forum	Section 8.C of the Site Selection Agreement; Section 17.8 of the Franchise Agreement; Section 15 of the Development Agreement	All actions which are not required to be arbitrated must be brought in a court of competent jurisdiction in Illinois.
w. Choice of law	Section 8.B of the Site Selection Agreement; Section 17.9 of the Franchise Agreement; Section 16 of the Development Agreement	Illinois law governs, except for matters regulated by the United States Trademark Act.

Item 18

PUBLIC FIGURES

We do not use any public figures to promote our franchise, but we reserve the right to do so in the future.

Item 19

FINANCIAL PERFORMANCE REPRESENTATIONS

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

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income, you should report it to the franchisor's management by contacting Frank Radochonski, Franchise Manager, at 42 Long Grove Drive, Lemont, Illinois, (708) 361-0087, the Federal Trade Commission, and the appropriate state regulatory agencies.

Item 20

OUTLETS AND FRANCHISEE INFORMATION

Table No. 1

Systemwide Outlet Summary For years 2020 to 2022

Column 1	Column 2	Column 3	Column 4	Column 5
Outlet Type	Year	Outlets at the Start of the Year	Outlets at the End of the Year	Net Change
Franchised	2020	14	14	0
	2021	14	15	+1
	2022	15	16	+1
Company- Owned	2020	1	1	1
	2021	1	1	0
	2022	1	1	0
Total Outlets	2020	15	15	0
	2021	15	16	+1
	2022	16	17	+1

Table No. 2

**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2020 to 2022**

Column 1	Column 2	Column 3
State	Year	Number of Transfers
Illinois	2020	0
	2021	1
	2022	0
Totals	2020	0
	2021	1
	2022	0

Table No. 3

**Status of Franchised Outlets
For years 2020 to 2022**

Col. 1	Col. 2	Col. 3	Col. 4	Col. 5	Col. 6	Col. 7	Col. 8	Col. 9
State	Year	Outlets at Start of Year	Outlets Opened	Terminations	Non-Renewals	Reacquired by Franchisor	Ceased Operations Other Reasons	Outlets at End of the Year
Illinois	2020	12	0	0	0	0	0	12
	2021	12	0	0	0	0	0	12
	2022	12	1	0	0	0	0	13
Indiana	2020	2	0	0	0	0	0	2
	2021	2	1	0	0	0	0	3
	2022	3	0	0	0	0	0	3
Totals	2020	14	0	0	0	0	0	14
	2021	14	1	0	0	0	0	15
	2022	15	1	0	0	0	0	16

Table No. 4

**Status of Company-Owned Outlets
For years 2020 to 2022**

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

Table No. 5

Projected Openings as of December 31, 2022

Column 1	Column 2	Column 3	Column 4
State	Franchise Agreements Signed But Outlet Not Opened	Projected New Franchised Outlet In The Next Year	Projected New Company-Owned Outlet In the Next Year
Illinois	0	1	0
Totals	0	1	0

We estimate that we may grant the above number of franchises in Illinois during the next one year period. We may consider granting additional franchises in those and other markets, depending upon the qualifications of the prospective franchisee and the desirability of particular locations. We do not anticipate that we or our affiliates will open a Restaurant during the next one year period.

The names, business addresses, and business telephone numbers of our franchisees are:

ILLINOIS

Pop's – Chicago
Sherry Bachelder
10337 S. Kedzie Ave.
Chicago, IL 60655
(773) 239-1243

Pop's – Orland Park
JJB Foods Inc.
14279 S. Wolf Road
Orland Park, IL 60467
(708) 403-9070

Pop's – Homewood
V & A Enterprises Inc.
18328 Governors Highway
Homewood, IL 60430
(708) 647-9999

Pop's – Orland Park II
JJB Foods Inc.
9400 West 159th Street
Orland Park, IL 60467
(708) 460-3000

Pop's – Joliet
Tried Enterprises LLC
2410 Chicago Road
Joliet, IL 60435
(708) 805-2525

Pop's – Romeoville
Romeo beef LLC
277 S. Weber Road
Romeoville, IL 60446
(815) 834-2333

Pop's – Joliet II
JH Joliet Beef, Inc.
1886 W. Jefferson Street
Joliet, IL 60435
(815) 582-4966

Pop's – Sauk Village
Vincent E. Cyrns and Michael L. Jones Sr.
VMCO Inc.
1445 Sauk Trail
Sauk Village, IL 60411
(708) 898-0499

Pop's – Lockport
Lockport Beef, LLC
16600 West 159th Street
Lockport, IL 60441
(815) 838-POPS (7677)

Pop's – Shorewood
Tried Enterprises, Inc.
1201 South Jefferson Street
Shorewood, IL 60406
(815) 280-6584

Pop's – Lyons
Vanda of IL, Inc.
8001 Ogden Avenue
Lyons, IL 60534
(708) 442-8077

Pop's – Tinley Park
Tinley Beef, LLC
7301 W. 183rd Street
Tinley Park, IL 60477
(708) 614-POPS (7677)

Pop's – Mokena
Mike Motto, Mark Motto and Matt Motto
11336 Lincoln Highway
Mokena, IL 60448
(815) 469-POPS (7677)

INDIANA

Pop's – Crown Point, Indiana
Vaco, Inc. | Fotios Marinopoulos
1498 N. Main Street
Crown Point, IN 46307
(219) 663-9801

Pop's – Dyer, Indiana
Vaco, Inc.
1151 Joliet Highway, (Rte. 30)
Dyer, IN 46311
(219) 865-0202

Remba, Inc.
9841 Lincoln Plaza Way
Cedar Lake, Indiana, 46303
(219)-390-7140

There are no franchisees who have not communicated with us within 10 weeks of the issuance date of this Disclosure Document.

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

No franchisees or third party operators have signed confidentiality clauses restricting their ability to speak openly about their experiences with the System.

There are currently no trademark-specific franchisee organizations associated with the System.

Item 21

FINANCIAL STATEMENTS

Attached as Exhibit F is our audited financial statements for the years ending December 31, 2020, December 31, 2021 and December 31, 2022.

Item 22

CONTRACTS

The following agreements are attached as exhibits to this Disclosure Document:

Exhibit B	Franchise Agreement and Principal Owner's Guaranty
Exhibit C	Site Selection Agreement
Exhibit D	Development Agreement
Exhibit E	Assignment and Assumption of Franchise Agreement
Exhibit H	Agreement Riders

Item 23

RECEIPTS

Our and your copies of the Franchise Disclosure Document Receipt are located at the last 2 pages of this disclosure document.

EXHIBIT A

STATE ADMINISTRATORS/AGENTS FOR SERVICE OF PROCESS

STATE AGENCIES/AGENTS FOR SERVICE OF PROCESS

Listed here are the names, addresses and telephone numbers of the state agencies having responsibility for the franchising disclosure/registration laws. We may not yet be registered to sell franchises in any or all of these states.

If a state is not listed, we have not appointed an agent for service of process in that state in connection with the requirements of the franchise laws. There may be states in addition to those listed below in which we have appointed an agent for service of process.

There also may be additional agents appointed in some of the states listed.

CALIFORNIA

Website: www.dfpi.ca.gov

Email: ask.DFPI@dfpi.ca.gov

Commissioner of Department of Financial
Protection & Innovation
Department of Financial Protection &
Innovation
Toll Free: 1 (866) 275-2677

Los Angeles

Suite 750
320 West 4th Street
Los Angeles, California 90013-2344
(213) 576-7500

Sacramento

2101 Arena Boulevard
Sacramento, California 95834
(866) 275-2677

San Diego

1455 Frazee Road, Suite 315
San Diego, California 92108
(619) 525-4233

San Francisco

One Sansome Street, Suite 600
San Francisco, California 94104-4428
(415) 972-8559

HAWAII

(for service of process)

Commissioner of Securities
Department of Commerce
and Consumer Affairs
Business Registration Division
335 Merchant Street, Room 203
Honolulu, Hawaii 96813
(808) 586-2722

(for other matters)

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

ILLINOIS

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

INDIANA

(for service of process)

Indiana Secretary of State
201 State House
200 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6531

(state agency)

Indiana Secretary of State
Securities Division
Room E-111
302 West Washington Street
Indianapolis, Indiana 46204
(317) 232-6681

MARYLAND

(for service of process)

Maryland Securities Commissioner
at the Office of Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

(state agency)

Office of the Attorney General-
Securities Division
200 St. Paul Place
Baltimore, Maryland 21202-2021
(410) 576-6360

MICHIGAN

Michigan Attorney General's Office
Consumer Protection Division
Attn: Franchise Section
G. Mennen Williams Building, 1st Floor
525 West Ottawa Street
Lansing, Michigan 48933
(517) 335-7567

MINNESOTA

Commissioner of Commerce
Department of Commerce
85 7th Place East, Suite 280
St. Paul, Minnesota 55101
(651) 539-1500

NEW YORK

(for service of process)

Attention: New York Secretary of State
New York Department of State
One Commerce Plaza,
99 Washington Avenue, 6th Floor
Albany, New York 12231-0001
(518) 473-2492

(Administrator)

NYS Department of Law
Investor Protection Bureau
28 Liberty Street, 21st Floor
New York, New York 10005
(212) 416-8236

NORTH DAKOTA

(for service of process)

Securities Commissioner
North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-4712

(state agency)

North Dakota Securities Department
600 East Boulevard Avenue, Suite 414
Bismarck, North Dakota 58505
(701) 328-2910

OREGON

Oregon Division of Financial Regulation
350 Winter Street NE, Suite 410
Salem, Oregon 97301
(503) 378-4140

RHODE ISLAND

Securities Division
Department of Business Regulations
1511 Pontiac Avenue
John O. Pastore Complex-Building 69-1
Cranston, Rhode Island 02920
(401) 462-9500

SOUTH DAKOTA

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

VIRGINIA

(for service of process)

Clerk, State Corporation Commission
1300 East Main Street
First Floor
Richmond, Virginia 23219
(804) 371-9733

(for other matters)

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

WASHINGTON

(for service of process)

Director Department of Financial Institutions
Securities Division
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Department of Financial Institutions
Securities Division
P. O. Box 9033
Olympia, Washington 98501-9033
(360) 902-8760

WISCONSIN

(for service of process)

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

(state administrator)

Division of Securities
Department of Financial Institutions
4822 Madison Yards Way, North Tower
Madison, Wisconsin 53705
(608) 266-9555

EXHIBIT B

FRANCHISE AGREEMENT AND PERSONAL OWNER'S GUARANTY

POP'S ITALIAN BEEF & SAUSAGE
FRANCHISE AGREEMENT

FRANCHISE OWNER

DATE OF AGREEMENT

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EXHIBIT A - Protected Area

EXHIBIT B - Ownership Interest in Franchise Owner

POP'S ITALIAN BEEF & SAUSAGE

FRANCHISE AGREEMENT

This Franchise Agreement (this "Agreement") is being entered as of _____, 20__ (the "Agreement Date"). The parties to this Agreement are you, _____, as Franchise Owner, us, Pop's Franchise Systems, LLC, an Illinois limited liability company and, if you are a corporation, limited liability company or partnership, your "Principal Owners" (defined below). This Agreement is for a Pop's Italian Beef & Sausage Restaurant to be located at: _____.

1. INTRODUCTION.

This Agreement has been written in an informal style in order to make it more easily readable and to be sure that you become thoroughly familiar with all of the important rights and obligations the Agreement covers before you sign it. In this Agreement, we refer to the Company as "we" or the "Company." We refer to you as "you," "Franchise Owner" or "Franchisee." If you are a corporation, limited liability company or partnership, you will notice certain provisions that are applicable to those principal shareholders, owners or partners on whose business skill, financial capability and personal character we are relying in entering into this Agreement. Those individuals will be referred to in this Agreement as "Principal Owners" and are identified on Exhibit B.

Through the expenditure of considerable time, effort and money, we and our affiliates and their predecessors have devised a system for the establishment and operation of family oriented restaurants featuring specially prepared sandwiches, including Italian Beef & Sausage sandwiches, gyros, barbeque ribs, burgers, hot dogs, chicken items and other specialty menu items (all of which we refer to in this Agreement as the "System"). These restaurants offer dine-in and carry-out services. We and our affiliates identify our restaurants with certain trademarks, service marks and other commercial symbols, including "Pop's," and certain associated designs and logos, which we may change or add to from time to time (the "Marks").

From time to time we grant to persons who meet our qualifications, franchises to own and operate Pop's Italian Beef & Sausage Restaurants in accordance with the System and under the Marks. This Franchise Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own and be franchised to operate (or, in the event this Agreement is being signed in connection with the renewal of a franchise, to continue to operate) a Pop's Italian Beef & Sausage Restaurant. In signing this Agreement, you acknowledge your understanding of the importance of our high standards of quality and service and the necessity of operating your Restaurant in conformity with standards and specifications we prescribe from time to time. You also acknowledge that you have conducted an independent investigation of the Pop's Italian Beef & Sausage Restaurant business and recognize that, like any other business, the nature of it may evolve and change over time, that an investment in a Pop's Italian Beef & Sausage Restaurant involves business risks, and that the success of this business venture is primarily dependent on your business abilities and efforts. If this Agreement is being signed in

connection with a renewal of a franchise, certain provisions of this Agreement related to development and opening of a Pop's Italian Beef & Sausage Restaurant will not apply to you.

2. **GRANT OF FRANCHISE.**

2.1 **Term.** You have applied for a franchise to own and operate (or, in the event this Agreement is being signed in connection with a renewal of the franchise, for the right to continue to operate), a Pop's Italian Beef & Sausage Restaurant at the location listed on the first page of this Agreement (the "Premises") and we have approved your application in reliance on all of the representations you made in that application. As a result, and subject to the provisions of this Agreement, we grant to you a franchise (the "Franchise") to operate a Pop's Italian Beef & Sausage Restaurant at the Premises (the "Restaurant"), and to use the System and the Marks in the operation of the Restaurant, for a "Term" of ten (10) years from the Agreement Date, unless the Franchise is terminated earlier pursuant to the provisions of this Agreement. Termination or expiration of this Agreement will constitute a termination or expiration of your Franchise.

2.2 **Full Term Performance.** You specifically agree to be obligated to perform the obligations of this Agreement, and continuously exert your best efforts to promote and enhance the business of the Restaurant, for the full Initial Term of this Agreement.

2.3 **Protected Area.** Upon your signing of this Agreement, your Protected Area will be described in Exhibit A. Except as otherwise provided in this Agreement and subject to your full compliance with this Agreement, and any other agreement between you and us or our affiliates, we will not establish or authorize any person or entity other than you to establish a Pop's Italian Beef & Sausage Restaurant in the Protected Area during the term of this Agreement.

2.4 **Reservation of Rights.** Except as provided in Paragraph 2.3 above, the rights granted to you under this Agreement are non-exclusive, and we retain all rights within and outside the Protected Area. More specifically, we retain all rights with respect to Pop's Italian Beef & Sausage Restaurants, the Marks and the System, including (by way of example only and not as a limitation), (a) the right to operate or grant others the right to operate Pop's Italian Beef & Sausage Restaurants outside of the Protected Area on terms and conditions we deem appropriate; (b) the right to produce and sell products using the Marks or other commercial symbols through other channels of distribution pursuant to terms and conditions we deem appropriate; and (c) the right to operate other retail outlets or enter into other lines of businesses offering dissimilar products or services under trademarks or service marks other than the Marks.

2.5 **Sales by Franchisee.** You may from the location of the Restaurant solicit and sell to customers regardless of their location, provided you may not offer or sell any products or services at wholesale or by mail order or over the Internet or any other electronic medium without our prior written consent. You acknowledge that the Company, its affiliates and other franchisees of the Company also may solicit and sell to customers wherever located.

2.6 **Catering Services and Delivery Services.** You may offer catering services ("Catering Services") and delivery services ("Delivery Services") and you must do so in

accordance with the terms of the Manuals, this Agreement or otherwise provided by us in writing. We may require that you only provide Delivery Services through a third party service ("TPS") that we approve or designate. You acknowledge that we, our affiliates, and other franchisees may provide Catering Services and Delivery Services near your Restaurant. We retain the right to revise and/or make exceptions to our Catering Services and Delivery Services policies as they apply to you and our other franchisees. We reserve the right to limit the geographic area in which you provide Catering Services and/or Delivery Services.

2.7 **Renewal of Franchise.**

(a) **Franchise Owner's Right to Renew.** Subject to the provisions of Paragraph (b) below, and if you have substantially complied with all provisions of this Agreement and any other agreement between us, then on expiration of the Franchise, if (1) you maintain possession of and agree to refurbish and decorate the Premises, replace fixtures, furnishings, wall decor, furniture, equipment and signs and otherwise modify the Restaurant in compliance with specifications and standards then applicable under new or renewal franchises for Pop's Italian Beef & Sausage Restaurants; or (2) you are unable to maintain possession of the Premises, and you secure an approved substitute premises and agree to expeditiously develop the substitute premises in compliance with specifications and standards then applicable under new or renewal franchises for Pop's Italian Beef & Sausage Restaurants; then you will have the right to renew the Franchise for two additional terms of 5 years. No initial franchise fee or renewal fee will be payable upon any renewal of the Franchise and all royalty fees, marketing fund contributions or other amounts payable to us will be based upon the requirements in the renewal Franchise Agreement (see below). An election by you to renew any lease for the Premises shall be deemed an election by you to renew the Franchise and to complete any refurbishing or decorating of the premises and replacement of fixtures, furnishings, furniture, equipment and signs we require in connection with renewal of the Franchise.

