Capriotti's SANDWICH SHOP

FRANCHISE DISCLOSURE DOCUMENT

CAPRIOTTI'S SANDWICH SHOP, INC.
A Nevada Corporation
6056 S. Durango Drive
Las Vegas, Nevada 89113
Phone No: (866) 959-3737
info@capriottis.com — http://www.capriottis.com

You will operate a retail restaurant which serves various submarine, deli sandwiches and related items in a casual sit-down and/or take-out format under the name "CAPRIOTTI'S SANDWICH SHOP®," "CAPRIOTTI'S®" and other service marks.

The total investment necessary to begin operation of a CAPRIOTTI'S SANDWICH SHOP restaurant ranges from $594,700 to $935,000 for a traditional location and $145,000 to $324,000 for a Virtual Kitchen location. This includes $80,000 for a traditional location and $65,000 for a Virtual Kitchen location that must be paid to the franchisor or affiliate. If you want development rights, the total investment necessary to begin operation of the first of 3 CAPRIOTTI'S SANDWICH SHOP restaurants is $604,700 to $945,000 for traditional locations and $155,000 to $334,000 for Virtual Kitchen locations. This includes $90,000 and $75,000, respectively, that must be paid to the franchisor or affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive this disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us 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 disclosure document to an advisor, like a lawyer or an accountant.

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

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

Issuance date of this Franchise Disclosure Document: July 29, 2026

How to Use This Franchise Disclosure Document

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

QUESTION	WHERE TO FIND INFORMATION
How much can I earn?	Item 19 may give you information about outlet sales, costs, profits or losses. You should also try to obtain this information from others, like current and former franchisees. You can find their names and contact information in Item 20 or Exhibit F.
How much will I need to invest?	Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.
Does the franchisor have the financial ability to provide support to my business?	Item 21 or Exhibit G 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 CAPRIOTTI'S SANDWICH SHOP 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 CAPRIOTTI'S SANDWICH SHOP franchisee?	Item 20 or Exhibit F 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 and Development Rights Agreement require you to resolve disputes with the franchisor by arbitration and/or litigation only in its then-current home state (currently Nevada). Out-of-state arbitration or litigation may force you to accept a less favorable settlement for disputes. It may also cost more to arbitrate or litigate with the franchisor in its then-current home state (currently Nevada) than in your own state.

2. **Spousal Liability.** Your spouse must sign a document that makes your spouse liable for all financial obligations under the franchise agreement even though your spouse has no ownership interest in the franchise. This guarantee will place both you and your spouse's marital and personal assets, perhaps including your house, at risk if your franchise fails.

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

4. **Supplier Control.** You must purchase all or nearly all of the inventory or supplies that are necessary to operate your business from the franchisor, its affiliates, or suppliers that the franchisor designates, at prices the franchisor or they set. These prices may be higher than prices you could obtain elsewhere for the same or similar goods. This may reduce the anticipated profit of your franchise business.

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.

THE FOLLOWING PROVISIONS APPLY ONLY TO TRANSACTIONS GOVERNED BY THE MICHIGAN FRANCHISE INVESTMENT LAW

The state of Michigan prohibits certain unfair provisions that are sometimes in franchise documents. If any of the following provisions are in these franchise documents, the provisions are void and cannot be enforced against you:

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

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

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

(D) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) the term of the franchise is less than 5 years; and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of franchisor's intent not to renew the franchise.

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

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

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

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

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

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

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

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

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

If the franchisor's most recent financial statements are unaudited and show a net worth of less than $100,000, the franchisor shall, at the request of a franchisee, arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations to provide real estate, improvements, equipment, inventory, training, or other items included in the franchise offering are fulfilled. At the option of the franchisor, a surety bond may be provided in place of escrow.

The fact that there is a notice of this offering on file with the attorney general does not constitute approval, recommendation, or endorsement by the attorney general.

Any questions regarding this notice should be directed to:

Michigan Department of Attorney General
Corporate Oversight Division – Franchise Section
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
(517) 335-7567

Despite subparagraph (f) above, we intend to enforce fully the arbitration sections contained in our Franchise Agreement and Development Rights Agreement. We believe that subparagraph (f) is unconstitutional and cannot preclude us from enforcing our arbitration sections. If you acquire a franchise, you acknowledge that we will seek to enforce the arbitration sections as written, and that the terms of the Franchise Agreement and Development Rights Agreement will govern our relationship with you, including the specific requirements of the arbitration sections.

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

For ease of reference in this Franchise Disclosure Document, Capriotti's Sandwich Shop, Inc. will be referred to as "we" or "us," and the person who is considering the franchise will be referred to as "you." If the franchisee will operate through a corporation, partnership, or limited liability company, "you" also includes the franchisee's owners or partners relating to certain provisions of the franchise agreement and related documents that will apply to your shareholders, partners, members, managers, officers, and directors. Those provisions will be noted.

Our principal business address is 6056 S. Durango Drive, Las Vegas, Nevada 89113.

We conduct business under the names "Capriotti's Sandwich Shop, Inc.," "CAPRIOTTI'S SANDWICH SHOP," "CAPRIOTTI'S," and/or "CAPRIOTTI'S Restaurant" and no other name. We are a Nevada corporation organized on December 13, 2007. Other than the franchise opportunity described in this Franchise Disclosure Document, we do not offer franchises in any other lines of business. We have no other business activities and have not operated a CAPRIOTTI'S Restaurant. However, our wholly-owned or majority-owned and controlled subsidiaries have operated CAPRIOTTI'S Restaurants for many years. (Item 20 discloses subsidiary-owned CAPRIOTTI'S Restaurants during our last 3 fiscal years.)

We have offered franchises of the type offered to you since our acquisition of the system in January 2008. Except as described below, we have no predecessors, parent companies, or affiliates disclosable in this Item.

We have developed a casual restaurant format and operating system that focuses on serving submarine sandwiches and other menu items. Our operating system includes a recognized design, decor, color scheme, recipes, uniform standards, specifications, rules and operational procedures, techniques, philosophies, quality and uniformity of products and services offered, and inventory and management control procedures (the "System"). We grant franchises to operate CAPRIOTTI'S SANDWICH SHOP restaurants ("Restaurants") using the System and the trade names, trademarks, service marks, emblems, slogans, and copyrights we authorize. Our System takes advantage of the growth in the consumption of restaurant food by providing great-tasting submarine sandwiches at competitive prices. You must offer a standard menu of our products, which are offered for sale to the general public.

Your Restaurant may operate at a type of non-traditional location that we call a "Virtual Kitchen." A Virtual Kitchen is characterized by, among other things, the preparation of diverse products under one or more brands in a common venue (which may be stationary or mobile) and the sale and delivery of such products principally or exclusively off-premises through third-party delivery systems. If your Restaurant will operate at a Virtual Kitchen, we and you will sign a Franchise Agreement Amendment for Virtual Kitchen Operations, attached as Exhibit L to this Franchise Disclosure Document, to reflect certain changes to our standard franchise agreement ("Franchise Agreement") for that venue. Our Franchise Agreement is attached as Exhibit B to this Franchise Disclosure Document.

You will use the System to operate a Restaurant. We will provide you with initial basic training and continuing advice and assistance in the operation of your franchise, merchandising and advertising, all as described in this Franchise Disclosure Document. You must operate the Restaurant according to our Franchise Agreement and the standards and specifications in our confidential operations manual ("Manual").

We will grant you a license to use the service marks "CAPRIOTTI'S," "CAPRIOTTI'S SANDWICH SHOP," "CAPRIOTTI'S Restaurant," and other trade names, trade dresses, service marks, trademarks, copyrights, symbols, logos, characters, designs, illustrations, art works, titles, and slogans we periodically specify ("Marks").

If you are renewing your franchise because its current term is about to expire, you will sign our Renewal Rider to Franchise Agreement (Exhibit K), which, among other things, modifies certain provisions in our standard Franchise Agreement that do not apply to you because your Restaurant already is open.

You will compete with other local, regional, and national companies offering competitive products and services. Our competitors include other submarine sandwich restaurants. The market for submarine restaurants is large and developed. You may face competition from larger, more established, and better-funded companies in some areas.

Our only affiliates disclosable in this Item are WZ Franchise, LLC and WZ International, LLC, which are our indirect, majority-owned and controlled subsidiaries (originally established under the names WZ Franchise Corporation and WZ International Corp., respectively). We acquired these entities, whose principal business addresses are the same as ours, on December 22, 2020.

WZ Franchise, LLC currently offers and grants franchises in the United States for WING ZONE Businesses, which operate dine-in, delivery, and carry-out restaurants serving chicken wings, chicken tenders, sandwiches, appetizers, related food products, beverage products, and merchandise. It has offered WING ZONE Business franchises in the United States since September 1998. As of December 31, 2025, there were 15 WING ZONE Businesses in operation in the United States. WZ Franchise, LLC has never operated or offered franchises for CAPRIOTTI'S SANDWICH SHOP restaurants or offered franchises in any other line of business.