(b) **Notice of Deficiencies and Other Requirements.** At least 180 days prior to the expiration of the Franchise, we agree to give you written notice of any deficiencies in the operation or historical performance of the Restaurant which could cause us not to renew the Franchise. Our notice will state what actions, if any, you must take to correct the deficiencies in your operation of the Restaurant or in the Premises and will specify the time period in which those deficiencies must be corrected or other requirements satisfied. Renewal of the Franchise will be conditioned on your correction of all deficiencies identified in our notice and your continued compliance with all the terms and conditions of this Agreement up to the date of expiration. If we send a notice of non-renewal it will state the reasons for our refusal to renew.

(c) **Renewal Agreement; Releases.** To renew the Franchise, the Company, you and your Principal Owners must execute the form of standard franchise agreement and any ancillary agreements we are then customarily using in the grant or renewal of franchises for the operation of Pop's Italian Beef & Sausage Restaurants which may provide for higher royalty fees and advertising contributions and contain adjustments to your Protected Area as we deem in our sole discretion to be appropriate, and may contain

other terms materially different from the terms of this Agreement. You and your Principal Owners must execute general releases, in a form satisfactory to us, of any and all claims against us and our officers, directors, employees, and agents.

3. **DEVELOPMENT AND OPENING OF THE RESTAURANT.**

3.1 **Premises.** You must obtain lawful possession of the Premises through lease or purchase contract within 90 days after the Agreement Date. You must obtain our approval of any lease or sublease for the Premises before you sign it, and must deliver a copy of the signed, approved lease to us within fifteen (15) days after its execution. Prior to execution of the lease or sublease, you must also sign, and obtain agreement from the landlord of the Premises to sign, an addendum to the lease or sublease in a form that we provide or approve (the "Lease Addendum"). The lease, sublease or Lease Addendum must:

(a) Provide for notice to us of any default by you under the lease or sublease and provide us with a right (but no obligation) to cure the default. If we cure any default, the total amount of all costs and payments incurred by us in curing the default will be immediately due and owing to us by you;

(b) Provide that you have the right to assign your interest under the lease or sublease to us or our assignee, and we or our assignee has the right to assume the lease without the lessor's or sublessor's consent; and

(c) Authorize and require the lessor or sublessor to disclose to the us, upon our request, sales and other information that you furnished to the lessor or sublessor.

3.2 **Construction Plans and Specifications.** We will furnish you with assistance in the design, decoration, furnishings, furniture, layout, equipment, fixtures and signs for the Restaurant. It will then be your responsibility to have plans and specifications prepared by an architect to comply with all ordinances, building codes, permit requirements, and lease requirements and restrictions applicable to the Premises. You must submit final construction plans and specifications to us for approval before construction begins at the Premises, and the Restaurant must be constructed in accordance with those approved plans.

3.3 **Development of the Restaurant.** You agree at your own expense to do the following within a reasonable time after you have obtained possession of the Premises but in any event by such period as may be provided in any lease we have approved: (1) secure all financing required to fully develop the Restaurant; (2) obtain all required building, utility, sign, health, sanitation, and business permits and any other required permits and licenses, including all liquor licenses; (3) construct the Restaurant according to the construction plans and specifications we have approved; (4) decorate the Restaurant in compliance with plans and specifications we have approved; (5) purchase and install all required equipment, furniture, furnishings and signs; (6) cause the training requirements of Section 4 to be completed; (7) purchase an opening inventory of the products, beverages and other supplies and materials, including all menus and marketing materials; (8) do any other acts necessary to open the Restaurant for business;

(9) obtain our approval to open the Restaurant for business; and (10) open the Restaurant for business.

3.4 **Computer System.** You agree to use in the development and operation of the Restaurant the management system, computer terminals and operating software (“Computer System”) that we specify from time to time. You acknowledge that we may modify such specifications and the components of the Computer System from time to time. As part of the Computer System, we may require you to obtain specified computer hardware and/or software, including, without limitation, a license to use proprietary software developed by us or others. Our modification of such specifications for the components of the Computer System may require you to incur costs to purchase, lease and/or license new or modified computer hardware and/or software and to obtain service and support for the Computer System during the term of this Agreement. You acknowledge that we cannot estimate the future costs of the Computer System (or additions or modifications thereto) and that the cost to you of obtaining the Computer System (including software licenses) (or additions or modifications thereto) may not be fully amortizable over the remaining term of this Agreement. You further acknowledge and agree that we have the right to charge a reasonable systems fee for software or systems, modifications and enhancements specifically made for us that are licensed to you and other maintenance and support services that we or our affiliates furnish to you related to the Computer System and that we may require you to maintain a high-speed internet connection between the Company and the Restaurant.

3.5 **Equipment, Furniture, Fixtures, Furnishings and Signs.** You agree to use in the development and operation of the Restaurant only those brands, types, and/or models of equipment, furniture, fixtures, furnishings and signs we have approved, and also agree, if we require, to purchase them from suppliers we designate or have approved. If you desire to use a supplier that we have not approved, you shall first send us sufficient information, specifications and/or samples for us to determine whether the supplier meets our approved supplier criteria. We may charge the supplier a reasonable testing fee and will decide within a reasonable time after receiving the required information whether you may purchase from such supplier. You acknowledge and agree that we may revoke approval of a supplier at any time in our sole discretion by notifying you and/or the supplier.

3.6 **Restaurant Opening.** You agree not to open the Restaurant for business until: (1) all of your obligations under Paragraphs 3.1 through 3.5 of this Section have been fulfilled; (2) we determine that the Restaurant has been constructed, decorated, furnished, equipped, and stocked with materials and supplies in accordance with plans and specifications we have approved; (3) you (or your designated Principal Owner as provided below) and your Restaurant employees have completed pre-opening training to our satisfaction; and (4) you have furnished us with copies of all insurance policies required by Paragraph 10.10 of this Agreement. You agree to use your best efforts to open the Restaurant and commence business within 180 days of the Agreement Date. For a minimum of 10 days before, during and after the opening of the Restaurant, we will furnish to you, at the premises and at our expense, at least one of our representatives for the purpose of facilitating the opening of the Restaurant.

4. **TRAINING.**

You acknowledge that it is very important to the operation of the Restaurant that you (or one of your Principal Owners designated by you and approved by us) and your managers receive appropriate training. To that end, you agree as follows:

(a) Before the Restaurant opens for business, you (or your designated Principal Owner) and your management team (as defined below) if we require must attend training in the operation of a Pop's Italian Beef & Sausage Restaurant at the time and place we designate. The training programs will include restaurant operation training and will be furnished at a training facility or other location we designate. There will be no separate charge for these training programs. You and your management team (if we require) must complete all training to our satisfaction. For purposes of this Agreement, the term "management team" shall include on-site managers and any other key employees of the Restaurant we designate from time to time.

(b) You agree to have you (or your designated Principal Owner) and your management team (if we require) and/or other employees complete additional training programs of up to 5 days per year at places and times as we may reasonably request from time to time during the term of this Agreement.

(c) Your employees will be permitted to attend any other training programs, workshops, or seminars which we may offer from time to time. We may charge a fee for this additional training.

(d) You (or your designated Principal Owner) must attend any franchise meeting or convention sponsored by us for up to a total of 5 days per year.

(e) You agree to pay all of your own (or your designated Principal Owner's) expenses and the expenses incurred by your management team and any other employees in connection with all training programs, meetings and conventions, including travel, room, board, local transportation expenses, and wages.

5. **GUIDANCE; OPERATIONS MANUAL.**

5.1 **Guidance and Assistance.** During the term of this Agreement, we will from time to time furnish you guidance and assistance dealing with: (1) food preparation and presentation, packaging, sale and delivery of the products authorized for sale by the Restaurant and specifications, standards, and operating procedures used by Pop's Italian Beef & Sausage Restaurants; (2) purchasing approved equipment, furniture, furnishings, signs, food and beverage products, operating materials and supplies; (3) development and implementation of local advertising and promotional programs; (4) administrative, bookkeeping, accounting, inventory control and general operating and management procedures; (5) establishing and conducting employee training programs at the Restaurant; and (6) changes in any of the above that occur from time to time. This guidance and assistance will, in our discretion, be furnished in the form of an Operations Manual (the "Operations Manual"), bulletins, written reports and

recommendations, other written materials, telephone consultations, and/or personal consultations at our offices or at the Restaurant. If you request additional, special on-premises training of your personnel or other assistance in operating your Restaurant, you agree to pay for all expenses for that training or assistance, including any reasonable per diem charges assessed by us and travel and living expenses for our Company personnel.

5.2 **Operations Manual.** We will provide to you during the term of the Franchise access to our Operations Manual. The Operations Manual will contain mandatory and suggested specifications, standards, and operating procedures which we prescribe from time to time for Pop's Italian Beef & Sausage Restaurants, as well as information relative to other obligations you have in the operation of the Restaurant. The Operations Manual may be modified from time to time to reflect changes in the specifications, standards, operating procedures and other obligations in operating a Pop's Italian Beef & Sausage Restaurant. Revisions to the Operations Manual will be deemed effective 7 days after receipt by you, unless we specify a later effective date for a particular revision. You agree that you will not at any time copy any part of the 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 your Restaurant.

5.3 **Modification of Franchise System.** We have the right to operate, develop, and change the System in any manner that is not specifically prohibited by this Agreement. Whenever we have reserved in this Agreement a right to take or to withhold an action, or to grant or decline to grant you a right to take or omit an action, we may, except as otherwise specifically provided in this Agreement, make our decision or exercise our rights based on information readily available to us and our judgment of what is in our and/or the System's best interests at the time our decision is made, without regard to either whether we could have made other reasonable or even arguably preferable alternative decisions or whether our decision promotes our financial or other individual interest. Because complete and detailed uniformity under many varying conditions might not be possible or practical, you acknowledge that we specifically reserve the right and privilege, to vary the System for any franchise owner based upon the peculiarities of any condition that we consider important to that franchise owner's successful operation. You have no right to require us to grant you a similar variation or accommodation.

6. **MARKS.**

6.1 **Ownership and Goodwill of Marks.** You acknowledge that your right to use the Marks is derived solely from this Agreement and is limited to your operation of the Restaurant pursuant to and in compliance with this Agreement and all applicable standards, specifications, and operating procedures we prescribe from time to time during the term of the Franchise. If you make any unauthorized use of the Marks it will constitute a breach of this Agreement and an infringement of our rights in and to the Marks. You acknowledge and agree that all your usage of the Marks and any goodwill established by your use will inure to our benefit exclusively, and that this Agreement does not confer any goodwill or other interests in the Marks on you (other than the right to operate a Pop's Italian Beef & Sausage Restaurant in compliance with this Agreement). All provisions of this Agreement applicable to the Marks will apply to any additional trademarks, service marks, commercial symbols, designs, artwork and logos we may authorize and license you to use during the term of this Agreement.

6.2 **Limitations on Franchise Owner's Use of Marks.** You agree to use the Marks as the sole trade identification of the Restaurant, except that you will display at the Restaurant a notice, in the form we prescribe, which states that you are the independent owner of the Restaurant pursuant to a Franchise Agreement with us. You agree not to use any Mark as part of any corporate or trade name or with any prefix, suffix, or other modifying words, terms, designs, or symbols (other than logos and additional trade and service marks licensed to you under this Agreement), or in any modified form, nor may you use any Mark or any commercial symbol similar to the Marks, in connection with the performance or sale of any unauthorized services or products or in any other manner we have not expressly authorized in writing. You agree to display the Marks in the manner we prescribe at the Restaurant, and in connection with advertising and marketing materials, and to use, along with the Marks, notices of trade and service mark registrations as we specify. You further agree to obtain any fictitious or assumed name registrations as may be required under applicable law.

6.3 **Notification of Infringements and Claims.** You agree to immediately notify us in writing of any apparent infringement of or challenge to your use of any Mark, or claim by any person of any rights in any Mark or similar trade name, trademark or service mark which you became aware of. You agree not to communicate with anyone except us and our counsel in connection with any such infringement, challenge or claim. We or our affiliates have sole right to exclusively control any litigation or other proceeding arising out of any infringement, challenge or claim relating to any Mark. You agree to sign any documents, render any assistance, and do any acts that our or our affiliates' attorneys say is necessary or advisable in order to protect and maintain our interests in any litigation or proceeding related to the Marks or to otherwise protect and maintain our interests in the Marks.

6.4 **Discontinuance of Use of Marks.** If it becomes advisable at any time in our sole judgment for the Restaurant to modify or discontinue the use of any Mark or for the Restaurant to use one or more additional or substitute trade or service marks, you agree at your expense, to comply with our directions to modify or otherwise discontinue the use of the Mark, or use one or more additional or substitute trade or service marks, within a reasonable time after our notice to you.

6.5 **Indemnification of Franchise Owner.** We agree to indemnify you against and to reimburse you for all damages for which you are held liable in any proceeding arising out of your use of any Mark, pursuant to and in compliance with this Agreement, and for all costs you reasonably incur in the defense of any such claim in which you are named as a party, so long as you have timely notified us of the claim and have otherwise complied with this Agreement.

7. **RELATIONSHIP OF THE PARTIES; INDEMNIFICATION.**

7.1 **Independent Contractor; No Fiduciary Relationship.** Both of us understand and agree that this Agreement does not create a fiduciary relationship between us, that you and we are independent contractors, and that nothing in this Agreement is intended to make either party a general or special agent, joint venturer, partner, or employee of the other for any purpose whatsoever. You agree to conspicuously identify yourself in all your dealings with customers, suppliers, public officials, Restaurant personnel, and others as the owner of the Restaurant

pursuant to a Franchise Agreement with us, and agree to place any other notices of independent ownership on your forms, business cards, stationery, advertising, and other materials as we may require from time to time.

7.2 **No Liability, No Warranties.** We have not authorized or empowered you to use the Marks except as provided by this Agreement and you agree not to employ any of the Marks in signing any contract, check, purchase agreement, negotiable instrument or legal obligation, application for any license or permit, or in a manner that may result in liability to us for any indebtedness or obligation of yours. Except as expressly authorized by this Agreement, neither of us will make any express or implied agreements, warranties, guarantees or representations, or incur any debt, in the name of or on behalf of the other or represent that their relationship is other than that of franchisor and franchisee.

7.3 **Indemnification.** We will not assume any liability or be deemed liable for any agreements, representations, or warranties you make that are not expressly authorized under this Agreement, nor will we be obligated for any damages to any person or property directly or indirectly arising out of the operation of the business you conduct pursuant to this Agreement, whether or not caused by your negligent or willful action or failure to act. We will have no liability for any sales, use, excise, income, gross receipts, property, or other taxes levied against you or your assets or on us in connection with the business you conduct, or any payments you make to us pursuant to this Agreement or any Franchise Agreement (except for our own income taxes). You agree to indemnify, defend and hold us, our owners, directors, officers, affiliates, employees, agents and assignees, harmless against and to reimburse us and our owners, directors, officers, affiliates, employees, agents and assignees for all such obligations, damages, and taxes for which we or any of our owners, directors, officers, affiliates, employees, agents or assignees are held liable and for all costs reasonably incurred in the defense of any such claim brought against us or any of our owners, directors, officers, affiliates, employees, agents or assignees or in any such action in which we or any of our owners, directors, officers, affiliates, employees, agents or assignees are named as a party. We or any of our owners, directors, officers, affiliates, employees, agents or assignees have the right to defend against any such claim. You further agree to hold us harmless and indemnify and defend us for all cost, expense or loss we incur in enforcing the provisions of this Agreement, in defending our actions taken relating to this Agreement, or resulting from your breach of this Agreement, including, without limitation, reasonable legal and attorneys' fees (including those for appeal), unless, after legal proceedings are completed, you are found to have fulfilled and complied with all of the terms of this Agreement. Your indemnification obligations described above will continue in full force and effect after, and notwithstanding, the expiration or termination of this Agreement.

8. **CONFIDENTIAL INFORMATION; EXCLUSIVE RELATIONSHIP.**

8.1 **Types of Confidential Information.** We possess certain unique confidential and proprietary information and trade secrets consisting of the following categories of information, methods, techniques, products, and knowledge developed by us: (1) recipes, proprietary products, and methods for efficiently and cost-effectively preparing, and serving the products sold at Pop's Italian Beef & Sausage Restaurants; (2) knowledge of sales and profit performance of any one or more Pop's Italian Beef & Sausage Restaurants; (4) knowledge of test programs,

concepts or results relating to menu items; sources of products; advertising and promotional programs; Pop's Italian Beef & Sausage Restaurant image and decor; and the selection of Restaurant personnel; (5) methods, techniques, formats, specifications, procedures, information, systems and knowledge of and experience in the development, operation, and franchising of Pop's Italian Beef & Sausage Restaurants; and (6) methods of training Restaurant employees. We will disclose much of the above-described information to you, and will do so in advising about site selection, in training, in the Operations Manual and in providing guidance and assistance to you under this Agreement. In addition, in the course of the operation of your Restaurant, you or your employees may develop ideas, concepts, methods, techniques of improvement, relating to the Restaurant which will belong to us and which you agree to disclose to us and which we may then authorize you and other Pop's Italian Beef & Sausage Restaurants to use. (Any such information disclosed to or developed by you will be referred to in this Agreement as "Confidential Information".)

8.2 **Non-disclosure Agreement.** You agree that your relationship with us does not vest in you any interest in the Confidential Information other than the right to use it in the development and operation of Pop's Italian Beef & Sausage Restaurants under Franchise Agreements with us, and that the use or duplication of the Confidential Information in any other business would constitute an unfair method of competition. You acknowledge and agree that the Confidential Information belongs to us, may contain trade secrets belonging to us and is disclosed to you or authorized for your use solely on the condition that you agree, and you therefore do agree, that you (1) will not use the Confidential Information in any other business or capacity; (2) will maintain the absolute confidentiality of the Confidential Information during and after the term of this Agreement; (3) will not make unauthorized copies of any portion of the Confidential Information disclosed in written form; and (4) will adopt and implement all reasonable procedures we may prescribe from time to time to prevent unauthorized use or disclosure of the Confidential Information.

8.3 **Exclusive Relationship.** You agree that we would be unable to protect the Confidential Information against unauthorized use or disclosure and would be unable to encourage a free exchange of ideas and information among Pop's Italian Beef & Sausage Restaurants if franchise owners of Pop's Italian Beef & Sausage Restaurants were permitted to hold interests in any competitive businesses, as described below. Therefore, during the term of this Agreement, neither you, nor any Principal Owner, nor any member of your immediate family or of the immediate family of any Principal Owner shall perform services for or have any direct or indirect interest as a disclosed or beneficial owner, investor, partner, director, officer, employee, manager, consultant, representative or agent in any Competitive Business. For purposes of this Agreement, Competitive Business shall mean any restaurant or carry-out or delivery service business which offers Italian beef or sausage sandwiches as primary menu items. (The ownership of 1% or less of a publicly traded company will not be deemed to be prohibited by this paragraph).

9. **FEES.**

9.1 **Initial Franchise Fee.** You agree to pay us an Initial Franchise Fee in the amount of \$25,000.00 (the "Initial Franchise Fee"). The Initial Franchise Fee shall be paid by you to us

when you open your Restaurant for business. No Initial Franchise Fee or renewal fee is payable if this Agreement is being signed in connection with the renewal of the franchise.

9.2 **Royalty Fee.** You agree to pay us a Royalty Fee (“Royalty Fee”) in the amount of ____% of the gross sales of the Restaurant. The Royalty Fee shall be paid by you to us by the 15th day of each month (or such other date as we may otherwise prescribe in the Operations Manual or in writing to you), on gross sales of the Restaurant for the preceding month.

9.3 **Gross Sales.** The term “gross sales” shall for purposes of this Agreement mean the total sales of all products and services of the Restaurant, whether on premises or off premises (such as catering and delivery) or whether for cash or credit, exclusive of sales taxes or other taxes collected from customers of the Restaurant. Gross Sales shall include the purchase price of the menu items charged to the customer by a TPS (which shall not include any separate fee charged by the TPS to the customer that appears as a separate line item charge on the customer’s bill and shall not be adjusted to reflect any discounts, credits, or coupons deducted from the customer’s total order by the TPS, but shall include any fee that is incorporated into or deducted from the menu price of menu items), regardless of the amount of revenue you actually receive from the TPS as a result of the customer’s purchase (recognizing that though the TPS may pay you an amount equal to the purchase price charged to the customer less a commission, other fees, and any discounts, credits, or coupons applied to the order, such commission, fees, discounts, credits, and coupons will not be deducted from your Gross Sales).

9.4 **Marketing Fund.** At our request, you agree to pay us, for marketing programs (described in Section 11), a Marketing Fund contribution in an amount of 2% of the gross sales of the Restaurant, payable with, and in the same manner as, your Royalty Fee described above. The percentage contribution specified above may be increased or decreased if we in our sole discretion believe said increase or decrease is necessary in the best interests of Pop’s Italian Beef & Sausage Restaurant marketing programs provided you will not be required at any time to contribute more than 3% of the gross sales of the Restaurant. Any increase or decrease in the percentage Marketing Fund contribution will become effective upon notification to you from us of any such increase or decrease.

9.5 **Electronic Funds Transfer.** We have the right to require you to participate in an electronic funds transfer program under which Royalty Fees and Marketing Fund contributions are deducted or paid electronically from your bank account (the “Account”). In the event you are required to authorize us to initiate debit entries, you agree to make the funds available in the Account for withdrawal by electronic transfer no later than the due date for payment. The amount actually transferred from the Account to pay Royalty Fees and Marketing Fund contributions will be based on the Restaurant’s gross sales reported to us. If you have not reported the gross sales of the Restaurant to us for any reporting period, we will be authorized to debit the Account in an amount equal to the Royalty Fee transferred from the Account for the last reporting period for which a report of the gross sales of the Restaurant was provided to us. If at any time we determine that you have under-reported the gross sales of the Restaurant or underpaid Royalty Fees or Marketing Fund contributions due us under this Agreement, we will be authorized to initiate immediately a debit to the Account in the appropriate amount in accordance with the foregoing procedure, including interest as provided for in this Agreement.

An overpayment will be credited to the Account through a credit effective as of the first reporting date after we and you determine that such credit is due. Our use of electronic funds transfers as a method of collecting Royalty Fees and Marketing Fund contributions due us does not constitute a waiver of any of our obligations to provide us with weekly sales reports as provided in Section 12 nor shall it be deemed a waiver of any of the rights and remedies available to us under this Agreement.

9.6 **Interest on Late Payments.** All Royalty Fees, Marketing Fund contributions, amounts due us or our affiliates (unless otherwise provided for in a separate agreement between us or our affiliates) will begin to accrue interest after their respective due dates at the highest applicable legal rate for open account business credit, or if there is no maximum, at the rate of 1.5% per month. (You acknowledge that the inclusion of this Paragraph in this Agreement does not mean we agree to accept or condone late payments, nor does it indicate that we have any intention to extend credit to, or otherwise finance your operation of the Restaurant.) We shall have the right to require that any payments due us or our affiliates be made by certified or cashier's check in the event that any payment by check is not honored by the bank upon which the check is drawn. We also reserve the right to charge you a fee of \$100 for any payment by check which is not honored by the bank upon which it is drawn. Payments due us or our affiliates shall not be deemed received until such time as funds from the deposit of any check by us or our affiliates is collected from your account.

9.7 **Application of Payments.** When we receive a payment from you, we have the right in our sole discretion to apply it as we see fit to any past due indebtedness of yours due to us or our affiliates, whether for Royalties Fees, Marketing Fund contributions, purchases, interest, or for any other reason, regardless of how you may designate a particular payment to be applied.

10. **RESTAURANT OPERATING STANDARDS.**

10.1 **Importance of Uniformity.** By signing this Agreement, you indicate that you understand and acknowledge that every detail of the Restaurant is important – not only to you, but to us and to other Pop's Italian Beef & Sausage Restaurant franchisees – in order to develop and maintain high and uniform operating standards, to increase the demand for the products and services sold by all franchisees, to establish and maintain a reputation for operating uniform, efficient, high quality restaurants, and to protect the goodwill of all Pop's Italian Beef & Sausage Restaurants. You also acknowledge that a fundamental requirement of the System, this Agreement, and other Pop's Italian Beef & Sausage Restaurant franchises is adherence by all franchisees to the Company's uniform standards and policies, except for certain regional or individual differences we may from time to time approve or require.

10.2 **Condition and Appearance of the Restaurant.** You agree that:

(a) neither the Restaurant nor the Premises will be used for any purpose other than the operation of a Pop's Italian Beef & Sausage Restaurant in compliance with this Agreement;

(b) you will maintain the condition and appearance of the Restaurant, its equipment, furniture, furnishings, signs, and the Premises in accordance with our standards and consistent with the image of a Pop's Italian Beef & Sausage Restaurant as an efficiently operated business offering high quality products and services, and observing the highest standards of cleanliness, sanitation, efficient, courteous service and fun ambiance, and in that connection will take, without limitation, the following actions during the term of this Agreement: (1) thorough cleaning, repainting and redecorating of the interior and exterior of the Premises at reasonable intervals; (2) interior and exterior repair of the Premises; and (3) repair or replacement of damaged, worn out or obsolete equipment, furniture, furnishings and signs;

(c) you will not make any material alterations to the Premises, or to the appearance of the Restaurant, as originally developed, without our advance approval;

(d) you will replace or add new equipment when we reasonably specify in order to meet changing standards;

(e) on notice from us, you will engage in remodeling, expansion, redecorating and/or refurbishing of the Premises and the Restaurant to reflect changes in the operations of Pop's Italian Beef & Sausage Restaurants which we prescribe and require of new franchisees, provided that no material changes shall be required more than every 5 years (all actual changes will be subject to our approval);

(f) you will place or display at the Premises (interior and exterior) only those signs, emblems, designs, artwork, lettering, logos, and display and advertising materials that we from time to time approve; and

(g) if at any time in our reasonable judgment, the general state of repair, appearance or cleanliness of the premises of the Restaurant or its fixtures, equipment, furniture or signs do not meet our standards, we have the right to notify you, specifying the action you must take to correct the deficiency.

10.3 Menu Items and Service Methods. You agree that (a) the Restaurant will offer for sale all menu items prescribed by us from time to time, and other products and services that we from time to time authorize; (b) the Restaurant will offer and sell approved products and services only in the manner we have prescribed; (c) you will not offer for sale or sell at the Restaurant, the Premises or any other location any menu items or other products or services we have not approved; (d) you will not use the Premises for any purpose other than the operation of the Restaurant; and (e) you will discontinue selling and offering for sale any products or services that we at any time decide (in our sole discretion) to disapprove in writing.

You agree to maintain an inventory of approved products, beverages, ingredients and other products sufficient in quantity and variety to realize the full potential of the Restaurant.

We may, from time to time, conduct market research and testing to determine consumer trends and the saleability of new products and services. You agree to cooperate by participating

in our market research programs, and by providing us with timely reports and other relevant information regarding that market research. In connection with any such test marketing, you agree to purchase a reasonable quantity of the tested products and effectively promote and make a reasonable effort to sell them.

10.4 Approved Suppliers. The reputation and goodwill of Pop's Italian Beef & Sausage Restaurants is based on, and can be maintained only by, the sale of distinctive, high quality food and beverage and products; the preparation and presentation of those products in an efficient and appealing manner. We have developed or may develop various unique or specialty products which may be prepared by or for us according to our secret recipes and formulas. We have also developed standards and specifications for menu items, ingredients, beverages, materials and supplies incorporated in or used in the preparation, presentation and delivery of prepared food and beverage products authorized for sale at Pop's Italian Beef & Sausage Restaurants. We have and will continue to periodically approve suppliers and distributors of the above products that meet our standards and requirements, including, without limitation, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations.

We may approve a single distributor or other supplier (collectively "supplier") for any product (which may be us or our affiliates) and may approve a supplier only as to certain products. You agree that the Restaurant will: (1) purchase products for sale from the Restaurant in such quantities as we designate; (2) utilize such formats, formulas and containers for products as we prescribe; and (3) purchase all products and beverages, menus, serving baskets, plates, napkins, glassware, flatware, paper and plastic products, packaging or other materials, and utensils only from distributors and other suppliers we have approved. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of Pop's Italian Beef & Sausage Restaurants franchised or operated by us or our affiliates. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time to time.

If you would like to purchase any items from any unapproved supplier, you must submit to us a written request for approval of the proposed supplier. (Or the proposed supplier may submit its own request.) We have the right to inspect the proposed supplier's facilities, and to require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent, certified laboratory which we designate for testing. Either you or the proposed supplier must pay us a fee (not to exceed the reasonable cost of the inspection and the actual cost of the test) to make the evaluation. We reserve the right to periodically re-inspect the facilities and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. (Please note: Do not construe the new-supplier approval process just explained as requiring us to approve any proposed supplier.)

At our request, you must (i) become a member of any purchasing and/or distribution cooperative(s)/association(s)/program(s), if any, that we designate and/or establish for the System, (ii) remain a member in good standing thereof throughout the term of this Agreement

and (iii) pay all reasonable membership fees assessed by any purchasing and/or distribution cooperative(s)/association(s)/program(s).

We reserve the right to retain any rebates, commissions or similar payments paid by third-party suppliers on products sold to Pop's Italian Beef & Sausage Restaurants.

10.5 **Hours of Operation.** You agree to keep the Restaurant open for business at such times and during such hours as we may prescribe from time to time.

10.6 **Specifications, Standards and Procedures.** You agree to comply with all specifications, standards, and operating procedures relating to the appearance, function, cleanliness, sanitation and operation of a Pop's Italian Beef & Sausage Restaurant as we may reasonably prescribe. Mandatory specifications, standards, and operating procedures we prescribe from time to time in the Operations Manual, or otherwise communicated to you in writing, will constitute provisions of this Agreement as if fully set forth in this Agreement. All references to "this Agreement" include all such mandatory specifications, standards, and operating procedures.

10.7 **Compliance with Laws and Good Business Practices.** You agree to secure and maintain in force in your name all required licenses, permits, and certificates relating to the operation of the Restaurant. You also agree to operate the Restaurant in full compliance with all applicable laws, ordinances, and regulations, including, without limitation, all government regulations relating to worker's compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes.

All advertising you employ must be completely factual, in good taste (in our judgment), and must conform to the highest standards of ethical advertising. You agree that in all dealings with us, your customers, your suppliers, and with public officials, you will adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You further agree to refrain from any business or advertising practice which may be harmful to the business of the Company and the goodwill associated with the Marks and other Pop's Italian Beef & Sausage Restaurants.

You must notify us in writing within 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 your operation or financial condition or that of the Restaurant, or of any notice of violation of any law, ordinance, or regulation relating to health or safety.

10.8 **Management and Personnel of the Restaurant.** The Restaurant at all times must be under the direct, on-premises supervision of you (or your designated Principal Owner). You (or your designated Principal Owner) must complete our required training program and must devote full time and efforts to the management of the Restaurant. You agree to hire a management team and employees of the Restaurant and you agree to be exclusively responsible for the terms of their employment, their compensation, and for the proper training of the employees in the operation of the Restaurant. You agree to have the management team complete any training programs we require. You agree to establish at the Restaurant a training program for

all other employees using our Operations Manual. You agree to require all employees to maintain a neat and clean appearance and to conform to the standards of dress and/or uniforms we specify from time to time for all Restaurants. All employees shall render prompt, efficient and courteous service to all customers of the Restaurant. You agree not to recruit or hire, either directly or indirectly, any employee (or a former employee for 6 months after his or her employment has ended) of a Pop's Italian Beef & Sausage Restaurant operated by us, our affiliates or another Restaurant franchise owner without our advance written permission or that of the employer-franchise owner. (If you violate this provision, in addition to any other right or remedy we may have, you agree to pay the hired employee's former employer twice the hired employee's annual salary, plus all costs and attorneys' fees incurred as a result of the violation.)

10.9 Insurance. Prior to the opening of the Restaurant to the public, you must obtain the following insurance coverage under policies of insurance issued by carriers of your choice whom we approve: (1) property for special risk or perils for the replacement value of the Restaurant and its contents; (2) worker's compensation insurance for all employees, including employer liability containing minimum liability coverage of \$2 million; and (3) general liability coverage of \$2 million per occurrence and excess or umbrella coverage of \$1 million, including coverage for automobile, hired and non-owned automobile, personal injury and advertising liability. You must maintain these policies in force during the entire term of this Agreement. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards or other relevant changes in circumstances. Each insurance policy must name us (and, if we request it, our directors, employees, owners and affiliates) as an additional insured and must provide us with 30 days advance written notice of any material modification, cancellation, or expiration of the policy.

Before the expiration of the term of each insurance policy, you must furnish us with a copy of each policy you are to maintain for the upcoming term, along with evidence of the payment of the premium for each.

Your obligation to maintain insurance coverage as described in this Agreement will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under Section 7 of this Agreement.

10.10 Entertainment Area Concession and Vending Machines. All vending machines, newspaper racks, juke boxes, gum and candy machines, games, pinball machines, video games, arcade or sport games and other mechanical devices which will be installed or operated at the Restaurant are each subject to our advance written approval.

10.11 Customer Promotional Programs. You agree to participate in any customer promotional programs which we may establish from time to time to increase the patronage of Pop's Italian Beef & Sausage Restaurants which may include, without limitation, frequent diner programs, and to the greatest extent permitted by applicable law, price promotions. In connection with such customer promotional programs, you agree to honor and discount coupons

or vouchers received by customers from us or any other Pop's Italian Beef & Sausage Restaurant, provided a reasonable reimbursement policy is established for redemption of the coupons or vouchers.

10.12 **Credit Cards and Other Methods of Payment.** You must at all times have arrangements in existence with credit and debit card issuers or sponsors, check verification services, and electronic fund transfer systems that we designate from time to time in the Operations Manual or otherwise in writing in order that the Restaurant may accept customers' credit and debit cards, checks and other methods of payment.