WZ International, LLC currently offers and grants franchises internationally for WING ZONE Businesses. It has offered WING ZONE Business franchises internationally since 2009. As of December 31, 2025, WZ International, LLC had one franchisee operating in Malaysia, 4 master franchisees operating in India, Panama, and the Philippines, and 5 subfranchisees operating in Panama. As of December 31, 2025, there were 20 WING ZONE Businesses operating in these countries. WZ International, LLC has never operated or offered franchises for CAPRIOTTI'S SANDWICH SHOP restaurants or offered franchises in any other line of business.

You must comply with all local, state, and federal laws and regulations applicable to the operation of your business, including health regulations and menu labeling and nutrition disclosure requirements. You must obtain a food handler or similar permit. State requirements relating to food safety typically pertain to sanitation and food preparation, handling, and storage.

We also may grant multi-unit development rights to qualified franchisees, which then may develop a specific number of CAPRIOTTI'S Restaurants (a minimum of 3) within a designated territory according to a pre-determined, mandatory development schedule. Those franchisees may open and operate their CAPRIOTTI'S Restaurants directly or through "Approved Affiliates," which are entities whose majority ownership is owned and controlled by you or your owners. Our Development Rights Agreement (Exhibit C), which we sometimes reference as "DRA," governs a franchisee's multi-unit development rights and obligations. If you sign a Development Rights Agreement, you (or your Approved Affiliate) also will sign a Franchise Agreement for your first CAPRIOTTI'S Restaurant at the same time.

The form of Franchise Agreement that you and your Approved Affiliates sign for future CAPRIOTTI'S Restaurant franchises to be developed under the DRA may differ substantially and materially year to year from the first Franchise Agreement you sign for your first CAPRIOTTI'S Restaurant to be developed (as noted above, our current version of Franchise Agreement is disclosed in this Disclosure Document as Exhibit B).

ITEM 2
BUSINESS EXPERIENCE

Director and Chief Executive Officer: Ashley I. Morris

Ashley I. Morris has served as our Chief Executive Officer and a member of the Board of Directors since January 2008 and was our President from January 2008 to December 2011. Since April 2026, he also has also served as our Chief Financial Officer. Before working for us, Mr. Morris served from 2004 to 2008 as Chief Executive Officer and Chief Financial Officer of Damp Industries, Inc., in Las Vegas, Nevada, which owned and operated 3 CAPRIOTTI'S SANDWICH SHOP Restaurants in the Las Vegas area. Mr. Morris also has been Chief Executive Officer and a Manager of WZ Franchise, LLC in Las Vegas, Nevada since December 2020.

Director, President, Chief Information Officer, and acting Chief Restaurant Officer: Jason M. Smylie

Jason M. Smylie has been our President since January 2016, a member of the Board of Directors and Chief Information Officer since July 2009, and acting Chief Restaurant Officer since May 2025. He was our Executive Vice President from July 2009 until January 2016 and served as our Chief Operating Officer from January 2008 to July 2009. From 2004 to 2008, Mr. Smylie served as Chief Operating Officer of Damp Industries, Inc. in Las Vegas, Nevada, which owned and operated 3 CAPRIOTTI'S SANDWICH SHOP Restaurants. Mr. Smylie also has been President and a Manager of WZ Franchise, LLC in Las Vegas, Nevada since December 2020.

Chief Development Officer: David Bloom

David Bloom has served as our Chief Development Officer since January 2017. He was our Chief Operations Officer from June 2020 to March 2023. Mr. Bloom also has been Chief Development Officer of WZ Franchise, LLC in Las Vegas, Nevada since December 2020 and was its Chief Operations Officer from December 2020 to March 2023.

Chief Marketing Officer: Kim Lewis

Kim Lewis has served as our Chief Marketing Officer since February 2024 and has held the same position with WZ Franchise, LLC in Las Vegas, Nevada, since that date. She held various positions with Sonic Corp. in Oklahoma City, Oklahoma from May 2017 to January 2024, including Vice President of Brand Experience from August 2023 to January 2024, Vice President of Integrated Marketing and Communications from September 2021 to August 2023, and Vice President of Digital Strategies from May 2017 to September 2021.

Senior Vice President of Supply Chain: Ami Lindsay

Ami Lindsay has served as our Senior Vice President of Supply Chain since January 2019, having served as our Vice President of Supply Chain from December 2015 to January 2019. Ms. Lindsay also has been Senior Vice President of Supply Chain of WZ Franchise, LLC in Las Vegas, Nevada since December 2020.

Vice President of Brand Growth: Glynn Chambers

Glynn Chambers has served as our Vice President of Brand Growth since January 2023. From December 2018 to December 2022, she served as Vice President of CAPmastery, and, from June 2017 to December 2018, she served as a Capriotti's Business Coach. Ms. Chambers also has been Vice President of Brand Growth of WZ Franchise, LLC in Las Vegas, Nevada since January 2023.

Vice President of Development: Raymond "Bruce " Evans

Bruce Evans has served as our Vice President of Development since December 2013. From October 2012 to December 2013, he served as our Vice President of Franchise Sales. Mr. Evans also has been Vice President of Development of WZ Franchise, LLC in Las Vegas, Nevada since December 2020.

Senior Director of IT: Brandon Head

Brandon Head has served as our Senior Director of IT since January 2022 and has held the same position with WZ Franchise, LLC in Las Vegas, Nevada, since that date. From July 2021 to December 2021, he served as our Director of IT Innovation. He was IT Project Manager for Resorts World in Las Vegas, Nevada from August 2020 to July 2021.

Training Program Director: Ron Martinez

Ron Martinez has served as our Training Program Director since February 2018. He was our Senior Training Manager in Las Vegas, Nevada from January 2015 to February 2018 and Training Manager from March 2012 to January 2015. Mr. Martinez also has been Training Program Director for WZ Franchise, LLC in Las Vegas, Nevada since December 2020.

Chairman of the Board of Directors: George J. Chanos

George J. Chanos, Esq., has served as our Chairman of the Board of Directors since January 2008. He also has been a business and legal consultant in Las Vegas, Nevada since at least April 2012.

Director: David Barr

Mr. Barr has been one of our Directors since December 2015. He is Chairman of the Board and Founder of PMTD Restaurants, located in Marietta, Georgia, which has owned and operated KFC Restaurants and other businesses since May 1998. Mr. Barr (based in Marietta, Georgia) also has been self-employed in various business ventures since at least April 2021 and has served on the Boards of Directors of numerous foodservice and other companies in the United States beginning before April 2021 and continuing to the date of this Franchise Disclosure Document.

Director: John D. ("JD") Sun

Mr. Sun has been one of our Directors since December 2015. He has engaged in personal investment activities since at least April 2021.

Area Developer in North Carolina and South Carolina: Michael Solomon

Mr. Solomon has been our "Area Developer" in North Carolina and South Carolina since September 2025. He has been a CAPRIOTTI'S Restaurant franchisee in Las Vegas, Nevada through Be Amazed Sandwich Co., Inc. since May 2014 and a GREAT AMERICAN COOKIES franchisee in Las Vegas, Nevada since June 1994.

ITEM 3
LITIGATION

Alber Bekhit v. Capriotti's Sandwich Shop, Inc. (American Arbitration Association, Case No. 01-26-0000-6963, initiated February 20, 2026). The claimant, an existing franchisee, alleges that we misrepresented the availability of franchisee financing and the timeframe for opening his first Restaurant and did not wait the full required timeframe before having him sign his development rights agreement. The claimant alleges violations of California's Franchise Investment Law and Unfair Competition Law and fraud/negligent misrepresentation. He seeks rescission/restitution of amounts paid totaling approximately $125,000, excluding interest and costs. The arbitration is in its initial administrative stage. We intend to defend against these claims vigorously.

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

ITEM 4
BANKRUPTCY

No bankruptcy is required to be disclosed in this Item.

ITEM 5
INITIAL FEES

Franchise Agreement

The initial franchise fee due under each Franchise Agreement (where no development rights are granted) is a lump sum payment of $40,000, payable in full when you sign the Franchise Agreement. The initial franchise fee is fully earned when paid and non-refundable in consideration of our administrative and other expenses incurred in granting the franchise and for our lost or deferred opportunity to franchise others.

You also must pay a Site Development Services Fee for each Restaurant you develop for our costs incurred in site selection assistance, layout and design assistance, plan review, and lease review assistance. This fee is $10,000 and is due in a lump sum when you sign the Franchise Agreement. This fee is fully earned and non-refundable.