11. **ADVERTISING.**

11.1 **By Company.** As stated earlier, due to the value of advertising and the importance of promoting the public image of Pop's Italian Beef & Sausage Restaurants, we may establish and administer a Marketing Fund. Earlier in this Agreement you agreed to contribute to that Marketing Fund upon our request. We agree that the Pop's Italian Beef & Sausage Restaurants owned by us and our affiliates will contribute to the Marketing Fund on the same percentage as you do.

If established will be entitled to direct all advertising and promotion financed by the Marketing Fund, with sole discretion over the creative concepts, materials, and endorsements used in them. You agree that the Marketing Fund may be used to pay the costs of preparing and producing newspaper ads, television ads, coupon, direct mail pieces and related materials. At your option, you can use these advertisements in your operations. Any modifications or customizations to these advertisements made by you shall require our prior written approval.

The Marketing Fund will be accounted for separately from other funds of the Company and will not be used to defray any of our general operating expenses, except for any reasonable salaries, administrative costs and overhead we may incur in activities reasonably related to the administration of the Marketing Fund and its advertising and promotional programs (including, without limitation, conducting market research, preparing advertising and marketing materials, and collecting and accounting for contributions to the Marketing Fund). We may spend in any fiscal year an amount greater or less than the total contribution of Pop's Italian Beef & Sausage Restaurants to the Marketing Fund in that year. We may cause the Marketing Fund to borrow from us or other lenders to cover deficits of the Marketing Fund or cause the Marketing Fund to invest any surplus for future use by the Marketing Fund. All interest earned on monies contributed to the Marketing Fund will be used to pay advertising costs of the Marketing Fund before other assets of the Marketing Fund are expended. We will prepare an annual statement of monies collected and costs incurred by the Marketing Fund and will make it available to you on written request.

You understand and acknowledge that the Marketing Fund is intended to maximize recognition of the Marks and patronage of Pop's Italian Beef & Sausage Restaurants. Although we will endeavor to use the Marketing Fund to develop advertising and marketing materials for the System, we undertake no obligation to ensure that expenditures by the Marketing Fund in or affecting any geographic area are proportionate or equivalent to contributions to the Marketing

Fund by Pop's Italian Beef & Sausage Restaurants operating in that geographic area or that any Pop's Italian Beef & Sausage Restaurant will benefit directly or in proportion to its contribution to the Marketing Fund from the development of advertising and marketing materials. Except as expressly provided in this Paragraph 11.1, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction, or administration of the Marketing Fund.

We shall have the right to terminate the Marketing Fund by giving you thirty (30) days' prior written notice. All unspent monies on date of termination shall be divided between the Company (its affiliates) and franchisees in proportion to our respective contributions during the last 12 months. At any time thereafter, we shall have the right to reinstate the Marketing Fund under the same terms and conditions as described in this Section 11.1 (including the rights to terminate and reinstate), by giving you thirty (30) days' prior written notice of reinstatement.

11.2 By Franchise Owner. During the term of this Agreement, you shall spend annually (or during such other period we designate) at least 1.5% of your gross sales on advertising in your local market area, which includes in-home promotions and coupons, but does not include employee meal discounts. In addition, you agree to list and advertise the Restaurant in each of the classified telephone directories distributed within your market area, in those business classifications as we prescribe from time to time and using our standard form of classified telephone directory advertisement.

On each occasion before you use them, samples of all local advertising and promotional materials not prepared or previously approved by us must be submitted to us for approval. If you do not receive our written disapproval within 15 days from the date we receive the materials, the materials will be deemed to have been approved. You agree not to use any advertising or promotional materials that we have disapproved. Within 15 days following the end of each calendar quarter, you shall submit a quarterly advertising expenditure report to us, accurately reflecting your local advertising expenditures for the preceding quarter.

11.3 Local and Regional Advertising Cooperatives. We reserve the right to require that you participate in local and regional advertising cooperatives in connection with the advertising and program administered by us or by other Pop's Italian Beef & Sausage Restaurant franchisees. You agree to pay any contributions that we require you to make for expenditure by these local or regional advertising cooperatives or that may be otherwise approved by these cooperatives, provided you will not be obligated to pay more than 1.5% of the gross sales of the Restaurant to such cooperatives. Any contribution you are required to make to any local or regional advertising cooperatives will count toward your expenditure obligations under Section 11.2.

11.4 Digital Marketing. We and/or our affiliates, in our sole discretion, may establish and operate websites, social media accounts, applications, keyword or adword purchasing programs, accounts with websites featuring gift certificates or discounted coupons, mobile applications, online videos, display banner campaigns, e-mail marketing campaigns, or other means of digital advertising on the Internet or any other means of digital or electronic communications (collectively, "Digital Marketing") that are intended to promote the Marks, the Restaurant, and the entire brand network. We will have the sole right to control all aspects of

any Digital Marketing, including those related to your Restaurant. Unless we consent otherwise in writing, you may not, directly or indirectly, conduct or be involved in any Digital Marketing that use the Marks or that relate to the Restaurant. If we do permit you to conduct any Digital Marketing, you must (i) comply with any standards or content requirements that we establish periodically and must immediately modify or delete any Digital Marketing that we determine, in our sole discretion, is not compliant with such standards or content requirements, (ii) only use materials that we have approved and must submit any proposed modifications to us for our approval, (iii) not use any Mark on any aspect of the Digital Marketing (including in any domain name, address, or account) except as we expressly permit, (iv) include any information that we require, and (v) include only the links that we approve or require. We retain the right to pre-approve your use of linking and framing between any Digital Marketing that you conduct and all other websites. If we consent to your use of the Marks (or words or designations similar to the Marks) in any domain name, electronic address, website, or other source identifier, we may register such names, addresses, websites, or identifiers and then license use of the registered item back to you under a separate agreement. You must pay all costs due for registration, maintenance, and renewal of any such names, addresses, websites, or identifiers that we approve and maintain on your behalf. We retain the ownership of copyright to any of the materials that you may develop for use on the Internet. We may withdraw our approval for any Digital Marketing at any time.

12. **ACCOUNTING, REPORTS AND FINANCIAL STATEMENTS.**

You agree to keep full and accurate books of account and other records reflecting the results of operation of the Restaurant on an accrual basis, or approved by us. You agree to establish and maintain at your own expense a bookkeeping, accounting, and recordkeeping system conforming to the requirements, data processing and cash register systems and formats we prescribe from time to time. These systems may include capability of being polled by our central computer system. With respect to the operation and financial condition of the Restaurant, at our request, you agree to furnish us in the form we prescribe from time to time: (1) if we request it daily, an e-mail report of gross sales for the preceding day; (2) by the 15th day of each month an e-mail report of the gross sales of the Restaurant for the preceding month and any other data, information, and supporting records that we reasonably require; (3) by the 20th day of each month period (or other period we designate), a profit and loss statement for the preceding month period (or other period we designate) and a year to date profit and loss statement and balance sheet; (4) within 120 days after the end of your fiscal year, a fiscal year-end balance sheet and an annual profit and loss statement for that fiscal year, reflecting all year-end adjustments and (5) such other reports as we shall reasonably prescribe from time to time. You must specify and sign each report and financial statement required by this Section in the manner we prescribe. You agree to maintain and furnish, if we request it, complete copies of federal and state income tax returns you file with the Internal Revenue Service and state tax departments reflecting sales and income of the Restaurant or the corporation, limited liability company or partnership that holds the Franchise. We reserve the right to require you to have audited or reviewed financial statements prepared by a certified public accountant on an annual basis.

13. **INSPECTIONS AND AUDITS.**

13.1 **Company's Right to Inspect the Restaurant**. To determine whether you and the Restaurant are complying with this Agreement, and with specifications, standards, and operating procedures we prescribe for the operation of Pop's Italian Beef & Sausage Restaurants, we or our agents have the right, at any reasonable time and without advance notice to you, to: (1) inspect the Premises; (2) observe the operations of the Restaurant for such consecutive or intermittent periods as we deem necessary; (3) interview personnel of the Restaurant; (4) interview customers of the Restaurant; and (5) inspect and copy any books, records and documents relating to the operation of the Restaurant. You agree to fully cooperate with us in connection with any of those inspections, observations and interviews. You agree to present to your customers any evaluation forms we periodically prescribe and agree to participate and/or request your customers to participate in any surveys performed by or on our behalf.

13.2 **Company's Right to Audit**. We have the right at any time during business hours, and upon 24 hours notice to you, to inspect and audit, or cause to be inspected and audited, the business records, bookkeeping and accounting records, sales and income tax records and returns and other records of the Restaurant and the books and records of any corporation, limited liability company or partnership which holds the Franchise. You agree to fully cooperate with our representatives and independent accountants we may hire to conduct any inspection or audit. If the inspection or audit is made necessary by your failure to furnish the reports, supporting records, other information or financial statements, required by this Agreement, or to furnish those reports, records, information or financial statements on a timely basis, or if an understatement of gross sales for any period is determined by an audit or inspection to be greater than 2%, you agree to pay us all monies owed, plus interest, and reimburse us for the cost of such inspection or audit, including, without limitation, the charges of attorneys and any independent accountants, and the travel expenses, room and board and applicable per diem charges for our employees. The above remedies are in addition to all our other remedies and rights under this Agreement or under applicable law.

14. **TRANSFER REQUIREMENTS.**

14.1 **Interests in Franchise Owner**. You and each Principal Owner represent, warrant and agree that all "Interests" in Franchise Owner are owned in the amount and manner disclosed to us in Exhibit B and that no change will be made in the ownership of an Interest other than as expressly permitted by this Agreement or as we may otherwise approve in writing. You and each Principal Owner agree to furnish us with evidence as we may request from time to time to assure ourselves that the Interests in Franchise Owner remain as permitted by this Agreement, including a list of all persons owning any Interest. No Interest in Franchise Owner will, during the term of this Agreement, be "public securities" (i.e., securities which require, for their issuance, registration with any state or federal authority). An "Interest" is defined to mean any shares, partnership or other ownership interests in or of Franchise Owner and any other equitable or legal right in any of Franchise Owner's stock, revenues, profits, rights or assets.

You and each Principal Owner represent, warrant and agree, except as otherwise permitted in Paragraph 14.3, that neither the Restaurant, its assets or this Agreement nor any Interest of a Principal Owner has or will be given as security or pledged for any obligation.

14.2 **Transfer by Company.** This Agreement is fully transferable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement.

14.3 **No Transfer Without Approval.** You understand and acknowledge that the rights and duties created by this Agreement are personal to you and your Principal Owners and that we have entered into this Agreement in reliance on the individual or collective character, skill, aptitude, attitude, business ability, and financial capacity of you and your Principal Owners. Accordingly, neither this Agreement, the Restaurant, nor any Interest of a Principal Owner, may be Transferred (see definition below) without our advance written approval. Any Transfer that is made without our approval will constitute a breach of this Agreement and convey no rights to or interests in this Agreement, in you, or in the Restaurant.

As used in this Agreement the term “Transfer” means any voluntary, involuntary, direct or indirect assignment, sale, gift, exchange, grant of a security interest in this Agreement, the Restaurant or its assets, or the occurrence of any event which would or might change the ownership of any Interest, and includes, without limitation: (1) the Transfer of ownership of capital stock, partnership interest or other ownership interests; (2) merger or consolidation, or issuance of additional securities representing an ownership interest in Franchise Owner; (3) sale of common stock of Franchise Owner sold pursuant to a private placement or registered public offering; (4) Transfer of an Interest in a divorce proceeding or otherwise by operation of law; or (5) Transfer of an Interest by will, declaration of or transfer in trust, or under the laws of intestate succession.

We will not unreasonably withhold consent to a Transfer of an Interest by a Principal Owner to a member of his immediate family or to your key employees, so long as all Principal Owners retain a “controlling Interest” in you, although we reserve the right to impose reasonable conditions on the Transfer as a requirement for our consent.

Interests owned by persons other than the Principal Owners (“minority owners”) may be Transferred without our advance consent unless the Transfer would give that transferee and any person or group of persons affiliated or having a common interest with the transferee more than a collective 25% Interest in Franchise Owner, in which case advance written approval for the Transfer is required. Your formal partnership, corporation or other formation documents and all stock certificates, partnership units or other evidence of ownership must recite or bear a legend reflecting the transfer restrictions of this Paragraph 14.3.

We will not unreasonably withhold consent to the granting of a lien on the assets of the Restaurant or a Principal Owner’s Interest to a bank or other lending institution which is providing financing to you.

14.4 Conditions for Approval of Transfer. If you and your Principal Owners are in full compliance with this Agreement, we will not unreasonably withhold our approval of a Transfer that meets all the applicable requirements of this Section. The person or entity to whom you wish to make the Transfer and principal owners (“Proposed New Owner”) must be individuals of good moral character and otherwise meet our then applicable standards for Pop’s Italian Beef & Sausage Restaurant franchisees and owners. If you propose to Transfer this Agreement, the Restaurant or a controlling Interest in you, or make a Transfer that is one of a series of Transfers which taken together would constitute the Transfer of this Agreement, the Restaurant or a controlling Interest in you, all of the following conditions must be met before or at the time of the Transfer:

- (a) The Proposed New Owner must have sufficient business experience, aptitude, and financial resources to operate the Restaurant;
- (b) you must pay any amounts owed for purchases from us and our affiliates, and any other amounts owed to us or our affiliates which are unpaid;
- (c) the Proposed New Owner and its management team must have successfully completed our training program;
- (d) if your lease for the Premises requires it, the lessor must have consented to the assignment or sublease of the Premises to the Proposed New Owner;
- (e) you shall have paid to us our transfer fee equal to 50% of our then current initial franchise fee for a Pop’s Italian Beef & Sausage Restaurant franchise if the transfer is to an existing franchisee or 75% of our then current initial franchise fee for a Pop’s Italian Beef & Sausage Restaurant franchise if the transfer is to a new franchisee;
- (f) you and your Principal Owners must execute a general release (in a form satisfactory to us) of any and all claims against us and our owners, officers, directors, employees, and agents;
- (g) we must approve the material terms and conditions of the proposed Transfer, including, without limitation, that the price and terms of payment are not so burdensome as to adversely affect the operation of the Restaurant;
- (h) The Restaurant shall have been left in an attractive, neat and sanitary condition.
- (i) The Restaurant shall have been determined by us to contain all equipment and fixtures in good working condition, as were required at the initial opening of the Restaurant. At our request, the Proposed New Owner shall have agreed, in writing, to make such reasonable capital expenditures to remodel, equip, modernize and redecorate the interior and exterior of the premises in accordance with our then existing plans and specifications for Pop’s Italian Beef & Sausage Restaurants.

(j) Upon receiving our consent for the Transfer, the Proposed New Owner shall agree to assume all of your obligations under this Agreement in a form acceptable to us, or at our option, shall agree to execute a new Franchise Agreement and related agreements with us in the form then being used by us.

(k) The Proposed New Owner shall be responsible for the travel and living expenses (including all transportation costs, room, board and meals) incurred during the training program. You shall reimburse us for any reasonable expenses incurred by us in investigation and processing any Proposed New Owner where the Transfer is not consummated for any reason. We may, at our option, require that you guarantee the performance, and obligations of the Proposed New Owner for a period of 12 months after the Transfer.

(l) You or Principal Owner(s) must have properly offered us the opportunity to exercise our right of first refusal as described in Section 14.7, and we must have then declined to exercise it.

You further agree and understand that the Restaurant or its assets may not be transferred, sold or assigned except in connection with a Transfer of this Agreement.

14.5 Transfer to a Wholly-Owned Corporation/Partnership Limited Liability Company. If you are in full compliance with this Agreement, you may transfer this Agreement to a corporation, partnership or limited liability company which conducts no business other than the Restaurant and, if applicable, other Pop's Italian Beef & Sausage Restaurants, in which you maintain management control and of which you own and control 100% of the equity and voting power of all issued and outstanding capital stock of such corporation, 100% of the general partnership interests of such partnership or 100% of the ownership interests in such limited liability company, and further provided that all assets of the Restaurant are owned, and the entire business of the Restaurant is conducted, by the corporation, partnership or limited liability company. Transfers of shares or ownership interests in such entity will be subject to the provisions of Paragraph 14.4. Notwithstanding anything to the contrary in this Agreement, you agree to remain personally liable under this Agreement as if the transfer to such corporation, partnership or limited liability company had not occurred.

14.6 Death and Disability. Upon your death or permanent disability (or the death or permanent disability of a Principal Owner), the executor, administrator, conservator or other personal representative of such person shall transfer his/her interest within a reasonable time, not to exceed twelve (12) months from the date of death or permanent disability, to a person approved by us. Such transfers, including, without limitation, transfers by devise or inheritance, shall be subject to all the terms and conditions for assignments and transfers contained in this Agreement. Failure to so dispose of such interest within said period of time shall constitute grounds for termination under this Agreement. If the Restaurant is not being managed properly in our reasonable judgment after the death or permanent disability of you or a Principal Owner, we shall have the right, but not the obligation, to manage the Restaurant until an approved assignee shall be able to assume the management and operation of the Restaurant. We shall have the right to charge a reasonable fee for such management services.

14.7 **Effect of Consent to Transfer.** Our consent to a proposed Transfer pursuant to this Section will not constitute a waiver of any claims we may have against you, nor will it be deemed a waiver of our right to demand exact compliance with any of the terms or conditions of this Agreement by the Proposed New Owner.