Unless your Restaurant operates at a Virtual Kitchen location or at or within a "Non-Traditional Venue" (defined below), you must spend at least $30,000 on a New Shop Opening Plan. You must pay us $15,000 of this amount at least 8 weeks before the Restaurant is scheduled to open and the remaining $15,000 at least 4 weeks before the Restaurant is scheduled to open. We will create the New Shop Opening Plan in collaboration with you and implement the Plan on your behalf. This payment is non-refundable.

If your Restaurant operates at a Virtual Kitchen location or at or within a Non-Traditional Venue, you must spend at least $15,000 on a New Shop Opening Plan. You must pay us this amount at least 8 weeks before the Restaurant is scheduled to open. We will create the New Shop Opening Plan in collaboration with you and implement the Plan on your behalf. This payment is non-refundable. A "Non-Traditional Venue" means a captive-venue location, including airports, hospitals or medical centers, limited-access highway food facilities, bus or train locations, entertainment and sports complexes, convention centers, military facilities, schools, colleges, and universities, office facilities, department and retail super-stores, off-site sales accounts, convenience stores, supermarkets, shopping malls, and home-improvement retailers, as well as any type of location known colloquially as a "virtual kitchen," a "ghost kitchen," a "ghost operation," or a similar type of location that operates on a delivery and/or pick-up-only basis.

If you sign the Franchise Agreement in connection with your purchase of the Restaurant from an existing franchisee (or, if applicable, from us or our affiliates), you must pay us $7,500 to purchase marketing and advertising for the Restaurant's "Transfer Marketing Plan," which covers marketing activities during the first 2 to 3 months after the transfer is completed.

Development Rights Agreement

If you sign our DRA because you commit to develop at least 3 CAPRIOTTI'S Restaurants within a designated territory, the initial franchise fee due for each restaurant slated for development, including the first restaurant, is $30,000. When you sign the DRA, you (or your Approved Affiliate) also must sign a Franchise Agreement for the first restaurant to be developed and pay us a development fee. The development fee is the sum of the following amounts: (1) the $30,000 initial franchise fee for the first restaurant to be developed under the DRA (for which you or your Approved Affiliate concurrently signs the Franchise Agreement); (2) the $10,000 Site Development Services Fee due for the first restaurant to be developed under the DRA; and (3) a deposit equal to $10,000 for each additional restaurant (after the first restaurant) which the DRA grants you the right to develop. We will identify the number of Restaurants you must develop, the deadlines for finding their sites and signing their leases, the deadlines for developing and opening them, and the applicable development fee before you sign the DRA.

The development fee is not refundable under any circumstances, even if you do not comply or attempt to comply with the Development Schedule and we then terminate the DRA. While the Development Fee is not refundable, each time you sign a Franchise Agreement for the next restaurant to be developed within the Territory under the DRA, we will apply the deposit related to that restaurant (which is part of the Development Fee) toward the initial franchise fee due for that restaurant (leaving $20,000 of the initial franchise fee due at time of signing).

Except as provided above, the initial franchise fee and development fee are uniform for all franchisees and developers under this offering. However, we had 2 franchisees that received a 15% discount on their initial franchise fees in 2025. We participate in the VetFran program, which offers a 15% discount on the initial franchise fee to military veterans who provide a copy of their DD214.

ITEM 6
OTHER FEES

Column 1 Type of Fee(1)	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Royalty Fee	6% to 7% of monthly Gross Sales(2,3)	Currently payable the 5th day after the end of each calendar month along with the Royalty Fee report.	Upon 30 days' written notice, we may begin calculating the Royalty Fee (a) bi-weekly as of the 15th and the last day of each calendar month, in which event the Due Date for the Royalty Fee will be the 5th day after the end of the bi-weekly period, (b) weekly on Monday for the preceding 7 days, in which event the Due Date for the Royalty Fee will be the immediately

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			following Wednesday, or (c) on such other schedule we determine in our sole judgment, including as frequently as daily, in which event the Due Date for the Royalty Fee will be the day and time we communicate to you.
Marketing Fund	Up to 4% of monthly Gross Sales[2] We currently charge 2% of monthly Gross Sales	Payable when you pay your Royalty Fee[2]	You must make contributions to the Marketing Fund. You also must pay us or the Marketing Fund for promotional or point-of-purchase materials that you must use in connection with the Restaurant but which the Marketing Fund does not provide solely in consideration for your contributions. The annual costs for such materials will not exceed $2,500.
Service Management Group Fee	Currently $25 monthly	Payable when you pay your Royalty Fee[2]	This gives you access to the Service Management Group platform, providing detailed customer service analytics. We collect this amount from you and pay it directly to SMG, which is an unaffiliated third party. SMG has the right to increase its fee during the franchise term, in which case we have the right to increase the fee charged to you (without any upcharge).
Technology Fee	0.65% of Gross Sales (but currently 0% because not charged)	Payable when you pay your Royalty Fee[2]	While we do not currently charge this fee, we have the right to begin collecting it on 30 days' prior written notice to you. Tech Fees cover technology expenditures we deem best for the franchise

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			system (and company- and affiliated-owned Restaurants), including mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, digital marketing, online ordering and loyalty subscriptions, iPad mobile device management, and e-learning solutions.[(4)]
Cooperative Advertising	Up to 2% of your monthly Gross Sales[(2)] unless Cooperative votes for more We currently require you to contribute the full 2%	As determined by the Cooperative	A majority of the Cooperative's members can vote to increase the Cooperative contribution above 2% of your Restaurant's Gross Sales (but not to exceed 4% of your Restaurant's Gross Sales). [(5)]
Training for Additional Team Members/Managers in Las Vegas [(6)]	$1,000 per person per 5 days[(6)] We have the right to increase to $5,000 per person per 5 days	Upon commencement of training	You pay for additional training if you request it
Training for Additional Team Members/Managers at your location[(6)]	$2,000 per person per 5 days[(6)] We have the right to increase to $7,500 per person per 5 days	Upon commencement of assistance	You pay for additional training if you request it.
Extensive On-Site Retraining Program	$10,000	Upon demand	If we determine during the franchise term, whether after an inspection or otherwise, that retraining or additional training is necessary because the Restaurant is not operating in compliance with our standards and

Column 1 Type of Fee[(1)]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
			specifications, we have the right at any time to require your Managing Owner and other managerial personnel to participate in and successfully complete an extensive onsite retraining program at the Restaurant for up to 6 weeks and to pay us this amount.
Copy of Manual	Paper Copy $1,000 (electronic copy available at no charge)	10 days after billing	Cost of replacement copy
Approval of New Supplier	Reimbursement of our costs incurred in approving supplier	Upon submission of sufficient background information on the supplier	See Item 8
Transfer Fee	Greater of $10,000 or 5% of the sales price (but not to exceed $20,000); however, transfer fee will be $5,000 if transfer involves only a non-controlling ownership interest in you	At time of approved transfer	No transfer fee if 100% of interest in franchise is transferred to a corporation, partnership, or limited liability company controlled by you.
Renewal Fee	$10,000	Upon signing new successor franchise agreement	
Relocation Fee	$5,000	As incurred	Due if you wish to relocate the Restaurant’s premises.
Audit	Reimbursement of costs of audit plus interest	10 days after billing, with interest beginning from the date of underpayment	Costs of audit payable only if audit shows an underpayment of any amount owed to us of 3% or more.
Bookkeeping Services	$100 per hour	When billed	Payable if you fail to provide timely financial reports twice in a 24-month period and we require you to use our bookkeeper.

Column 1 Type of Fee[1]	Column 2 Amount	Column 3 Due Date	Column 4 Remarks
Guest Complaint Resolution	Currently $50 per hour (not to exceed $150 per hour)	As incurred	Due if you do not resolve guest complaints twice in 24-month period, and we require you to use our complaint resolution system.
Administrative/Late Fee	$250	When billed	Due for each late or dishonored payment.
Interest	Lesser of 1.5% per month or highest commercial contract interest rate law allows	When billed	Due on past due amounts.
Costs and Attorneys' Fees	Reimbursement amount varies based on circumstances	As incurred	Due when you do not comply with Franchise Agreement or Development Rights Agreement.
Indemnification	Reimbursement amount varies based on circumstances	As incurred	You must reimburse us if we are held liable for claims arising from our operation of your franchise. You have the same indemnification obligations under the Development Rights Agreement.
Unauthorized Closure	Amount equal to the product of the average Royalty Fee for the 60 days immediately preceding the unapproved closure date multiplied by the number of days of the unauthorized closure	On then-applicable Due Date	If you close the Restaurant without our approval for one or more days.

Note 1: Except as noted, all fees are imposed and collected by and payable to us and are not refundable. Unless otherwise negotiated with you, all fees outlined in Item 6 are uniformly imposed on franchisees. You may not withhold all or any part of the fees due to us or any buying group on the grounds of nonperformance.