14.8 **Company's Right of First Refusal.** If you wish to sell the Restaurant or if any Principal Owner wishes to sell an Interest, we will have a right of first refusal to purchase the Restaurant or that Interest. The party proposing the Transfer (the "transferor") must obtain a bona fide, executed written offer (accompanied by a "good faith" earnest money deposit of at least 5% of the purchase price) from a responsible and fully disclosed purchaser and must submit an exact copy of the offer to us. You also agree to provide us with any other information we need to evaluate the offer, if we request it within 15 days of receipt of the offer. We have the right, exercisable by delivering written notice to the transferor within 30 days from the date of last delivery to us of the offer and any other documents we have requested, to purchase the Restaurant or the Interest for the price and on the terms and conditions contained in the offer, except that we may substitute cash for any form of payment proposed in the offer and we will not be obligated to pay any "finder's" or broker's fees that are a part of the proposed Transfer. Our credit will be deemed equal to the credit of any other proposed purchaser, and we will have at least 60 days to prepare for closing. We will be entitled to all customary representations and warranties. If the proposed Transfer includes assets not related to the operation of the Restaurant, we may purchase only the assets related to the operation of the Restaurant or may also purchase the other assets. (An equitable purchase price will be allocated to each asset included in the Transfer.)

If we do not exercise our right of first refusal, the transferor may complete the sale to the Proposed New Owner pursuant to and on the terms of the offer, as long as we have approved the Transfer as provided in Paragraphs 14.3 and 14.4 of this Section. You must immediately notify us of any changes in the terms of an offer. Any material change in the terms of an offer before closing will make it a new offer, revoking any previous approval or previously made election to purchase and giving us a new right of first refusal effective as of the day we receive formal notice of a material change in the terms. If the sale to the Proposed New Owner is not completed within 120 days after we have approved the sale, our approval of the proposed sale will expire. Any later proposal to complete that proposed sale will be deemed a new offer, giving us a new right of approval and right of first refusal effective as of the day we receive formal notice of the new (or continuing) proposal. We will not exercise a right of first refusal with respect to a proposed sale of less than a controlling interest to a member of a Principal Owner's immediate family or to your key employees.

15. **TERMINATION OF THE FRANCHISE.**

We shall have the right to terminate this Agreement effective upon delivery of notice of termination to you, if:

- (a) you fail to purchase or lease the Premises for the Restaurant or develop or open the Restaurant as provided in this Agreement;

(b) you or the Principal Owner designed by you and approved by us fails to satisfactorily complete our training program;

(c) you abandon, surrender, transfer control of, loses the right to occupy the premises of or fails to actively operate the Restaurant, or the lease for the location of the Restaurant is terminated because of your default thereunder;

(d) you or any of your Principal Owners assign or transfer this Agreement, the Restaurant or its assets or any Interest or without compliance with the provisions of Section 14;

(e) you are adjudged a bankrupt, becomes insolvent or makes a general assignment for the benefit of creditors;

(f) you or any of your Principal Owners are convicted of or plead no contest to a felony or are convicted or plead no contest to any crime or offense that is likely to adversely affect the reputation of the Restaurant and the goodwill associated with the Marks;

(g) you violate any health or safety law, ordinance or regulation or operates the Restaurant in a manner that presents a health or safety hazard to its customers or the public;

(h) you fail to pay when due any monies owed to us or our affiliates and do not correct such failure within 10 days after written notice thereof is given to you;

(i) you or your Principal Owners fail to comply with any other provision of this Agreement or any mandatory specification, standard or operating procedure within 30 days after written notice of such failure to comply is given to you or your Principal Owners; or

(j) you fail on 3 or more separate occasions within any 12 consecutive month period to submit when due financial statements, reports or other data, information or supporting records, to pay when due the royalty and service fees, advertising contributions, amounts due for purchases from us our affiliates, or other payments due to us, or otherwise fail to comply with this Agreement, whether or not such failures to comply are corrected after notice is given to you.

You acknowledge and agree that, if at any time you are in default of any of your obligations under this Agreement, we will have the right, but not the obligation, upon the written notice to you, to assume management of the Restaurant until the default is fully cured and to charge you a reasonable management fee for such services.

16. **RIGHTS AND OBLIGATIONS OF COMPANY AND FRANCHISE OWNER UPON TERMINATION OR EXPIRATION OF THE FRANCHISE.**

16.1 **Payment of Amounts Owed to Company.** You agree to pay us within 5 days after the effective date of termination or expiration of the Franchise, or any later date that the amounts due to us are determined, all amounts owed to us or our affiliates which are then unpaid.

16.2 **Marks.** You and your Principal Owners agree that after the termination or expiration of the Franchise you will:

(a) not directly or indirectly at any time identify any business with which you are associated as a current or former Pop's Italian Beef & Sausage Restaurant franchisee;

(b) not use any Mark or any colorable imitation of any Mark in any manner or for any purpose, or use for any purpose any trademark or other commercial symbol that suggests or indicates an association with us;

(c) return to us any proprietary software and return to us or destroy (whichever we specify) all forms and materials containing any Mark or otherwise relating to a Pop's Italian Beef & Sausage Restaurant;

(d) remove all Marks affixed to uniforms or, at our direction, cease to use those uniforms;

(e) take any action that may be required to cancel all fictitious or assumed name or equivalent registrations relating to your use of any Mark; and

(f) notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any regular, classified or other telephone directory listings associated with any Mark and promptly execute such documents or take such steps as may be necessary or appropriate to enable us to utilize all such telephone numbers.

16.3 **De-Identification.** If you retain possession of the Premises, you agree to completely remove or modify, at your sole expense, any part of the interior and exterior decor that we deem necessary to disassociate the Premises with the image of a Pop's Italian Beef & Sausage Restaurant, including any signage bearing the Marks. If you do not take the actions we request within 30 days after notice from us, we have the right to enter the Premises and make the required changes at your expense, and you agree to reimburse us for those expenses on demand.

16.4 **Confidential Information.** You agree that on termination or expiration of the Franchise you will immediately cease to use any of the Confidential Information, and agree not to use it in any business or for any other purpose. You further agree to immediately return to us all copies of the Operations Manual and any other confidential materials which we have loaned to you.

16.5 Covenant Not to Compete. On termination or expiration of this Agreement in accordance with its terms, you and your Principal Owners agree that for a period of 2 years after the effective date of termination or expiration, or the date on which you stop operating the Restaurant, whichever is later, neither you nor your Principal Owners will provide services for or have any direct or indirect interest (through a member of your immediate family or that of a Principal Owner, or otherwise) as a disclosed or beneficial owner, investor, manager, or consultant, in any Competitive Business (as defined in Section 8.3) located or operating at or within a radius of 8 miles of the Premises or within 8 miles of any other Pop's Italian Beef & Sausage Restaurant owned by you, us or any other party which is then in existence or under construction.

16.6 Company's Option to Purchase Restaurant. Upon the termination or expiration of the franchise, we shall have the option, but not the obligation, exercisable for 30 days upon written notice of you, to purchase at fair market value all of the assets of the Restaurant including all approved equipment, fixtures, furniture and signs and all glassware, utensils, supplies, materials and other items imprinted with any Mark. If we cannot agree on the fair market value of the assets of the Restaurant within a reasonable period of time, such value shall be determined by the following process: each of us shall select an independent appraiser which shall appraise the assets of the Restaurant. The values established by each of the appraisers shall be combined and averaged to determine the fair market value of the Restaurant. We shall not assume any liabilities, debts or obligations of the Restaurant in connection with any such transfer and you shall indemnify us from any and all claims made against us arising out of any such transfer of the assets of the Restaurant. The parties shall comply with all applicable laws in connection with any such transfer and you shall cooperate with the Company in complying with all such requirements.

At the closing of the purchase of the Restaurant, as above provided, both of us shall execute and deliver all documents necessary to vest title in the Company or its nominee free and clear of all liens and encumbrances. We shall have the right to set off against the purchase price of the assets of the Restaurant all amounts due to the Company under this Agreement or any other agreement between the parties.

16.7 Real Property. In the event you own the real property on which the Restaurant is located, we will also have the option to purchase this property for a period of 30 days following expiration or termination of this Agreement. If we cannot agree on the fair market value of the property within a reasonable period of time, such value shall be determined by the following process: each of us shall select an independent appraiser which shall appraise the real property. The values established by each of the appraisers shall be combined and averaged to determine the fair market value of the property. The purchase price will be payable in full at the closing, minus customary prorations, including the pay-off of existing mortgage. If you lease the real property on which the Restaurant is located, we also have the option to assume the lease from you on a prospective basis under the original terms and conditions negotiated by you and the landlord.

16.8 Continuing Obligations. All obligations of this Agreement (whether yours or ours) which expressly or by their nature survive the expiration or termination of this Agreement

will continue in full force and effect after and notwithstanding its expiration or termination until they are satisfied in full or by their nature expire.

17. **ENFORCEMENT.**

17.1 **Invalid Provisions; Substitution of Valid Provisions.** To the extent that either Section 8.3 or 16.5 is deemed unenforceable because of its scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which we are seeking to enforce it.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard or operating procedure we prescribed invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

17.2 **Written Consents from Company.** Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

17.3 **No Guarantees.** If in connection with this Agreement we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

17.4 **No Waiver.** If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice which is at variance with the terms of this Agreement, we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between the Company and any franchisee will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments which are due to us under this Agreement.

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

17.6 Specific Performance; Injunctive Relief. Provided we give you the appropriate notice, we will be entitled, without being required to post a bond, to the entry of temporary and permanent injunctions and orders of specific performance (1) to enforce the provisions of this Agreement relating to your use of the Marks and your non-disclosure and non-competition obligations under this Agreement, (2) to prohibit any act or omission by you or your 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 Restaurant, or (3) to prevent any other irreparable harm to our interests. If we obtain an injunction or order of specific performance, you agree to pay us an amount equal to the total of our costs of obtaining it, including without limitation reasonable attorneys' and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses and travel and living expenses, and any damages we incur as a result of the breach of any such provision. You further agree to waive any claims for damage in the event there is a later determination that an injunction or specific performance order was issued improperly.

17.7 Arbitration. Except insofar as we elect to enforce this Agreement or any other related agreement, all controversies, disputes or claims arising between the Company, its affiliates, officers, directors, agents and employees (in their representative capacity) and Franchise Owner (and its owners) arising out of or related to: (1) this Agreement or any provisions thereof or any related agreement (except for any sublease with us or any of our affiliates); (2) the relationship of the parties hereto; (3) the validity of this Agreement or any related agreement, or any provision thereof; or (4) any specification, standard or operating procedure relating to the establishment or operation of the franchise, shall be submitted for arbitration to be administered by the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted in the city in which our principal office is located and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have the right to award or include in his award any relief which he deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees and costs. The award and decision of the arbitrator shall be conclusive and binding all parties to this Agreement and judgment on the award may be entered in any court of competent jurisdiction, and each waives any right to contest the validity or enforceability of such award. The parties further agree to be bound by the provisions of any applicable limitation on the period of time in which claims must be brought. The parties further agree that in connection with any such arbitration proceeding each will file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days of the date of the filing of the claim to which it relates. This provision will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement. The parties agree that arbitration shall be conducted on an individual, not a class-wide basis and that arbitration proceedings under this Agreement shall not be consolidated with any other arbitration proceeding.

17.8 Jurisdiction and Venue. Any action arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or to which arbitration is waived) shall be commenced, litigated and concluded only in a state or federal court of general jurisdiction in the State of Illinois. You irrevocably submit to the jurisdiction of such courts and waive any

objection you may have to either the jurisdiction or venue of such courts. You further irrevocably agree not to argue that Illinois is an inconvenient forum or to request transfer of any such action to any court.

17.9 **Governing Law.** Except to the extent governed by the United States Trademark Act of 1946, this Agreement shall be governed by and interpreted and construed under Illinois law (except for Illinois conflict of law rules); provided however, that any law governing the relationship between you and us shall not apply unless its jurisdictional requirements are met independently without reference to this Section.

17.10 **Waiver of Punitive Damages and Jury Trial.** The parties to this Agreement 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, upon proof, of actual damages. The parties irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or equity, brought by either of them.

17.11 **Binding Effect.** This Agreement is binding on and will inure to the benefit of our successors and assigns and will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors and administrators.

17.12 **Entire Agreement.** This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between us concerning the subject matter of the parties, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both you and us. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any other document executed in connection with the franchise.

17.13 **No Liability to Others; No Other Beneficiaries.** We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

17.14 **Construction.** All headings of the various Sections and Paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term “affiliate” as

used in this Agreement is applicable to any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you.

17.15 **Joint and Several Liability.** If two or more persons are the Franchisee under this Agreement, their obligation and liability to us shall be joint and several.

17.16 **Multiple Originals.** This Agreement will be executed using multiple copies, each of which will be deemed an original.

17.17 **Timing Is Important.** Time is of the essence of this Agreement. (“Time is of the essence” is a legal term that emphasizes the strictness of time limits. In this case, it means it will be a material breach of this Agreement to fail to perform any obligation within the time required or permitted by this Agreement.)

17.18 **Independent Provisions.** The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

18. **NOTICES AND PAYMENTS.**

All written notices, reports and payments permitted or required under this Agreement will be deemed delivered at the time of delivery by express courier or messenger service, one business day after sending by telegraph, mailgram, facsimile transmission or comparable electronic system and three business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice, payment or report which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before it is due) will be deemed delinquent.

The parties to this Agreement now execute and deliver this Agreement in multiple counterparts as of the Agreement Date.

THE COMPANY:

FRANCHISE OWNER:

POP'S FRANCHISE SYSTEMS, LLC

By: _____

Title: _____

PRINCIPAL OWNER'S GUARANTY

In consideration of, and as an inducement to, the execution of the foregoing Franchise Agreement ("Agreement") by the Company ("us"), each of the Principal Owners ("you", for purposes of this Guaranty only) signing this document hereby personally and unconditionally (1) guarantees to us and our successors and assigns that the Franchise Owner will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (2) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, including, without limitation, the non-competition provisions of Paragraphs 8.3 and 16.5 of the Agreement and the jurisdiction and venue provisions of Paragraph 17.8 of the Agreement and the provisions for arbitration contained in Paragraph 17.7.

Each of you waives (1) protest and notice of default, demand for payment or nonperformance of any obligations guaranteed by this Guaranty; (2) any right you may have to require that an action be brought against Franchisee or any other person as a condition of your liability; and (3) any and all other notices and legal or equitable defenses to which you may be entitled in your capacity as guarantor.

Each of you consents and agrees that (1) your direct and immediate liability under this Guaranty shall be joint and several; (2) you will make any payment or render any performance required under the Agreement on demand if Franchise Owner fails or refuses to do so when required; (3) your liability will not be contingent or conditioned on our pursuit of any remedies against Franchise Owner or any other person; (4) your liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time to time grant to Franchise Owner or to any other person, including without limitation, the acceptance of any partial payment or performance, or the compromise or release of any claims; and (5) this Guaranty will continue and be irrevocable during the term of the Agreement and if required by the Agreement, after its termination or expiration.

This Guaranty is now executed as of the Agreement Date.

PRINCIPAL OWNERS:

EXHIBIT A
PROTECTED AREA

The Protected Area shall be:

EXHIBIT B

OWNERSHIP INTERESTS IN FRANCHISE OWNER

Name

Ownership Percentage

EXHIBIT C
SITE SELECTION AGREEMENT

POP'S ITALIAN BEEF & SAUSAGE
SITE SELECTION AGREEMENT

APPLICANT:

DATE OF AGREEMENT:

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POP'S ITALIAN BEEF & SAUSAGE

SITE SELECTION AGREEMENT

This Site Selection Agreement (this "Agreement") is being entered into as of _____, 20____. The parties to this Agreement are you, _____ (sometimes referred to as "Applicant") and us, Pop's Franchise Systems, LLC, an Illinois limited liability company (sometimes referred to as the "Company").

1. PREAMBLES AND ACKNOWLEDGEMENTS.

We and our affiliates have devised a system for the establishment and operation of family oriented restaurants under the name Pop's Italian Beef & Sausage featuring specially prepared Italian beef and sausage sandwiches, gyros, ribs, hamburgers, hot dogs, chicken items, other approved menu items and beverages (all of which we refer to in this Agreement as the "System"). These restaurants offer dine-in, carry-out and catering services. The term "restaurant" in this Agreement will refer to restaurants that offer dine-in, carry-out and catering services, unless the context requires otherwise. We and our affiliates identify our restaurants with certain trademarks, service marks and other commercial symbols, including "Pop's Italian Beef & Sausage," and certain associated designs and logos, which we may change or add to from time to time (the "Marks").

You have applied to us for a franchise to operate a Pop's Italian Beef & Sausage Restaurant (the "Restaurant") within the following designated area _____
(the "Designated Area") and your application has been approved by us.