Note 2: The term "Gross Sales" means the total of all revenue and other consideration you generate from operating the Restaurant whether from sales for cash or credit, and irrespective of collection, including sales of merchandise, products and services, excluding only (or, if applicable, reduced only by) the following: sales tax if paid to the appropriate government authorities; proceeds from the sale of equipment not in the ordinary course of business; promotional discounts you initiate and formally request and we pre-approve in writing, provided physical evidence of the promotion is retained; discounts granted on food purchased by employees for their own consumption; and any other exclusions or reductions we specifically identify (although without any obligation to do so) in the Manual. All transactions first will be (and must be) entered into the Information System at the full (non-discounted) retail price, plus all related fees and charges, for purposes of calculating Gross Sales. For the avoidance of doubt, Gross Sales are not reduced by the amount paid to, retained or collected by, or shared with third-party food ordering and delivery systems with which your Restaurant does business.

We reserve the right to modify our policies and practices regarding revenue recognition, revenue reporting, and the inclusion of certain revenue in or the exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

Note 3: Your Royalty Fee is 7% of monthly Gross Sales if you sign individual Franchise Agreements to operate 1 to 2 Restaurants. You will pay 6% of monthly Gross Sales if you sign a Development Rights Agreement to operate 3 or more Restaurants. However, if you default under the Development Rights Agreement and do not open at least 3 Restaurants, we have the right immediately to increase the Royalty Fee to 7% of Gross Sales under all of your existing Franchise Agreements.

Note 4: CAPRIOTTI'S Restaurants that we or our affiliates own will pay Tech Fees on the same percentage basis as franchisees. We have the right to allocate and spend Tech Fees in our sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for these activities. Despite payment of the Tech Fees to us, you must pay third-party vendors for the costs of and support services for your Restaurant's computer system. We have no obligation to account to you or other franchisees for our use of Tech Fees or to ensure that you or the Store benefits directly or pro rata based on your payments of Tech Fees.

Note 5: Beginning after the New Shop Opening Plan ends, you must spend at least 1.5%, and we recommend that you spend up to 4%, of the Restaurant's monthly Gross Sales towards local marketing efforts. This is in addition to all Marketing Fund and Cooperative contributions.

Note 6: The fee for 2 people to attend the full initial training program before the Restaurant opens is included in the initial franchise fee. We provide your Managing Owner and a second attendee a full initial training program at a designated CAPRIOTTI'S SANDWICH SHOP training restaurant in Las Vegas. If your Managing Owner will not be the Restaurant's full-time general manager, we will require at least 2 other people with primary responsibility for operating your Restaurant to attend training (in addition to your Managing Owner). If we determine that the required attendees cannot complete initial training to our satisfaction, we have the right to postpone the Restaurant's opening until 2 trained candidates are available. We also have the right to postpone the Restaurant's opening if we determine that a person in our training program (i) falsified any documentation, (ii) made any material misrepresentation, (iii) was not approved under our standard application procedures, (iv) failed to complete all the training hours in our training program, or (v) failed to pass our training program examinations. We have the right to expel that person from our training program or postpone the opening until a qualified, trained candidate is available. You must pay any damages we experience due to the expulsion and will be charged for then-current training costs.

You must pay salaries and benefits, travel, lodging, meals, and other associated expenses incurred by you and your trainees/attendees.

If you request our trainers to provide additional or supplemental training and we have the resources to accommodate this request, fees you will incur include a fee of $1,000 per trainer per 5 days for training in Las Vegas. If you request that our trainers provide additional or supplemental training at your location and we have the resources to accommodate this request, fees you will incur include a fee of $2,000 per trainer and per 5 days of training, and you will be invoiced for travel-related expenses (flight, car, hotel, per diem) and other associated expenses.

ITEM 7
ESTIMATED INITIAL INVESTMENT

YOUR ESTIMATED INITIAL INVESTMENT

(FOR A "TRADITIONAL" CAPRIOTTI'S RESTAURANT)

Column 1 Type of Expenditure	Column 2 Amount[1]	Column 3 Method of Payment	Column 4 When Due	Column5 To Whom Payment is Made
Franchise Fee[2]	$40,000	Lump Sum	When you sign Agreement	Us
Site Development Services Fee[3]	$10,000	Lump Sum	When you sign Agreement	Us
Architectural/ Engineering Fees and Project Management[4]	$15,000 - $35,000	Vendor's Terms	As Incurred	Architect/ Engineer and/or Vendor
Professional Services[5]	$2,000 - $10,000	As Incurred	As Incurred	Your attorney, accountant, and other professionals
Permits and Licensing[6]	$3,000 - $40,000	As Incurred	As Incurred	Local Municipalities
Rent[7]	$3,500 - $8,000	Lump Sum	As Incurred	Landlord
Security Deposits[8]	$5,000 - $20,000	Lump Sum	Per Lease/Utility Company Requirements	Landlord / Utilities
Leasehold Improvements[9]	$250,000 - $350,000	Negotiable	Contract Terms	General Contractor

Column 1 Type of Expenditure	Column 2 Amount[1]	Column 3 Method of Payment	Column 4 When Due	Column5 To Whom Payment is Made
Furniture, Fixtures, Equipment, and Smallwares[10]	$150,000 - $210,000	Vendor's Terms	Before opening	Approved Independent Suppliers
Interior Décor	$4,000 - $13,000	Vendor's Terms	Before opening	Vendor
Exterior Signage	$8,000 - $25,000	Vendor's Terms	Before opening	Approved Sign-Maker
Menu Boards	$1,000 - $3,000	Vendor's Terms	Before opening	Vendor
POS System[11]	$6,200 - $20,000	Vendor's Terms	Before opening	Vendor
Training Expenses[12]	$15,000 - $20,000	As Incurred	As Incurred	Various
Opening Inventory	$7,000 - $15,000	Vendor's Terms	Before opening	Vendor
New Shop Opening Plan[13]	$30,000	As Incurred	Upon demand	Us
Pre-Opening Mock Operations[14]	$3,000 - $5,000	As Incurred	Before opening	Various
Insurance (3 Months)[15]	$2,000 - $6,000	Vendor's Terms	Before opening	Vendor
Additional Funds – 3 Months[16]	$40,000 - $75,000	See Note 16	As Incurred	Various
TOTAL[17] (excluding real estate purchase and lease costs)	$594,700 - $935,000			

- Except for the security deposit and perhaps some utility deposits (see note 8 below), no expenditure in this table is refundable.

- If you are renewing your franchise, you will not incur most of these costs because your Restaurant is already open. However, you must make certain upgrades, modifications, and improvements at your Restaurant to meet our current standards. Your costs will depend on your Restaurant's current condition.

[1]The initial fees represent actual amounts; we have estimated all other amounts based on our experience. The low estimate is the lowest for each category.

[2]We describe the initial franchise fee and development fee, and when these fees are due, in Item 5. No separate initial investment is required when you sign the Development Rights Agreement, although you of course must build the first Restaurant at a cost estimated to range as described in the chart above. Therefore, the total investment necessary to begin operation of your acquired development rights is $604,700 to $945,000 (if you commit to develop a minimum of 3 CAPRIOTTI'S Restaurants).

[3]This fee is payable when you sign the Franchise Agreement for our costs incurred in providing site selection, layout, and design assistance. However, if you sign a Development Rights Agreement, this fee for the first Restaurant you agree to develop is due when you sign the Development Rights Agreement. We charge the same fee whether your Restaurant will be in a traditional or non-traditional location.

[4]This fee represents the cost of plans and specifications paid to an approved kitchen designer, architectural and engineering services, and support services. We may require that you use approved vendors and a construction management firm to manage the construction process for your location. The cost for the development of construction documents can vary depending on the state or municipality where your Restaurant will be built.

[5]Professional fees are for attorneys, accountants, or other professionals from whom you seek advice.

[6]Permits and licensing are fees paid to various local agencies to secure permits related to the construction of your leasehold space. Depending on the jurisdiction, there might be Tap Fees or Impact Fees relating to the Restaurant's development. Tap Fees are paid to the jurisdiction to connect to city water, sewer, or both. Depending on the jurisdiction, these fees could be higher than disclosed and these fees can add substantial costs to your Restaurant's development.

[7]A Restaurant occupies approximately 1,400 to 1,600 square feet of leased space, typically in an in-line shopping center in an urban or suburban commercial area. Your investment could be higher if you decide to buy property or to lease space in a regional shopping mall, enclosed shopping mall, lifestyle center, or other high-rent facility. Rent depends on geographic location (for example, highly desirable major metropolitan areas on the West Coast like Los Angeles, on the East Coast like New York, or in the Midwest like Chicago or highly desirable locations in particular urban or suburban areas), space size, local rental rates, other businesses in the area, site profile, and other factors. While there are exceptions depending on landlord negotiations, our franchisees typically do not pay rent before they open for business.