2. SELECTION OF SITE.

You will use your best efforts to seek and select a proposed site within the Designated Area acceptable to us as suitable for the operation of the Restaurant within 90 days of the date of this Agreement. You must submit to us, in the form we specify, a description of the site and such other information or materials as we may reasonably require. We will not unreasonably withhold approval of a site that meets our standards for general location and neighborhood, traffic patterns, parking size, layout and other physical characteristics, for Pop's Italian Beef & Sausage Restaurants. Our approval of a site shall not constitute, nor be deemed, a judgment as to the likelihood of success of a Pop's Italian Beef & Sausage Restaurant at such location or a judgment as to the relative desirability of such location in comparison to other locations within the Designated Area. If you are unable to locate an acceptable site within the time specified above, we may, at any time thereafter, terminate this Agreement.

3. ASSISTANCE BY THE COMPANY.

We agree to expend such time and effort and to incur such expense as may reasonably be required to inspect sites proposed by you for the Restaurant to be operated by you and in negotiating a lease or purchase contract for a site approved by us. You must submit the lease or

purchase contract prior to its execution to us for its approval, which approval shall not be unreasonably withheld.

4. **FRANCHISE AGREEMENT.**

Unless you withdraw your application for a franchise to operate a Pop's Italian Beef & Sausage Restaurant as provided below or unless this Agreement has been otherwise terminated by us, you agree that, concurrently with the execution of a lease or purchase contract for the Restaurant, you will execute our Standard Franchise Agreement, in the form delivered to you.

5. **DEPOSIT.**

You have contemporaneously with the execution of this Agreement, deposited with us the sum of Two Thousand Five Hundred U.S. Dollars (\$2,500.00) to be applied against the initial franchise fee payable by you under our Standard Franchise Agreement. This deposit is not refundable under any circumstances.

6. **TERMINATION OF THIS AGREEMENT.**

You may withdraw your application for a franchise to operate a Pop's Italian Beef & Sausage Restaurant and terminate this Agreement, at any time prior to our approval of a site, by a written notice of termination delivered to us. The amounts paid by you under Section 5 above will not be refunded upon such termination (or a termination by us as provided in Section 2 above).

7. **ASSIGNABILITY.**

We shall have the right to transfer or assign all or any part of its rights, interests or obligations herein to any person or legal entity.

This Agreement is personal to you and may not be assigned, sold or otherwise transferred to any other person or entity.

8. **ENFORCEMENT.**

A. **ARBITRATION.**

Except insofar as we elect to enforce this Agreement or any other related agreement, all controversies, disputes or claims arising between the Company, its affiliates, officers, directors, agents, employees and attorneys (in their representative capacity) and Applicant (and your owners) arising out of or related to: (1) this Agreement or any provisions thereof or any related agreement (except for any sublease with any affiliates of the Company); (2) the relationship of the parties hereto; or (3) the validity of this Agreement or any related agreement, or any provision thereof; shall be submitted for arbitration to be administered by the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted in the city in which our headquarters are located and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have the right to award or include

in his award any relief which he deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees and costs. The award and decision of the arbitrator shall be conclusive and binding on all parties to this Agreement and judgment on the award may be entered in any court of competent jurisdiction, and each waives any right to contest the validity or enforceability of such award. The parties further agree to be bound by the provisions of any applicable limitation on the period of time in which claims must be brought. The parties further agree that in connection with any such arbitration proceeding each will file any compulsory counterclaim (as defined by Rule 13 of the Federal rules of civil procedure) within 30 days of the date of the filing of the claim to which it relates. This provision will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement. The parties agree that arbitration shall be conducted on an individual, not a class-wide basis and that arbitration proceedings under this Agreement shall not be consolidated with any other arbitration proceeding.

B. GOVERNING LAW.

Except to the extent governed by the United States Trademark Act of 1946, this Agreement shall be governed by and interpreted and construed under Illinois law (except for Illinois conflict of law rules); provided however, that any law governing the relationship between you and us shall not apply unless its jurisdictional requirements are met independently without reference to this Section.

C. CONSENT TO JURISDICTION AND VENUE.

Any action arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or to which arbitration is waived) shall be commenced, litigated and concluded only in a state or federal court of general jurisdiction in the State of Illinois. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such courts. You further irrevocably agree not to argue that Illinois is an inconvenient forum or to request transfer of any such action to any court.

D. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.

The parties to this Agreement 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, upon proof, of actual damages. The parties irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or equity, brought by either of them.

9. NOTICES.

All written notices, reports and payments permitted or required under this Agreement will be deemed delivered at the time of delivery by express courier or messenger service, one business day after sending by telegraph, mailgram, facsimile transmission or comparable electronic system and three business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified or paid

at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party.

10. **ENTIRE AGREEMENT.**

This Agreement, together with the introduction, constitutes the entire agreement between us concerning the subject matter of this Agreement, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both you and us. Nothing in this Agreement or in any related agreement is intended to disclaim the representations made in the Franchise Disclosure Document.

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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any other document executed in connection with the franchise.

Time is of the essence in this Agreement.

[SIGNATURE PAGE FOLLOWS]

You acknowledge that you have read this Site Selection Agreement (and our standard Franchise Agreement and Franchise Disclosure Document) and that you have been given the opportunity to clarify any provisions that you did not understand and to consult with any attorney or other professional advisor. You represent that you understand the terms, conditions and obligations of this Site Selection Agreement and agree to be bound thereby.

APPLICANT:

FRANCHISOR:

POP'S FRANCHISE SYSTEMS, LLC, an
Illinois limited liability company

APPLICANT

Print Name: _____

Date: _____

By: _____

Date: _____

APPLICANT

Print Name: _____

Date: _____

EXHIBIT D
DEVELOPMENT AGREEMENT

POP'S ITALIAN BEEF & SAUSAGE

DEVELOPMENT AGREEMENT

This Development Agreement (this "Agreement") is being entered as of _____, 20__ (the "Agreement Date"). The parties to this Agreement are you, _____, as Developer, us, Pop's Franchise Systems, LLC, an Illinois limited liability company and, if you are a corporation, limited liability company or partnership, your "Principal Owners" (defined below).

1. INTRODUCTION.

Through the expenditure of considerable time, effort and money, we and our affiliates have devised a system for the establishment and operation of family oriented restaurants featuring specially prepared sandwiches, including Italian Beef & Sausage sandwiches, gyros, barbeque ribs, burgers, hot dogs, chicken items and other specialty menu items (all of which we refer to in this Agreement as the "System"). These restaurants offer dine-in and carry-out services. We and our officers identify our restaurants with certain trademarks, service marks and other commercial symbols, including "Pop's," and certain associated designs and logos, which we may change or add to from time to time (the "Marks").

From time to time we grant to persons who meet our qualifications, the rights to develop, own and operate a number of Pop's Italian Beef & Sausage Restaurants in accordance with the System and under the Marks. This Agreement is being presented to you because of the desire you have expressed to obtain the right to develop, own and be franchised to operate Pop's Italian Beef & Sausage Restaurants.

2. GRANT OF DEVELOPMENT RIGHTS.

Subject to the provisions of this Agreement, we hereby grant to you the right to develop _____ Pops Italian Beef & Sausage restaurants ("Restaurants") within the designated area identified on Schedule 1 (the "Designated Territory"). You shall have no right under this Agreement to authorize or license others to operate a Restaurant or use the System or the Marks within the Designated Area.

3. DEVELOPMENT SCHEDULE.

At the dates set forth below, you agree to have open and in operation the number of Restaurants indicated (the "Development Schedule"):

**Additional Number of
Restaurants**

**Restaurants Opened
By: Date**

Time is of the essence.

4. **TERRITORIAL PROTECTION.**

Except as otherwise provided in this Agreement, we shall not establish, or grant any other party the right to establish any Restaurants in the Designated Territory prior to the expiration of the term of the rights granted herein.

5. **DEVELOPMENT RIGHTS FEE.**

Simultaneously with the execution of this Agreement, you shall pay us an amount equal to fifty percent (50%) of the initial franchise fee due for each Restaurant for which you are granted the right to develop and open under this Agreement ("Development Rights Fee"). The Development Rights Fee is to be paid at the time of execution of this Agreement. The balance of the initial franchise fees shall be due as specified in Paragraph 6 hereof. The Development Rights Fee is fully earned upon execution of this Agreement and is non-refundable.

6. **APPLICATION TO OPEN A RESTAURANT.**

You shall submit a separate application for each Restaurant to be established by you within the Designated Territory. Upon approval of the site of the Restaurant by us, a separate franchise agreement shall be executed for each such Restaurant, at which time payment representing the balance of the initial franchise fee will be due and owing in accordance with the terms of the franchise agreement. The franchise agreement shall be our then current form of franchise agreement, which may be substantially different from the form of franchise agreement currently used by us. Upon execution of each franchise agreement, the terms and conditions of such franchise agreement shall control the establishment and operation of such Restaurant.

7. **SITE FOR EACH RESTAURANT.**

Prior to the acquisition by lease or purchase of any site for a Restaurant in the Designated Territory, you shall submit to us on a completed site development form specified by us a description of the site, and such other information or materials as we may reasonably require for site approval. If we approve the proposed site, we will grant a franchise to you to own and operate a Restaurant as herein provided. Our approval of the lease for any proposed site may be conditioned upon inclusion in the lease of terms acceptable to us and, at our option, shall contain such provisions as we may reasonably require.

8. **TERMINATION.**

Your rights under this Agreement shall terminate and be of no further force or effect upon written notice in the event (i) you fail to satisfy its development obligations contained herein by the dates specified; or (ii) any franchise agreement executed by you for the operation of a Restaurant franchise is terminated for any reason. In addition, your rights under this Agreement shall expire on the date of opening of the last Restaurant required hereunder.

9. **ASSIGNMENT.**

This Agreement is fully assignable by us and will inure to the benefit of any person or entity to whom it is transferred, or to any other legal successor to our interests in this Agreement.

This Agreement and the rights granted herein are not assignable by you except in connection with the assignment of all franchise agreements to which you are then a party, provided that all such franchise agreements are assigned to the same individual or entity and subject to the assignment provisions of the applicable franchise agreements.

10. **WRITTEN CONSENTS FROM COMPANY.**

Whenever this Agreement requires our advance approval or consent, you agree to make a timely written request for it. Our approval or consent will not be valid unless it is in writing.

11. **NO GUARANTEES.**

If in connection with this Agreement we provide to you any waiver, approval, consent, or suggestion, or if we neglect or delay our response or deny any request for any of those, we will not be deemed to have made any warranties or guarantees which you may rely on, and will not assume any liability or obligation to you.

12. **NO WAIVER.**

If at any time we do not exercise a right or power available to us under this Agreement or do not insist on your strict compliance with the terms of the Agreement, or if there develops a custom or practice which is at variance with the terms of this Agreement, we will not be deemed to have waived our right to demand exact compliance with any of the terms of this Agreement at a later time. Similarly, our waiver of any particular breach or series of breaches under this Agreement or of any similar term in any other agreement between the Company and any franchisee will not affect our rights with respect to any later breach. It will also not be deemed to be a waiver of any breach of this Agreement for us to accept payments which are due to us under this Agreement.

13. **CUMULATIVE REMEDIES.**

The rights and remedies specifically granted to either you or us by this Agreement will not be deemed to prohibit either of us from exercising any other right or remedy provided under this Agreement or permitted by law or equity.

14. **ARBITRATION.**

All controversies, disputes or claims arising between us, our affiliates, officers, directors, agents and employees (in their representative capacity) and Developer (and its owners) arising out of or related to: (1) this Agreement; (2) the relationship of the parties hereto; or (3) the validity of this Agreement, or any provision thereof shall be submitted for arbitration to be administered by the American Arbitration Association on demand of either party. Such arbitration proceedings shall be conducted in the city in which our principal office is located and, except as otherwise provided in this Agreement, shall be conducted in accordance with then current commercial arbitration rules of the American Arbitration Association. The arbitrator shall have the right to award or include in his award any relief which he deems proper in the circumstances, including without limitation, money damages (with interest on unpaid amounts from date due), specific performance, injunctive relief, attorneys' fees and costs. The award and decision of the arbitrator shall be conclusive and binding all parties to this Agreement and

judgment on the award may be entered in any court of competent jurisdiction, and each waives any right to contest the validity or enforceability of such award. The parties further agree to be bound by the provisions of any applicable limitation on the period of time in which claims must be brought. The parties further agree that in connection with any such arbitration proceeding each will file any compulsory counterclaim (as defined by Rule 13 of the Federal Rules of Civil Procedure) within 30 days of the date of the filing of the claim to which it relates. This provision will continue in full force and effect subsequent to and notwithstanding expiration or termination of this Agreement. The parties agree that arbitration shall be conducted on an individual, not a class-wide basis and that arbitration proceedings under this Agreement shall not be consolidated with any other arbitration proceeding.

15. **JURISDICTION AND VENUE.**

Any action arising out of or relating to this Agreement (which is not required to be arbitrated hereunder or to which arbitration is waived) shall be commenced, litigated and concluded only in a state or federal court of general jurisdiction in the State of Illinois. You irrevocably submit to the jurisdiction of such courts and waive any objection you may have to either the jurisdiction or venue of such courts. You further irrevocably agree not to argue that Illinois is an inconvenient forum or to request transfer of any such action to any court.

16. **GOVERNING LAW.**

Except to the extent governed by the United States Trademark Act of 1946, this Agreement shall be governed by and interpreted and construed under Illinois law (except for Illinois conflict of law rules); provided however, that any law governing the relationship between you and us shall not apply unless its jurisdictional requirements are met independently without reference to this Section.

17. **WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL.**

The parties to this Agreement 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, upon proof, of actual damages. The parties irrevocably waive trial by jury on any action, proceeding or counterclaim, whether at law or equity, brought by either of them.

18. **BINDING EFFECT.**

This Agreement is binding on and will inure to the benefit of our successors and assigns and will be binding on and inure to the benefit of your successors and assigns, and if you are an individual, on and to your heirs, executors and administrators.

19. **ENTIRE AGREEMENT.**

This Agreement, together with the introduction and exhibits to it, constitutes the entire agreement between us concerning the subject matter of this Agreement, and there are no other oral or written understandings or agreements between us concerning the subject matter of this Agreement. This Agreement may be modified only by written agreement signed by both you and us. Nothing in this Agreement or in any related agreement is intended to disclaim the

representations made in the Franchise Disclosure Document. 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 any other person acting on behalf of the franchisor. This provision supersedes any other term of any other document executed in connection with the franchise.

20. **NO LIABILITY TO OTHERS; NO OTHER BENEFICIARIES.**

We will not, because of this Agreement or by virtue of any approvals, advice or services provided to you, be liable to any person or legal entity who is not a party to this Agreement, and no other party shall have any rights because of this Agreement.

21. **CONSTRUCTION.**

All headings of the various Sections and Paragraphs of this Agreement are for convenience only and do not affect the meaning or construction of any provision. All references in this Agreement to masculine, neuter or singular usage will be construed to include the masculine, feminine, neuter or plural, wherever applicable. Except where this Agreement expressly obligates us to reasonably approve or not unreasonably withhold our approval of any of your actions or requests, we have the absolute right to refuse any request by you or to withhold our approval of any action or omission by you. The term “affiliate” as used in this Agreement is applicable to any company directly or indirectly owned or controlled by us that sells products or otherwise transacts business with you. If two or more persons are the Developer under this Agreement, their obligation and liability to us shall be joint and several. This Agreement will be executed using multiple copies, each of which will be deemed an original.. The provisions of this Agreement are deemed to be severable. In other words, the parties agree that each provision of this Agreement will be construed as independent of any other provision of this Agreement.

22. **NOTICES AND PAYMENTS.**

All written notices and payments permitted or required under this Agreement will be deemed delivered at the time of delivery by express courier or messenger service, one business day after sending by telegraph, mailgram, facsimile transmission or comparable electronic system and three business days after placed in the U.S. mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid and addressed to the party to be notified or paid at its most current principal business address of which the notifying party has been advised, or to any other place designated by either party. Any required notice or payment which we do not actually receive during regular business hours on the date due (or postmarked by postal authorities at least two days before it is due) will be deemed delinquent.

Dated this _____ day of _____, 20__.

POP’S FRANCHISE SYSTEMS, LLC

DEVELOPER

By:_____

Its:_____

DEVELOPER

SCHEDULE 1

DESIGNATED TERRITORY

EXHIBIT E

ASSIGNMENT AND ASSUMPTION OF FRANCHISE AGREEMENT

ASSIGNMENT AND ASSUMPTION AGREEMENT
POP'S FRANCHISE SYSTEMS, LLC

THIS ASSIGNMENT AND ASSUMPTION AGREEMENT is made and entered into this _____ day of _____, _____, by and between Pop's Franchise Systems, LLC, an Illinois limited liability company with its principal offices at 7835 McCarthy Road, Palos Park, Illinois 60464 (the "Company"), _____ ("Assignor") and _____, a _____ corporation ("Assignee").

WHEREAS, Company and Assignor entered into a certain Franchise Agreement dated _____, _____ (the "Franchise Agreement") whereby Assignor was given the right and assumed the obligation to operate a Pop's Italian Beef & Sausage restaurant at _____ (the "Pop's Italian Beef & Sausage Restaurant");

WHEREAS, Assignor has organized and incorporated Assignee for the convenience and purpose of ownership and operation of the Pop's Italian Beef & Sausage Restaurant;

WHEREAS, Assignor desires to assign his/her rights and obligations under the Franchise Agreement to Assignee pursuant to and in accordance with the provisions of the Franchise Agreement; and

WHEREAS, Company is willing to consent to the assignment of the Franchise Agreement to Assignee, subject to the terms and conditions of this Assignment and Assumption Agreement, including without limitation, Assignor's agreement to guarantee the performance by Assignee of its obligations under the Franchise Agreement and to continue to be bound by all of the provisions of the Franchise Agreement.