[8]Landlords typically charge a security deposit equal to 1 month's rent and also may have site lease deposits that vary according to location. Utility and other companies typically charge security deposits that vary by locale and your credit history. Some security deposits will be refundable depending on your agreement with the landlord or the utility and other companies.

[9]The cost of leasehold improvements can vary depending on factors like (i) whether pre-construction demolition of existing walls and partitions is required, (ii) whether the space was previously used as a restaurant and already contains facilities required by code like a grease trap, ventilation system, and fire extinguisher system, (iii) whether the space is in a multi-story or a high-rise building (these spaces can increase your costs), and (iv) regional differences in material costs. The high and the low amounts reflect estimated leasehold improvement costs without any tenant improvement allowances but do include a 10% contingency (of the total estimated cost) for unexpected cost over-runs or delays. Of the 15 traditional CAPRIOTTI'S Restaurant franchises opened in 2025, 7 received an average of $50,780 in tenant improvement allowances. Please note that not all of our franchisees receive tenant-improvement allowances. If your landlord provides a tenant-improvement allowance, that will be incorporated into your rent. We have detailed information on 15 traditional CAPRIOTTI'S Restaurant franchises that opened in

2025. These restaurants ranged in size from 1,300 to 1,500 square feet. According to our records, all 15 traditional CAPRIOTTI'S Restaurant franchises fell within the range above.

[10]The high and low amounts represent the prices to buy new equipment. This range includes the purchase of audio-visual equipment.

[11]This represents the cost of the fully integrated required point-of-sale (POS) system with our required suite of services. The low end represents franchisees who have chosen to use the vendor's subscription program.

[12]This represents the training cost for your first Restaurant. You do not pay an initial training fee, but you will pay all personal expenses for the training for you and your employees, including transportation to Las Vegas, lodging, meals, wages, and benefits for you and any of your employees during Pre-Opening Mock Operations. This amount is the estimated cost for 2 people to attend our training program.

[13]You must spend at least $30,000 on New Shop Opening Plan marketing activities. The New Shop Opening Plan typically covers a 3 to 4-month period. We will make the spend on your behalf. Some franchisees have chosen to spend significantly more than $30,000 towards their shop opening marketing, and advertising activities.

[14]All restaurants must have at least 2 Pre-Opening Mock Operations and staff training events, commonly called friends-and-family nights. For the friends and family nights, we estimate food costs of $2,500 and approximately 200 salary hours for 3 days of employee pre-opening training.

[15]You must purchase the insurance we specify, as described in Item 8.

[16]This is an estimate of the funds needed to cover your other pre-opening expenses and initial start-up expenses during the first 3 months of operation (excluding the items identified separately in the table). This includes rent, utilities, wages, inventory purchases, office supplies, printed materials, phone, facsimile, pre-opening and regular salaries for managers, pre-opening and regular wages of hourly employees, debt service, real estate services, legal, internet expense, accounting expense, and other expenses. We relied on our affiliates' experience in operating restaurants to compile this Additional Funds estimate.

[17]We do not offer financing directly or indirectly for any part of the initial investment. An estimated initial investment will be incurred for each CAPRIOTTI'S Restaurant established under a Development Rights Agreement.

The outlined investment is for a traditional CAPRIOTTI'S Restaurant. If you open a Restaurant in a non-traditional location, such as a regional shopping mall, enclosed shopping mall, lifestyle center, airport, university, or sports arena, or in a Virtual Kitchen or any other type of location that operates on a delivery and/or pick-up only basis, the cost could be significantly lower or potentially higher depending upon the location, the required equipment, design, the use of union labor, and facilities fees paid to the location owner (see the following estimated initial investment chart).

A lower-cost Restaurant is one that will require fewer leasehold improvements, less seating, and fewer equipment purchases. Moderate and higher-cost Restaurants may require extensive interior and/or exterior renovations, interior finishes, additional equipment, unforeseen site work, and any combination of municipal, county, or jurisdictional fees. To avoid excessive construction costs, we strongly recommend that you carefully select construction-related services by obtaining several competitive bids before construction begins. In compiling these figures, we have relied on our experience and that of our affiliates in operating CAPRIOTTI'S Restaurants.

YOUR ESTIMATED INITIAL INVESTMENT

(FOR A VIRTUAL KITCHEN TYPE RESTAURANT)

Column 1 Type of Expenditure	Column 2 Amount[1]	Column 3 Method of Payment	Column 4 When Due	Column5 To Whom Payment is Made
Franchise Fee[2]	$40,000	Lump Sum	When you sign Agreement	Us
Development Services Fee[3]	$10,000	Lump Sum	When you sign Agreement	Us
Kitchen Plans and Architectural / Engineering Fees[4]	$5,000 - $20,000	Vendor's Terms	As Incurred	Kitchen Planner/ Architect/ Engineer
Professional Services / Permits and Licensing[5]	$500 - $10,000	As Incurred	As Incurred	Your attorney, accountant, and other professionals
Rent[6]	$3,500 - $8,000	Lump Sum	As Incurred	Landlord/Host
Security Deposits[7]	$3,500 - $15,000	Lump Sum	Per Lease/Utility Company Requirements	Landlord / Utilities
Leasehold Improvements[8]	$1,000 - $50,000	Negotiable	Contract Terms	General Contractor
Furniture, Fixtures, Equipment, and Smallwares[9]	$30,000 - $75,000	Vendor's Terms	Before opening	Equipment Vendor
POS System[10]	$3,500 - $12,000	Vendor's Terms	Before opening	Vendor
Training Expenses[11]	$15,000	As Incurred	As Incurred	Various
Opening Inventory	$5,000 - $10,000	Vendor's Terms	Before opening	Vendor
New Shop Opening Plan[12]	$15,000	As Incurred	Upon demand	Us

Column 1 Type of Expenditure	Column 2 Amount[1]	Column 3 Method of Payment	Column 4 When Due	Column5 To Whom Payment is Made
Pre-Opening Mock Operations[13]	$1,000 - $3,000	As Incurred	Before opening	Various
Insurance (3 Months)[14]	$2,000 - $6,000	Vendor’s Terms	Before opening	Vendor
Additional Funds – 3 Months[15]	$10,000 - $35,000	See Note 15	As Incurred	Various
TOTAL[16] (excluding real estate purchase and lease costs)	$145,000 - $324,000			

- There are no other direct or indirect payments regarding the purchase of the franchise.
- Except for the security deposit and perhaps some utility deposits (see note 8 below), no expenditure in this table is refundable.
- If you are renewing your franchise, you will not incur most of these costs because your Restaurant is already open. However, you must make certain upgrades, modifications, and improvements at your Restaurant to meet our current standards. Your costs will depend on your Restaurant’s current condition.

[1]The initial fees represent actual amounts; we have estimated all other amounts based on our experience. The low estimate is the lowest for each category.

[2]We describe the initial franchise fee and development fee, and when these fees are due, in Item 5. No separate initial investment is required when you sign the Development Rights Agreement, although you of course must build the first Restaurant at a cost estimated to range as described in the chart above. Therefore, the total investment necessary to begin operation of your acquired development rights is $155,000 to $334,000 (if you commit to develop a minimum of 3 CAPRIOTTI’S Restaurants).

[3]This fee is payable when you sign the Franchise Agreement for our costs incurred in providing site selection, layout, and design assistance. However, if you sign a Development Rights Agreement, this fee for the first Restaurant you agree to develop is due when you sign the Development Rights Agreement. We charge the same fee whether your Restaurant will be in a traditional or non-traditional location.

[4]In developing a Virtual Kitchen, there might be little cost associated with this item. In most cases, there is no traditional build-out which would necessitate construction documents.

The fee, however, represents the potential cost of plans and specifications paid to an approved kitchen designer, architect, and engineer. The cost for developing construction documents will vary depending on the state, municipality, or facility in which your Virtual Kitchen will be built.

[5]Professional fees are for attorneys, accountants, or other professionals from whom you seek advice.

[6]A Virtual Kitchen occupies approximately 180 to 400 square feet of space, typically as one kitchen within a facility hosting multiple kitchens. These are typically service agreements and not leases as one might have in a typical inline space within a strip center location. Rent depends on the market area and includes shared service lowering the overhead costs found in traditional locations. These services include facility maintenance, processing of orders and the labor required, cleaning and maintenance, management and coordination of health inspections, on-site support, hood cleaning and maintenance, gas and electrical costs, grease trap maintenance, dry, cooler, and freezer storage, cold and hot water, trash/recycling service, and internet/WiFi service. Your required labor within the space will be 2 to 3 employees.

[7]Virtual Kitchen Service Agreements may require as much as 3 times the monthly rent as a security deposit. This depends on the Virtual Kitchen and the Service Agreement.

[8]The cost of leasehold improvements can vary. One Virtual Kitchen opened in 2025.

[9]The high and low amounts represent the price to buy new equipment. Necessary equipment will depend on the Service Agreement and facility.

[10]This represents the cost of the fully integrated required point-of-sale (POS) system with our required suite of services. The low end represents franchisees who have chosen to use the leasing program offered by our POS system vendor.

[11]This represents the training cost for your first Virtual Kitchen. You do not pay an initial training fee, but you will pay all personal expenses for the training for you and your employees, including transportation to Las Vegas, lodging, meals, wages, and benefits for you and any of your employees during Pre-Opening Mock Operations. This amount is the estimated cost for 2 people to attend our training program.

[12]You must spend at least $15,000 on New Shop Opening Plan marketing activities. The New Shop Opening Plan typically covers a 3 to 4-month period. We will make the spend on your behalf. You must pay us $15,000 8 weeks before the Restaurant is scheduled to open. Some franchisees have chosen to spend more than $15,000 towards their Shop's opening marketing and advertising activities.

[13]Virtual Kitchen Pre-Opening Mock Operation and staff training events will vary depending upon the facility. 240 salary hours for 3 days of employee pre-opening training.

[14]You must purchase insurance we specify as described in Item 8.

[15] This is an estimate of the funds needed to cover your other pre-opening expenses as well as initial start-up expenses during the first 3 months of operation (other than the items identified separately in the table). This includes rent, utilities, wages, inventory purchases, office supplies, printed materials, phone, facsimile, pre-opening and regular salaries for managers, pre-opening and regular wages of hourly employees, debt service, real estate services, legal, internet expense, accounting expense, and other expenses. We relied on our affiliates' experience in operating restaurants to compile this Additional Funds estimate.

[16]We do not offer financing directly or indirectly for any part of the initial investment. An estimated initial investment will be incurred for each CAPRIOTTI'S Restaurant established under a Development Rights Agreement.

ITEM 8
RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES

You must purchase the following goods or services: our then-current trade dress; point-of-sales system, including the computer hardware and software further described in Item 11; restaurant fixtures, furniture, and other equipment as listed in the Manual; and specified light fixtures. Neither we nor any individuals affiliated with us currently derive any income or revenue based on or as a result of our or their sales of these items to you. None of our officers currently owns an interest in any approved supplier. Neither we nor any of our affiliates are an approved supplier or the only approved supplier for any item used in your Restaurant, but nothing in the Franchise Agreement or Development Rights Agreement prohibits us from becoming an approved supplier in the future.

We and/or our affiliates have the right to derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that we designate, approve, or recommend for some or all CAPRIOTTI'S Restaurants on account of those suppliers' prospective or actual dealings with your Restaurant and other CAPRIOTTI'S Restaurants. That revenue may or may not be related to services we and our affiliates perform. All amounts received from suppliers, whether or not based on your or other franchisees' purchases from those suppliers, will be our and our affiliates' exclusive property, which we and they may retain and use without restriction for any purposes we and they deem appropriate. Any products or services that we or our affiliates sell you directly may be sold to you at prices exceeding our or their costs. In 2025, we received (according to our internal records) approximately $1,850,630 in rebates, which is approximately 6% of our total 2025 revenue of $31,091,140. We and our affiliates did not sell or lease any products or services directly to our franchisees during 2025.

Collectively, the purchases and leases you must make from us or our affiliates, from designated or approved suppliers, or according to our standards and specifications represent close to 100% of your overall purchases and leases to establish and then operate the Restaurant. The exact percentage of the items listed above must be determined for each specific Restaurant. Percentages for your Restaurant may be more or less than those shown.

You must participate in our approved guest satisfaction program and redeem all related coupons or offers at your expense.

To ensure you maintain the highest degree of quality and service, you must operate the Restaurant in strict conformity with the methods, standards, and specifications prescribed in the Manual or otherwise in writing. We issue specifications and standards to you and approved suppliers. We select suppliers based upon a variety of criteria, including quality, price, customer service, ability to service the entire System, and maintenance of uniformity. We must approve all products or services used in the operation of the Restaurant. You must use only approved or designated suppliers as your exclusive suppliers and service providers (which suppliers may include or be limited to us and/or certain of our affiliates). You must use only our confidential recipes and other proprietary products and must purchase all of your requirements for these products or services solely from us or authorized suppliers we designate.

You must obtain and maintain at your own expense the insurance coverage that we require. We may regulate the types, amounts, terms, and conditions of insurance coverage required for your Restaurant, including standards for underwriters of policies providing required insurance coverage; our protection and rights under these policies as an additional named insured; required or impermissible insurance contract provisions; periodic verification of insurance coverage you must furnish to us; our right to obtain insurance coverage at your expense if you fail to obtain required coverage; and similar matters relating to insured and uninsured claims.

You currently must maintain the following minimum insurance coverage: Comprehensive General Liability–bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 aggregate; Liquor Liability of $1,000,000 aggregate (if applicable); automobile liability for all owned, non-owned, and rented vehicles used in operating the Restaurant of $1,000,000 Combined Single Limit Liability (not included with the General Liability); Workers' Compensation and Employer's Liability of $1,000,000 by accident, $1,000,000 by disease policy limit, and $1,000,000 by disease each accident; Umbrella Liability of $1,000,000 in excess of all other liability policies; and Property Insurance for 100% of the replacement cost of all furniture, fixtures, equipment, inventory, building (if applicable), and tenant build-out in the Restaurant. You also must carry Employment Practices Liability of at least $1,000,000 aggregate, including third-party coverage and Wage & Hour Defense costs of $100,000; Cyber Liability of $1,000,000 for all data breaches, identity thefts, phishing attacks, and social engineering and data response/crisis management expenses; and Trade Name Restoration coverage of $500,000 per location to pay for your lost profit from an actual or alleged contamination claim anywhere in the brand.

Insurance costs will depend on the insurance carrier's charges, terms of payment, and your history. The General Liability policy must name us as additional insured. You must provide us with a new certificate or other proof of insurance within 10 days after renewing the insurance.

You must permit us or our agents to conduct unannounced inspections at any reasonable time and to remove from your Restaurant samples of items (without payment for these items) in amounts reasonably necessary for testing by us or an independent laboratory to determine whether these samples meet our then-current standards and specifications. In addition to any other remedies we may have under the Franchise Agreement, we may require you to bear the cost of this testing if the supplier of the item has not previously been approved by us or if the sample fails to conform to our specifications.

We approve products for sale based on timelines of production and delivery (i.e., is the product generally available, are perishable items delivered appropriately, and the like), price, and availability of discounts for volume purchases. The time required for us to evaluate and approve new products is approximately 90 days.

We have the right (but in all cases only to the maximum extent permitted by applicable law) to establish, implement, and enforce pricing policies and requirements for the Restaurant with which you must comply, including general pricing directives, mandatory promotional pricing, price grouping requirements, and mandatory pricing review windows.

You must refrain from installing or permitting installation on the Restaurant premises, without our prior written consent, any fixtures, furnishings, signs, equipment, or other improvements not previously approved based on our standards and specifications.

We have the right to require you to purchase certain equipment, fixtures, furnishings, signs, supplies, and other products and materials required for the operation of the Restaurant solely from suppliers (including manufacturers, distributors, and other sources) who demonstrate, to our continuing satisfaction, the ability to meet our then-current standards and specifications for those items and whom we have first approved in writing. These items will include help-wanted or other visual aid signs and all building materials required for constructing the leased premises.

If you desire to purchase any products from an unapproved supplier, you must submit to us a written request for this approval and have this supplier acknowledge in writing that you are a franchisee and that we are not liable for debts you incur. You must allow our representatives to inspect the supplier's facilities and have samples from the supplier be delivered, at our option, either to us or to an independent, certified laboratory designated by us for testing. The cost of the inspection and the actual cost of the test must be paid by either you or the supplier. We reserve the right, at our option, to reinspect the facilities and products of any approved supplier and to revoke our approval upon the supplier's failure to continue to meet any of our then-current criteria or for any other business reason we deem appropriate. We will notify you and/or the supplier in writing of our decision. If, in providing services to you, any third-party vendor might obtain access to confidential information as described in the Franchise Agreement, we may require, as a condition of the approval of the provider, the signing of covenants of non-disclosure and non-competition in a form satisfactory to us. Our criteria for approving suppliers will be made available upon your request (if applicable for the particular type of supplier or product at issue).

You must submit to us, for our prior written approval, samples of all advertising and promotional plans and materials that you desire to use and which we have not prepared or previously approved. You must display the Marks in the manner we require on all signs and other advertising and promotional materials used in the Restaurant.