NOW, THEREFORE, the parties hereto, intending to be legally bound, agree as follows:

1. **Assignment.** Assignor hereby assigns and transfers over to Assignee all of his/her right, title and interest in and to the Franchise Agreement, effective as of the date hereof.
2. **Assumption.** Assignee hereby assumes all of Assignor's obligations, agreements, commitments, duties and liabilities under the Franchise Agreement, and agrees to be bound by and observe and faithfully perform all of the obligations, agreements, commitments and duties of the Franchisee thereunder with the same force and effect as if the Franchise Agreement were originally written with Assignee as Franchisee.
3. **Obligations of Assignor.** Assignor agrees that he/she shall continue to be bound by the terms and conditions of the Franchise Agreement, including without limitation, the provisions contained in Section 10.8 (Management and Personnel of the Restaurant), and Section 8 (Confidential Information; Exclusive Relationship), Section 14 (Transfer Requirements) and Section 16.5 (Covenant Not to Compete) thereof, and that nothing contained herein shall be deemed to relieve him of any of his obligations under the Franchise Agreement.

Assignor further agrees to, and by this instrument does hereby, guarantee the performance by Assignee of all of its obligations, commitments, duties and liabilities under the Franchise Agreement. Without limiting the foregoing, Assignor irrevocably and unconditionally guarantees to Company (i) that the Assignee will pay all amounts to be paid and otherwise comply with all provisions of the Franchise Agreement or any other agreement with Company or its affiliates concerning the operation of the Pop's Italian Beef & Sausage Restaurant, and (ii) that if Assignee defaults in making any such payments or complying with any such provisions, Assignor shall pay forthwith upon demand all amounts due and owing Company and all damages that may arise as a result of any such non-compliance. If Assignor shall be more than one person, the obligations of Assignor hereunder shall be joint and several.

4. **Enforcement of Assignor's Obligations.** In the enforcement of any of its rights against Assignor, Company may proceed as if the Assignee were the primary obligor under the Franchise Agreement. Assignor waives any right to require Company to first proceed against Assignee or to proceed against or exhaust any security (if any) held by Company or to pursue any other remedy available to it before proceeding against Assignor. No dealings between Company and Assignee shall exonerate, release, discharge or in any way reduce the obligations of the Assignor hereunder, in whole or in part and in particular and without limiting the generality of the foregoing, Company may modify or amend the Franchise Agreement, grant any indulgence, release, postponement or extension of time, waive any term or condition of the Franchise Agreement, or any obligation of Assignee, take or release any securities or other guarantees for the performance by Assignee of any of its obligations, and otherwise deal with Assignee as Company may see fit without affecting, lessening or limiting in any way the liability of the Assignor. Notwithstanding any assignment for the general benefit of creditors or any bankruptcy or other act of insolvency by Assignee and notwithstanding any rejection, disaffirmance or disclaimer of this agreement or the Franchise Agreement, Assignor shall continue to be fully liable.

5. **Governing Law.** This Agreement shall be governed by the laws of the State of Illinois.

6. **Binding Effect.** This Assignment and Assumption Agreement shall inure to the benefit of and be binding upon the parties hereto and their heirs, executors, administrators, successors and assigns.

[Signature Page Follows]

IN WITNESS WHEREOF, the undersigned have affixed their signatures hereto as of the day and date first above written.

POP’S FRANCHISE SYSTEMS, LLC:

By: _____

Title: _____

Date: _____

ASSIGNOR:

Print Name: _____

Date: _____

ASSIGNEE:

By: _____

Title: _____

Date: _____

EXHIBIT F
FINANCIAL STATEMENTS

Pop's Franchise Systems, LLC

December 31, 2022

Financial Statements



George Korbakes & Co., LLP

Certified Public Accountant

Financial Statements

Pop's Franchise Systems, LLC

December 31, 2022



George Korbakes & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members
of Pop's Franchise Systems LLC

Opinion

We have audited the accompanying financial statements of Pop's Franchise Systems LLC

(an Illinois Limited Liability Company), which comprise the balance sheet as of December 31, 2022, and the related statements of income, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pop's Franchise Systems LLC as of December 31, 2022, and the results of its operations and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Pop's Franchise Systems LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

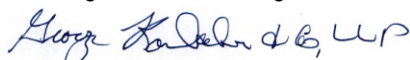
Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Pop's Franchise Systems LLC'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 Pop's Franchise Systems LLC'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.



May 31, 2023
George Korbakes & Co LLP
Woodridge, Illinois

940 South Frontage Rd., Suite 1600
Woodridge, IL 60517

www.gkorbakes.com

Tel. (630) 985-4800
Fax (630) 985-4848

**POP'S FRANCHISE SYSTEMS, LLC
BALANCE SHEET
DECEMBER 31, 2022**

ASSETS

CURRENT ASSETS

Cash	\$ 283,366
Accounts Receivable, net of Allowances for Credit Losses, \$0	189,945
Other	<u>803</u>
TOTAL CURRENT ASSETS	<u>474,114</u>

TOTAL ASSETS	\$ <u>474,114</u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 625
Credit Card Payable	7,306
Marketing Funds Payable	<u>14,059</u>
TOTAL CURRENT LIABILITIES	<u>21,990</u>

TOTAL LIABILITIES	<u>21,990</u>
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MEMBERS' EQUITY	<u>452,124</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u>474,114</u>
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The accompanying notes are an integral part of the financial statements

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2022

Revenue	
Franchise Fee Revenues	\$ 488,184
Vendor Contract Incentives	197,274
Total Revenue	<u>685,458</u>
Expenses	
Advertising	27,281
Auto	7,442
Bank Fees	54
Business Services	1,370
Consulting Fees	64,000
Education & Seminars	174
Furnishings & Equipment	863
Franchisee Relations	3,854
Licenses & Fees	170
Meals & Entertainment	2,176
Office Supplies	1,074
Operations Software	2,133
Postage	23
Professional Fees	29,045
Travel	7,557
Website Administration	4,788
Total Expenses	<u>152,004</u>
NET INCOME	\$ <u>533,454</u>

The accompanying notes are an integral part of the financial statements

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2022

Beginning Balance, January 1, 2022	\$ 281,793
Distributions, net, including \$31,000 PTE Tax	(363,123)
Net Income	<u>533,454</u>
Ending Balance, December 31, 2022	\$ <u>452,124</u>

The accompanying notes are an integral part of the financial statements

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2022

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 533,454
Adjustments to Reconcile Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
Non Cash Member Contributions	9,459
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(25,283)
Other	(803)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	(7,946)
Credit Card Payable	1,093
Marketing Fund Liability	2,843
	<u>512,817</u>

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

512,817

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions to/for Members	<u>(372,582)</u>
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CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

(372,582)

NET INCREASE (DECREASE) IN CASH

140,235

CASH AT BEGINNING OF YEAR

143,131

CASH AT END OF YEAR

\$ 283,366

OTHER INFORMATION:

Interest Paid	\$ -
Income Taxes Paid	\$ -

Pop's Franchise Systems, LLC

Notes to the Financial Statements

December 31, 2022

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pop's Franchise Systems, LLC is an Illinois limited liability company franchisor of Pop's Italian Beef & Sausage. The Company grants franchises to own and operate Pop's Italian Beef & Sausage restaurants in the Chicagoland area in accordance with its system and under its marks.

Significant Accounting Policies

Basis of Accounting: The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

Revenue Recognition: Royalty fees from restaurants operated by franchisees are based on a percentage of gross sales of the restaurants and are recognized in the period earned.

In 2022, the Company received rebates from a beverage vendor, a gyros vendor and two bread vendors based on the franchisees' 2022 purchases and the 2022 purchases of the Palos Heights Pop's location, which is not a franchise and is under common ownership and control.

The Company charges an Initial Franchise Fee of \$25,000 payable upon the opening of the store.

Accounts Receivable: Accounts receivable are stated at the amount management expects to collect from the outstanding balances. The allowance for credit losses is estimated based on the Company's historical losses, the existing economic conditions in the restaurant industry, and the financial stability of its franchisees. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation based on its assessment of the current status of individual accounts. The Company routinely assesses the collectability of specific franchisee accounts and vendors. As of December 31, 2022, all franchise and vendor rebate receivables are considered collectible. Accordingly, the allowance for credit losses is \$0.

Advertising Costs & Marketing: Advertising costs of the Company are expensed as incurred.

The franchise agreements generally include a provision which provides for the Company collecting a marketing program fund contribution as a percentage of gross sales from franchise owners which will be kept in a segregated marketing fund administered by the Company.

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2022

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes: The Company is a limited liability company. Income is not taxed at the Company level, but is passed through to the members. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company pays the Illinois Pass-Through Entity Tax (PTE) for the income taxable on the members' personal Illinois tax return which is treated as a deduction for federal income tax purposes. These payments are considered distributions under Generally Accepted Accounting Principles.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2019, 2020, and 2021. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances.

2. CONCENTRATIONS

The Company maintains its two bank accounts in one financial institution located in the state of Illinois. The cash balances in interest bearing accounts are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) up to \$250,000 per institution. The Company's cash balances on deposit at December 31, 2022, were not fully insured by \$19,307.

The Company has 16 operating franchisees, of which 3 are owned and operated by one business group that accounts for 19.48% of franchise fees in 2022. Another business group owns and operates 3 locations factoring for 21.76% of franchise fees in 2022. Finally, a third business group owns 2 stores that comprise 13.24% of franchise fees. All of the franchises are located in either Illinois or Indiana.

The Company receives its largest vendor rebates, approximately 65%, from the beverage vendor and approximately 23% from one of the bread vendors.

3. ACCOUNTS RECEIVABLE

At December 31, 2022, accounts receivable was \$189,945 of which \$0 was 90 days or older. Of the total balance, \$130,906 was due from the vendor rebates with the largest receivable from a vendor rebate being \$108,445. Of the \$59,039 due from the franchisees, \$16,034 was due from a 3-store business group, \$8,366 was due from another 3-store group, \$10,078 from one 2-store business group, and \$24,561 from the others. All receivables have been collected as of March 31, 2023. At December 31, 2021 accounts receivable were \$164,662.

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2022

4. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require new franchisees to pay an Initial fee of \$25,000 once the store is open, at which point the revenue is recognized, and monthly royalty fees ranging from 2% to 3% of gross restaurant sales. The length of the franchise term is ten years. Subject to the Company's approval, a franchisee may generally renew the franchise for two additional terms of five years. Under the franchise agreements, the Company is not responsible for any significant commitments, obligations or services. Pre-opening services are recognized as a single performance obligation and the related expenses are expensed as incurred.

5. COMPREHENSIVE INCOME

The Company has no elements of comprehensive income to report for the year ended December 31, 2022.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 31, 2023, the date which the financial statements were available for use. No subsequent events requiring adjustment to or disclosure in the 2022 financial statements occurred.

Due to the ability to provide carry-out services, none of the franchises closed during the Covid-19 situation.

7. MARKETING FUND

In 2020, the Company began collecting amounts from franchisees in order to provide a marketing program. In lieu of a percentage of revenue the Company only charged a fixed fee of \$600 to \$2,400 per Illinois franchise. Collections in 2022 amounted to \$25,800 and expenditures were \$22,957. The Palos Heights Pop's location also participates and contributes to this program. If the program is terminated the participants will be refunded the balance of the unspent fund which is in a separate bank account. None of the items paid for by the fund are reflected in the Company's Income Statement.

8. Related Party

In 2022, the Romeoville location was transferred to another party. The new party consists of a partnership between an individual who is invested in 2 existing locations and the son of the Company's Members. The new party assumed the full responsibilities of the previous owners' franchise agreement. In 2022 the Company recorded \$18,348 of franchise fees from this new party of which \$2,266 are included in receivables at December 31, 2022.

Pop's Franchise Systems, LLC

December 31, 2021

Financial Statements



George Korbakes & Co., LLP

Certified Public Accountant

Financial Statements
Pop's Franchise Systems, LLC
December 31, 2021



George Korbakes & Co., LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To Members
Pop's Franchise Systems, LLC

We have audited the accompanying financial statements of Pop's Franchise Systems, LLC (an Illinois LLC), which comprise the balance sheet as of December 31, 2021, and the related statements of income, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pop's Franchise Systems, LLC as of December 31, 2021, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of selling, general, and administrative expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

George Korbakes & Co., LLP

Woodridge, Illinois
April 15, 2022

POP'S FRANCHISE SYSTEMS, LLC
BALANCE SHEET
DECEMBER 31, 2021

ASSETS

CURRENT ASSETS

Cash	\$ 143,131
Accounts Receivable	164,662
TOTAL CURRENT ASSETS	<u>307,793</u>

TOTAL ASSETS	\$ <u>307,793</u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$ 8,571
Credit Card Payable	6,213
Marketing Funds Payable	11,216
TOTAL CURRENT LIABILITIES	<u>26,000</u>

TOTAL LIABILITIES	<u>26,000</u>
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MEMBERS' EQUITY	<u>281,793</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$ <u>307,793</u>
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The accompanying notes are an integral part of the financial statements

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2021

Revenue	
Franchise Fee Revenues	\$ 413,366
Vendor Contract Incentives	<u>146,117</u>
Total Revenue	559,483
Selling, General, and Administrative Expenses	<u>138,087</u>
NET INCOME	\$ <u>421,396</u>

The accompanying notes are an integral part of the financial statements

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2021

Beginning Balance, December 31, 2020	\$ 214,797
Distributions	(340,400)
Illinois PTE Tax Paid	(14,000)
Net Income	<u>421,396</u>
Ending Balance, December 31, 2021	\$ <u>281,793</u>

The accompanying notes are an integral part of the financial statements

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 421,396
Adjustments to Reconcile Net Income to Net Cash	
Provided by (Used in) Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	(16,265)
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	2,892
Credit Card Payable	(5,477)
Marketing Fund Liability	(1,289)
	<u> </u>

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

401,257

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

-

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

Illinois PTE Tax Paid	(14,000)
Distributions to Members	(340,400)
	<u> </u>

CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

(354,400)

NET INCREASE (DECREASE) IN CASH

46,857

CASH AT BEGINNING OF YEAR

96,274

CASH AT END OF PERIOD

\$ 143,131

OTHER INFORMATION:

Interest Paid	\$ -
Income Taxes Paid	\$ -

Supplementary Schedule

POP'S FRANCHISE SYSTEMS, LLC
SCHEDULE OF SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2021

Advertising	\$	17,756
Auto Expense		9,184
License and Fees		1,252
Office Expense		2,836
Operation Software		2,000
Consulting Fees		72,834
Printing		73
Professional Fees		26,948
Website Administration		<u>5,204</u>
TOTAL SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	\$	<u><u>138,087</u></u>

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2021

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pop's Franchise Systems, LLC is an Illinois limited liability company franchisor of Pop's Italian Beef & Sausage. The Company grants franchises to own and operate Pop's Italian Beef & Sausage restaurants in the Chicagoland area in accordance with its system and under its marks.

Significant Accounting Policies

Basis of Accounting: The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

Franchise Fees Receivable: Franchise fees receivable are stated at the amount management expects to collect from the outstanding balances. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions in the restaurant industry, and the financial stability of its franchisees. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation based on its assessment of the current status of individual accounts. The Company routinely assesses the collectability of specific franchisee accounts. As of December 31, 2021, all franchise and vendor rebate receivables are considered collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Revenue Recognition: Royalty fees from restaurants operated by franchisees are based on a percentage of gross sales of the restaurants and are recognized in the period earned.

In 2021, the Company received rebates from the beverage vendor, gyros vendor and the bread vendor based on the franchisees' purchases and the purchases of the Company owner's Palos Heights Pop's location.

Advertising Costs & Marketing: Advertising costs of the Company are expensed as incurred.

The franchise agreements generally include a provision which provides for the Company collecting a marketing program fund contribution as a percentage of gross sales from franchise owners which will be kept in a segregated marketing fund administered by the Company.

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2021

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - continued

Income Taxes: The Company is a limited liability company. Income is not taxed at the Company level, but is passed through to the members. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2018, 2019, 2020, and 2021. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances.

2. CONCENTRATIONS

The Company maintains its cash balance in one financial institution located in the state of Illinois. The cash balances in interest bearing accounts are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) up to \$250,000 per institution. The Company's cash balance on deposit at December 31, 2021, was fully insured.

The Company has 15 operating franchisees, of which 4 are owned and operated by one business group that accounts for 25.98% of franchise fees in 2021. There are two other business groups that own and operate 2 locations each, comprising 16.19% and 16.33% of franchise fees in 2021. None of these business groups are affiliated with the Company other than by the franchise agreements. All of the franchises are located in either Illinois or Indiana.

3. ACCOUNTS RECEIVABLE

At December 31, 2021, accounts receivable was \$164,662 of which \$0 was 90 days or older. Of the total balance, \$107,313 was due from the vendor rebates with the largest receivable from a vendor rebate being \$90,572. Of the \$57,349 due from the franchisees, \$19,802 was due from a 4-store business group, and \$11,098 from one 2-store business group, and \$5,711 from the other. All receivables have been collected as of April, 15 2022.

4. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require new franchisees to pay an initial fee of \$25,000 and continuing royalty fees ranging from 2% to 3% of gross restaurant sales. The length of the franchise term is ten years. Subject to the Company's approval, a franchisee may generally renew the franchise for two additional terms of five years. Under the franchise agreements, the Company is not responsible for any significant commitments, obligations or services.

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2021

5. COMPREHENSIVE INCOME

The Company has no elements of comprehensive income to report for the year ended December 31, 2021.

6. SUBSEQUENT EVENTS

Management has evaluated subsequent events through April 15, 2022, the date which the financial statements were available for use. No subsequent events requiring adjustment to or disclosure in the 2021 financial statements occurred.

Due to the ability to provide carry-out services, none of the franchises closed during the Covid-19 situation.

7. MARKETING FUND

In 2020, the Company began collecting amounts from franchisees in order to provide a marketing program. In lieu of a % of revenue the Company only charged a fixed fee of \$600 to \$1,200 per Illinois franchise. Collections in 2021 amounted to \$10,200 and expenditures were \$11,489. The Palos Heights Pop's location also participates and contributes to this program.

Pop's Franchise Systems, LLC

December 31, 2020

Financial Statements

GK

George Korbakes & Co., LLP

Certified Public Accountants

Financial Statements

Pop's Franchise Systems, LLC

December 31, 2020

INDEPENDENT AUDITOR'S REPORT

To Members
Pop's Franchise Systems, LLC

We have audited the accompanying financial statements of Pop's Franchise Systems, LLC (an Illinois LLC), which comprise the balance sheet as of December 31, 2020, and the related statements of income, members' equity, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Pop's Franchise Systems, LLC as of December 31, 2020, 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.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedules of selling, general, and administrative expenses is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Woodridge, Illinois
June 30, 2021
Corrected: August 13, 2021

(REPORT AS CORRECTED)

**POP'S FRANCHISE SYSTEMS, LLC
BALANCE SHEET
December 31, 2020**

ASSETS

CURRENT ASSETS

Cash	\$	96,274
Accounts Receivable		148,397
TOTAL CURRENT ASSETS		<u>244,671</u>

TOTAL ASSETS	\$	<u>244,671</u>
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LIABILITIES AND MEMBERS' EQUITY

CURRENT LIABILITIES

Accounts Payable	\$	5,679
Credit Card Payable		11,690
Marketing Funds Payable		12,505
TOTAL CURRENT LIABILITIES		<u>29,874</u>

TOTAL LIABILITIES		<u>29,874</u>
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MEMBERS' EQUITY		<u>214,797</u>
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TOTAL LIABILITIES AND MEMBERS' EQUITY	\$	<u>244,671</u>
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The accompanying notes are an integral part of the financial statements

(REPORT AS CORRECTED)

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF INCOME
FOR THE YEAR ENDED DECEMBER 31, 2020

Revenue	
Franchise Fee Revenues	\$ 351,118
COVID-19 Franchise Fee Relief	(23,585)
Vendor Contract Incentives	<u>129,078</u>
Total Revenue	456,611
Selling, General, and Administrative Expenses	<u>142,955</u>
NET INCOME	\$ <u><u>313,656</u></u>

The accompanying notes are an integral part of the financial statements

(REPORT AS CORRECTED)

**POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF MEMBERS' EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2020**

Beginning Balance, December 31, 2019	\$	198,668
Distributions		(297,527)
Net Income		<u>313,656</u>
Ending Balance, December 31, 2020	\$	<u>214,797</u>

The accompanying notes are an integral part of the financial statements

POP'S FRANCHISE SYSTEMS, LLC
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020

CASH FLOWS FROM OPERATING ACTIVITIES

Net Income	\$ 313,656
Adjustments to Reconcile Net Income to Net Cash Provided by (Used in) Operating Activities:	
(Increase) Decrease in Operating Assets:	
Accounts Receivable	1,357
Increase (Decrease) in Operating Liabilities:	
Accounts Payable	1,927
Credit Card Payable	1,540
Marketing Fund Liability	12,506

CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES

330,986

CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES

CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES

-

CASH FLOWS FROM FINANCING ACTIVITIES

Distributions to Members	<u>(297,527)</u>
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CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES

(297,527)

NET INCREASE (DECREASE) IN CASH

33,459

CASH AT BEGINNING OF YEAR

62,815

CASH AT END OF PERIOD

\$ 96,274

OTHER INFORMATION:

Interest Paid	\$ -
Income Taxes Paid	\$ -

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2020

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Pop's Franchise Systems, LLC is an Illinois limited liability company franchisor of Pop's Italian Beef & Sausage. The Company grants franchises to own and operate Pop's Italian Beef & Sausage restaurants in the Chicagoland area in accordance with its system and under its marks.

Significant Accounting Policies

Basis of Accounting: The financial statements and notes are representations of the Company's management who is responsible for the integrity and objectivity of the financial statements. These accounting policies conform to generally accepted accounting principles and have been consistently applied in the preparation of the financial statements.

Use of Estimates: The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported revenue and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents: Cash and cash equivalents are defined as highly liquid investments with original maturities of 90 days or less.

Franchise Fees Receivable: Franchise fees receivable are stated at the amount management expects to collect from the outstanding balances. The allowance for doubtful accounts is estimated based on the Company's historical losses, the existing economic conditions in the restaurant industry, and the financial stability of its franchisees. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation based on its assessment of the current status of individual accounts. The Company routinely assesses the collectability of specific franchisee accounts. As of December 31, 2020, all franchise and vendor rebate receivables are considered collectible. Accordingly, no allowance for doubtful accounts has been recorded.

Revenue Recognition: Royalty fees from restaurants operated by franchisees are based on a percentage of gross sales of the restaurants and are recognized in the period earned.

In 2020, the Company received rebates from the beverage vendor and the bread vendor based on the franchisees' purchases and the purchases of the Company owner's Palos Heights Pop's location.

Advertising Costs & Marketing: Advertising costs of the Company are expensed as incurred.

The franchise agreements generally include a provision which provides for the Company collecting a marketing program fund contribution as a percentage of gross sales from franchise owners which will be kept in a segregated marketing fund administered by the Company.

Income Taxes: The Company is a limited liability company. Income is not taxed at the Company level, but is passed through to the members. Therefore, no provision or liability for federal or state income taxes has been included in the financial statements.

The Company's income tax filings are subject to audit by various taxing authorities. The Company's open audit periods are 2017, 2018, 2019, and 2020. In evaluating the Company's tax provisions

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2020

1. NATURE OF OPERATIONS AND SIGNIFICANT ACCOUNTING POLICIES - continued

and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes its estimates are appropriate based on current facts and circumstances.

2. CONCENTRATIONS

The Company maintains its cash balance in one financial institution located in the state of Illinois. The cash balances in interest bearing accounts are insured by the Federal Deposit Insurance Corporation (F.D.I.C.) up to \$250,000 per institution. The Company's cash balance on deposit at December 31, 2020, was fully insured.

The Company has 15 franchisees, of which 4 are owned and operated by one business group that accounts for 26.36% of franchise fees in 2020. There are two other business groups that own and operate 2 locations each, comprising 17.85% and 15.55% of franchise fees in 2020. None of these business groups are affiliated with the Company other than by the franchise agreements. All of the franchises are located in either Illinois or Indiana.

3. ACCOUNTS RECEIVABLE

At December 31, 2020, accounts receivable was \$148,397 of which only \$1,053 was 90 days or older. Of the total balance, \$90,848 was due from the vendor rebates with the largest receivable from a vendor rebate being \$75,063. Of the \$57,549 due from the franchisees, \$17,907 was due from a 4-store business group, and \$10,589 from a 2-store business group. All receivables have been collected as of June 30, 2021.

5. FRANCHISING

The Company executes franchise agreements that set the terms of its arrangement with each franchisee. The franchise agreements require new franchisees to pay an initial fee of \$10,000 and continuing royalty fees ranging from 2% to 3% of gross restaurant sales. The length of the franchise term is ten years. Subject to the Company's approval, a franchisee may generally renew the franchise for two additional terms of five years. Ten of the franchises were renewed in 2020. Under the franchise agreements, the Company is not responsible for any significant commitments, obligations or services. The Company also entered into a new franchise agreement in 2020, but the store was not in operations in 2020 and no fees were charged or collected.

6. COMPREHENSIVE INCOME

The Company has no elements of comprehensive income to report for the year ended December 31, 2020.

7. SUBSEQUENT EVENTS

Management has evaluated subsequent events through June 30, 2021, the date which the financial statements were available for use. No subsequent events requiring adjustment to or disclosure in the 2020 financial statements occurred.

Due to the ability to provide carry-out services none of the franchises closed during the Covid-19 situation.

Pop's Franchise Systems, LLC
Notes to the Financial Statements
December 31, 2020

8. COVID-19 ROYALTY RELIEF

In response to the Covid-19 pandemic, the Company decided to forego collection of royalty payments for the month of March in order to assist its' franchisees. The Company recorded the forgiveness of the March payments as a reduction of franchise fee revenue.

9. MARKETING FUND

In 2020, the Company began collecting amounts from franchisees in order to provide a marketing program. In lieu of a % of revenue the Company only charged a fixed fee of \$1,200 per Illinois franchise. Collections in 2020 amounted to \$15,017 and expenditures were \$2,511. The Palos Heights Pop's location also participates and contributes to this program.

The Indiana franchises did not participate in the program given their geographical distance from the focus of the marketing program. The Indiana franchises may participate in 2021. One franchise was required to pay half of the fixed fee due to its location and size compared to other franchises.

10. CORRECTION OF CLERICAL ERRORS

Subsequent to the original issuance of the Company's 2020 Financial Statements on June 30, 2021, multiple clerical errors were identified and corrected.

The first error is related to the transposition of two amounts on the Balance Sheet related to the Accounts Payable and Credit Card Payable amounts. The amounts related to these accounts were inadvertently switched.

The second error relates to the beginning balance on the Statement of Members' Equity. The beginning balance was misstated inadvertently due to the use of an incorrect amount from a draft version of the financial statements. The beginning balance was therefore incorrectly higher than the proper amount of \$198,668 by \$2,996. This caused the ending balance of Members' Equity to differ from the Balance Sheet by \$2,996.

Third, a change was made related to the presentation of Cash and the Marketing Fund. These two amounts were previously presented separately in order to support a disclosure made about the nature and activity of the Marketing Fund. These two amounts are now presented together within Cash on the Balance Sheet so that the total Cash may easily agree to the Statement of Cash Flows.

(REPORT AS CORRECTED)

Supplementary Schedule

(REPORT AS CORRECTED)

POP'S FRANCHISE SYSTEMS, LLC
SCHEDULE OF SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2020

Advertising	\$	27,212
Auto Expense		7,971
License and Fees		1,545
Office Expense		2,067
Operation Software		2,000
Consulting Fees		71,835
Printing		584
Professional Fees		24,953
Website Administration		<u>4,788</u>
TOTAL SELLING, GENERAL, AND ADMINISTRATIVE EXPENSES	\$	<u><u>142,955</u></u>

EXHIBIT G

TABLE OF CONTENTS – OPERATIONS MANUAL

TABLE OF CONTENTS

SECTION	# of Pages in Section
1 Welcome	1
2 Mission Statement	1
3 Advertising Information	5
4 Bookkeeping Information	1
5 Menu Information	3
6 Food Preparation Guide	39
7 Training Manual	499
8 Employee Manual	12

EXHIBIT H

ADDITIONAL DISCLOSURES/AGREEMENT RIDERS

**ADDITIONAL DISCLOSURES FOR THE
MULTISTATE FRANCHISE DISCLOSURE DOCUMENT OF
POP'S FRANCHISE SYSTEMS, LLC**

ILLINOIS

1. The following statements are added to the end of Item 17:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs 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.

Franchisees' 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.

**THE FOLLOWING PAGES IN THIS EXHIBIT ARE
STATE-SPECIFIC RIDERS TO THE
AGREEMENTS**

**RIDER TO THE POP'S ITALIAN BEEF & SAUSAGE
FRANCHISE AGREEMENT
FOR USE IN ILLINOIS**

This Rider (this "Rider") is being entered as of _____, 20__ (the "Agreement Date"). The parties to this Agreement are you, _____, as Franchise Owner, us, Pop's Franchise Systems, LLC, as Company and, if you are a corporation, limited liability company or partnership, your "Principal Owners". This Rider is for an Pop's Italian Beef & Sausage Restaurant to be located at: _____.

1. **BACKGROUND.** We and you are parties to that certain Franchise Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Franchise Agreement"). This Rider forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Restaurant that you will operate was made in Illinois and the Restaurant will be operated in Illinois, and/or (b) you are a resident of Illinois.

2. **JURY TRIAL WAIVER.** The following language is added to the end of Section 17.10 of the Franchise Agreement:

However, the waiver in the preceding sentence shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

3. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following is added as a new Section 17.19 to the Franchise Agreement:

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 any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

IN WITNESS WHEREOF, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

THE COMPANY:

FRANCHISE OWNER:

POP'S FRANCHISE SYSTEMS, LLC

By: _____

Title: _____

**RIDER TO THE POP'S ITALIAN BEEF & SAUSAGE
DEVELOPMENT AGREEMENT
FOR USE IN ILLINOIS**

This Rider (this "Rider") is being entered as of _____, 20__ (the "Agreement Date"). The parties to this Agreement are you, _____, as Franchise Owner, us, Pop's Franchise Systems, LLC, as Company and, if you are a corporation, limited liability company or partnership, your "Principal Owners". This Rider is for an Pop's Italian Beef & Sausage Restaurant to be located at: _____.

1. **BACKGROUND.** We and you are parties to that certain Development Agreement dated _____, 20__ that has been signed at the same time as this Rider (the "Development Agreement"). This Rider forms part of the Development Agreement. This Rider is being signed because (a) the offering or sales activity relating to the Development Agreement occurred in Illinois and the Development Area is located in Illinois, and/or (b) you are a resident of Illinois.

2. **JURY TRIAL WAIVER.** The following language is added to the end of Section 17 of the Development Agreement:

However, the waiver in the preceding sentence shall not apply to the extent prohibited by Section 705/41 of the Illinois Franchise Disclosure Act of 1987 or Illinois Regulations at Section 260.609.

3. **ILLINOIS FRANCHISE DISCLOSURE ACT.** The following is added as a new Section 23 to the Development Agreement:

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 any provision of the Act or any other law of Illinois is void. However, that Section shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any provision of the Act, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties have signed and delivered this Rider on the dates noted below, to be effective as of the Effective Date.

THE COMPANY:

FRANCHISE OWNER:

POP'S FRANCHISE SYSTEMS, LLC

By: _____

Title: _____

POP'S FRANCHISE SYSTEMS, LLC

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	June ##, 2023
Indiana	June ##, 2023

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.

Item 23

RECEIPT

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 Pop's Franchise Systems, LLC 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. [However, some state franchise laws require Pop's Franchise Systems, LLC to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.]

If Pop's Franchise Systems, LLC 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 appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: Frank Radochonski, located at 42 Long Grove Drive, Lemont, Illinois 60439, (708) 361-0087; and Kacie Dancy, located at 127th Street, Palos Heights, Illinois 60439, (708) 361-0087.

Issuance Date: May 31, 2023.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Pop's Franchise Systems, LLC dated as of May 31, 2023, that included the following Exhibits:

Exhibit A	State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement and Principal Owner's Guaranty
Exhibit C	Site Selection Agreement
Exhibit D	Development Agreement
Exhibit E	Assignment and Assumption of Franchise Agreement
Exhibit F	Financial Statements
Exhibit G	Table of Contents – Operations Manual
Exhibit H	Additional Disclosures/Agreement Riders

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Return)

Prospective Franchisee [Signature]

Item 23

RECEIPT

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 Pop's Franchise Systems, LLC 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. [However, some state franchise laws require Pop's Franchise Systems, LLC to provide this Disclosure Document to you at the first personal meeting held to discuss the franchise sale or at least 10 business 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.]

If Pop's Franchise Systems, LLC 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 appropriate state agency identified on Exhibit A.

The name, principal business address, and telephone number of each franchise seller offering the franchise are as follows: Frank Radochonski, located at 42 Long Grove Drive, Lemont, Illinois 60439, (708) 361-0087; and Dancy Radochonski, located at 127th Street, Palos Heights, Illinois 60439, (708) 361-0087.

Issuance Date: May 31, 2023.

We authorize the respective state agents identified on Exhibit A to receive service of process for us in the particular states.

I received a Disclosure Document from Pop's Franchise Systems, LLC dated as of May 31, 2023, that included the following Exhibits:

Exhibit A	State Administrators/Agents for Service of Process
Exhibit B	Franchise Agreement and Principal Owner's Guaranty
Exhibit C	Site Selection Agreement
Exhibit D	Development Agreement
Exhibit E	Assignment and Assumption of Franchise Agreement
Exhibit F	Financial Statements
Exhibit G	Table of Contents – Operations Manual
Exhibit H	Additional Disclosures/Agreement Riders

Date

Prospective Franchisee [Print Name]

(Date, Sign, and Keep for your Records)

Prospective Franchisee [Signature]