You must obtain a telephone listing for use in your Restaurant. The telephone listing will belong to us; however, you must pay all telecommunications charges directly to the telecommunications company. We reserve the right to place protective codes restricting access to the telephone listing to protect the System should you no longer operate your Restaurant.

If you do not own your business premises, we first must accept your lease.

There currently are no purchasing or distribution cooperatives. We and our affiliates currently negotiate purchase arrangements with suppliers (including price terms) for many of the items and services described earlier in this Item that you may obtain only from designated sources. In doing so, we and our affiliates seek to promote the overall interests of the franchise system and affiliate-owned operations and our interests as the franchisor (and not the interests of any particular franchisee or group of franchisees). We do not provide material benefits to a franchisee (for example, renewal or granting additional franchises) for purchasing particular products or services or using particular suppliers.

The Development Rights Agreement does not require you to buy or lease from us (or our affiliates), our designees, or approved suppliers, or according to our specifications, any goods, services, supplies, fixtures, equipment, inventory, computer hardware and software, or comparable items related to establishing or operating your business under the DRA. However, each site proposed for a CAPRIOTTI'S Restaurant must satisfy our site-selection criteria and is subject to our written acceptance.

[Item 9 begins on next page]

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	Disclosure document item
a. Site selection and acquisition/lease	Franchise Agreement Section 3 Development Rights Agreement Section 5	Items 7, 8, 11, and 12
b. Pre-opening purchases/leases	Franchise Agreement Section 8 Not applicable under Development Rights Agreement	Items 7, 8, and 11
c. Site development and other pre-opening requirements	Franchise Agreement Sections 3 and 8 Development Rights Agreement Section 5	Items 7, 8, and 11
d. Initial and on-going training	Franchise Agreement Section 8 Not applicable under Development Rights Agreement	Items 6, 7, and 11
e. Opening	Franchise Agreement Section 8 Development Rights Agreement Sections 1(a), 2(a), and 5	Items 11 and 12
f. Fees	Franchise Agreement Sections 2, 3, 4, and 8 Renewal Rider to Franchise Agreement Section 4 Development Rights Agreement Section 4	Items 5, 6, 7, 8, and 11
g. Compliance with standards policies/operating manual	Franchise Agreement Section 8 Not applicable under Development Rights Agreement	Items 8, 11, and 14
h. Trademarks and proprietary information	Franchise Agreement Section 5 Development Rights Agreement Section 3	Items 13 and 14
i. Restrictions on products/services offered	Franchise Agreement Section 5 Not applicable under Development Rights Agreement	Items 8, 11, 12, and 16

Obligation	Section in agreement	Disclosure document item
j. Warranty and customer service requirements	Franchise Agreement Section 5 Not applicable under Development Rights Agreement	Item 11
k. Territorial development and sales quotas	Not applicable under Franchise Agreement Development Rights Agreement Sections 1(a), 2(a), and 5	Items 11 and 12
l. Ongoing product/service purchases	Franchise Agreement Sections 5 and 8 Not applicable under Development Rights Agreement	Items 6 and 8
m. Maintenance, appearance and remodeling requirements	Franchise Agreement Sections 5 and 8 Renewal Rider to Franchise Agreement Section 6(c) Not applicable under Development Rights Agreement	Items 11, 16, and 17
n. Insurance	Franchise Agreement Section 8.8 Not applicable under Development Rights Agreement	Items 7 and 8
o. Advertising	Franchise Agreement Sections 5.3 and 8.21 Not applicable under Development Rights Agreement	Items 6, 7, 8 and 11
p. Indemnification	Franchise Agreement Section 29 Development Rights Agreement Section 10 and 11	Item 6
q. Owner's participation/management/staffing	Franchise Agreement Section 8 Not applicable under Development Rights Agreement	Items 11 and 15
r. Records/reports	Franchise Agreement Sections 4.3, 4.4, 4.5, 4.8, 4.9, 4.10, 7, 8, 9, and 17 Not applicable under Development Rights Agreement	Item 6

Obligation	Section in agreement	Disclosure document item
s. Inspections/audits	Franchise Agreement Sections 7-9 Not applicable under Development Rights Agreement	Item 8
t. Transfer	Franchise Agreement Sections 12-14 Development Rights Agreement Section 8	Item 17
u. Renewal	Franchise Agreement Section 2 Renewal Rider to Franchise Agreement Section 3(a) Not applicable under Development Rights Agreement	Item 17
v. Post-termination obligations	Franchise Agreement Section 11 Not applicable under Development Rights Agreement	Item 17
w. Non-competition covenants	Franchise Agreement Sections 6 and 8 Development Rights Agreement Section 11 Franchise Agreement Amendment for Virtual Kitchen Operations Section 2	Item 17
x. Dispute resolution	Franchise Agreement Sections 26-28 Development Rights Agreement Section 11	Item 17
y. Compliance with Customer Complaint Resolution Procedures	Franchise Agreement Section 8.3 Not applicable under Development Rights Agreement	Item 6
z. Owner Guaranty	Owner's Guaranty and Assumption of Obligations Not applicable under Development Rights Agreement	Item 15
aa. Non-Disparagement	Franchise Agreement Sections 5.12 and 11.13	Not Applicable

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.

Pre-Opening Obligations

We will provide certain assistance and services to you. Neither the Franchise Agreement nor any other agreement requires us to provide any other assistance or services to you during the operation of the Restaurant. It is our intention to provide the following assistance and services before the Restaurant opens:

As explained in Section 3 of the Site Selection Addendum to the Franchise Agreement, we have 30 days after receipt of the information regarding Restaurant site selection that you provide to approve or disapprove your selection. You may consider our failure to disapprove a site, after having been provided with all the required information and the passage of 30 days, approval of the selection. (We do not "approve" sites; we "accept" them under the circumstances described in this Item 11.) If the parties cannot agree on a site, then we may allow you to move to a mutually-acceptable available territory where you may locate a suitable site. If you cannot find a site, we may terminate the Franchise Agreement.

1. We will provide you with: (a) the benefit of our knowledge and experience in the installation, commencement, and operation of the System; (b) the benefit of our knowledge and experience in the selection and installation of equipment and furnishings, appropriate decor and layout, the location and installation of signage, and the System; (c) advisory service regarding the operation of the Restaurant, including preparing, presenting, and handling products and services in accordance with the System and our Manual and training your employees in the Restaurant's proper operation; and (d) assistance in promoting the Restaurant through advertising and public relations as we deem appropriate. (Franchise Agreement Section 7)

2. We will provide an initial training program for your Managing Owner and 1 other person you designate. We will make available any other training programs we deem appropriate. (Franchise Agreement Sections 7.3 and 7.6)

3. We will provide up to 4 weeks of training in Las Vegas for your Managing Owner and at least 1 other person and up to 12 days of supervision and assistance to you and your employees at the Restaurant around its opening. However, we may reduce these timeframes for "in-person" training and assistance to the extent we determine to train you through virtual learning, e-learning, and distance learning. (Franchise Agreement Section 7.6)

4. We will provide electronic access to a printable copy of the Manual throughout the franchise term, which will be updated periodically at no additional cost. If you require a paper replacement copy of the Manual, we will loan one to you at a cost of $1,000. You must return any hard copy version of the Manual to us upon termination or expiration of the Franchise Agreement. The Manual's table of contents is presented as Exhibit E. (Franchise Agreement Section 7.5)

Time to Open

You must open your Restaurant within 14 months after you sign the Franchise Agreement. We estimate the typical length of time between the signing of the Franchise Agreement and the opening of your Restaurant to be 12 to 14 months. Factors affecting time to open include locating a satisfactory restaurant site; attendance at and satisfactory completion of our initial training program; arranging for financing; permitting; construction; complying with local ordinances; completing delivery and installation of equipment and signs; procuring opening inventory; and receiving your Certificate of Occupancy from your local jurisdiction. Once we receive a copy of your Certificate of Occupancy, we will work with you to schedule your opening date. (Franchise Agreement Section 10.1(j))

Developers must open Restaurants according to the Development Schedule in the Development Rights Agreement. If you fail to comply with the Development Schedule, your Development Rights Agreement will be terminated.

Continuing Obligation

We will provide the following assistance to you during the Restaurant's operation:

1. Continuing advisory assistance to you in operating, advertising, and promoting the Restaurant as we deem advisable. (Franchise Agreement Section 7.3)

2. Refresher training programs at your expense for you and, at your option, a designated employee. (Franchise Agreement Section 7.3)

3. Advertising and promotional plans and materials for local advertising. (Franchise Agreement Section 7)

4. Advice and written materials concerning techniques of managing and operating the Restaurant. (Franchise Agreement Section 7)

5. Inspections of the Restaurant and evaluations of the products sold and services rendered in the Restaurant as we deem necessary. (Franchise Agreement Section 7.4)

6. Advice and guidance on pricing policies and requirements for the Restaurant, including general pricing directives, mandatory promotional pricing, price grouping requirements, and mandatory pricing review windows (but in all cases only to the maximum extent permitted by applicable law). (Franchise Agreement Section 8.13)

Advertising

You may develop advertising materials for your own use at your own cost. We must approve any advertising materials you develop in advance and in writing. There is no obligation for us to maintain any advertising program or to spend any amount on advertising in your area. At our option, we may assist you in promoting the Restaurant through advertising and public relations.

There is no advertising council composed of franchisees that advises us on advertising policy. The Franchise Agreement does not give us the power to form, change, or dissolve an advertising council.

New Shop Opening Plan

Unless your Restaurant operates at a Virtual Kitchen location or at or within a Non-Traditional Venue (addressed in next paragraph), you must spend at least $30,000 in marketing to promote the launch of your Restaurant. You will develop this New Shop Opening Plan in collaboration with our marketing department. This plan typically covers marketing activities over a 3 to 4-month period. You must pay us the first $15,000 installment of your marketing spend at least 8 weeks before your Restaurant is scheduled to open and the remaining $15,000 at least 4 weeks before your Restaurant is scheduled to open. We must receive the full $30,000 before we will allow your Restaurant to open. You must obtain our approval of the form, contents, and nature of your marketing activities. We will execute the New Shop Opening Plan for you and pay the vendors on your behalf. (Franchise Agreement Section 8.6)

If your Restaurant operates at a Virtual Kitchen location or at or within a Non-Traditional Venue, you must spend at least $15,000 in marketing to promote the launch of your Restaurant. You will develop this New Shop Opening Plan in collaboration with our marketing department. This plan typically covers marketing activities over a 3 to 4-month period. You must pay us the $15,000 at least 8 weeks before the Restaurant is scheduled to open. We must receive the full $15,000 before we will allow your Restaurant to open. You must obtain our approval of the form, contents, and nature of your marketing activities. We will execute the New Shop Opening Plan for you and pay the vendors on your behalf. (Franchise Agreement Section 8.6)

All New Shops will begin contributing to the Cooperative advertising fund and the National Marketing Fund on the day of opening. Additionally, after activities funded by the New Shop Opening Plan end, you must spend at least 1.5%, and we recommend that you spend up to 4%, of your Restaurant's monthly Gross Sales towards local marketing efforts. This is in addition to all Cooperative advertising and National Marketing Fund contributions. Upon request, you must give us documentation outlining your marketing activities and monthly spend.

If you sign the Franchise Agreement in connection with your purchase of the Restaurant from an existing franchisee (or, if applicable, from us or our affiliates), you must pay us $7,500 to purchase marketing and advertising for the Restaurant's "Transfer Marketing Plan," which covers marketing activities during the first 2 to 3 months after the transfer is completed.

Cooperative Advertising Associations

We have the right to designate any geographical area as a region for purposes of establishing an advertising association (a "Cooperative"). (Franchise Agreement Section 8.23(b)) A Cooperative may be composed of 2 or more CAPRIOTTI'S Sandwich Shop Restaurants operated by us and/or you or one or more other franchisees. If a Cooperative has been or is later established for the geographic area where your Restaurant operates, you must sign the documents we require to become a member of the Cooperative or, if there are no documents to be signed formally, will be bound by the then-current bylaws issued for the Cooperative. Each Cooperative has its own Board of Representatives, which is responsible for the Cooperative's governance, consisting of up to 4 people depending on how many Restaurants operate in the Cooperative's area. Our President/Chief Executive Officer and Chief Marketing Officer are members of each Board of Representatives. The remaining members are chosen by franchisees in the area. There also is currently an umbrella Cooperative "Board of Directors" with 10 members, one from each Board of Representatives, plus our President/Chief Executive Officer and Chief Marketing Officer. This Board of Directors meets 4 times per year (once each quarter).

1. Each Cooperative must be organized and governed in a form and manner, and must commence operation on a date, which we approve in advance and in writing.

2. Each Cooperative must be organized for the purposes of, and all contributions to the Cooperative and any earnings on those contributions must be used exclusively to meet costs for, maintaining, directing, and preparing advertising and/or promotional activities for the particular region (including the costs of television, radio, magazine, digital, and social advertising campaigns; direct-mail and outdoor billboard advertising; marketing surveys and other public relations activities; employing advertising agencies; and providing promotional brochures and other marketing materials to the Restaurants). These monies may also be used to defray our reasonable administrative costs and overhead related to the administration or direction of the Cooperative or its advertising programs. The Cooperative operates solely as a conduit for the collection and expenditure of advertising contributions for the purposes stated in the Franchise Agreement.

3. No advertising or promotional plans or materials may be used by a Cooperative or furnished to its members without our prior review and approval.

4. You must pay your proportionate share of the advertising and promotional expenses incurred by the Cooperative and must submit reports we or the Cooperative requires. Contributions are due when the Royalty Fee is collected and failure to make timely payment will result in your suspension and/or exclusion from any advertising initiatives funded by the Cooperative until you fully pay all outstanding amounts. Failure to make a Cooperative contribution is a default under your Franchise Agreement.

5. We may grant you an exemption for any length of time from the requirement of membership in a Cooperative, upon written request from you, stating reasons supporting the exemption. Our decision concerning the request for exemption will be final and can be reversed at any time to require Cooperative contributions to resume.

For all Cooperatives, member franchisees' required contributions currently are 2% of Gross Sales per month, unless a majority of the Cooperative's members vote to increase the contribution rate above 2%, but not to exceed 4% (each Restaurant will have one vote). We or someone we designate will be responsible for the administration of the Cooperatives. The Cooperatives will prepare annual or periodic financial statements, which will be available for your review. We have the power to require Cooperatives to be formed (subject to the above), changed, dissolved, or merged. You may obtain an accounting of advertising expenses incurred by the Cooperative by sending a written request to us.

Marketing Fund

In 2010, we established the CAPRIOTTI'S SANDWICH SHOP Marketing Fund (the "Marketing Fund") to create, develop, and implement marketing, advertising, and related programs and materials to enhance the goodwill associated with the Marks, to promote the sale of authorized products and services, and to develop and maintain a favorable public image of CAPRIOTTI'S Restaurants. (Franchise Agreement Section 8.23(a)) You must contribute up to 4% of your Gross Sales to the Marketing Fund at the same time you pay us the Royalty Fee. We currently charge 2% of your Gross Sales. Your failure to make timely payment will result in your not having access to the marketing, advertising, and related programs and materials the Marketing Fund makes available. Failure to make a Marketing Fund contribution is a default under your Franchise Agreement. Marketing Fund fees will be in addition to fees payable for local advertising and fees payable for your Cooperative. All CAPRIOTTI'S SANDWICH SHOP Restaurants located in the U.S. owned by us or any of our affiliates (whether in traditional or non-traditional locations) will contribute to the Marketing Fund on the same basis as you contribute unless we permit a variance on a case-by-case basis. The Marketing Fund will not use funds designated for advertising to solicit the sale of franchises.

You must pay us or the Marketing Fund for additional promotional or point-of-purchase materials that you must use in connection with the Restaurant but which the Marketing Fund does not provide solely in consideration for your contributions.

We may use funds from the Marketing Fund to pay for all costs and expenses associated with marketing, advertising, and related programs and materials, including the costs of preparing, producing, and distributing marketing, advertising, and related materials, employing internal resources, advertising agencies and media buying agencies, supporting market research activities, administering the Marketing Fund, and all other related costs and expenses. We will be paid each year from the Marketing Fund for these costs and services (the "Annual Administrative Expense").

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 Annual Administrative Expense and the repayment of any advances or loans we make to the Marketing Fund.

In any fiscal year, we may spend amounts that are more or less than the aggregate contributions of all CAPRIOTTI'S SANDWICH SHOP Restaurants to the Marketing Fund in that year, and we may fund any deficits with contributions from future years.

We will prepare an annual financial statement of the revenues and expenses incurred by the Marketing Fund and furnish you a copy upon your written request. We will charge the costs of preparing these financial statements to the Marketing Fund. We need not audit those financial statements.

We will have the right to terminate the Marketing Fund at any time after we expend all monies in the Marketing Fund for advertising and/or promotional purposes.

Marketing Fund monies were spent as follows during 2025: 62.5% on marketing and advertising; 1.9% on public relations activities; 35.5% on labor, equipment, and supplies; and 0.1% on research and brand strategy.

<u>Electronic Cash Register/Point-of-Sale System/Telecommunications</u>

The Franchise Agreement obligates you to install an electronic information system equipped and configured to our specifications. (Franchise Agreement Section 8.18) Before opening, you must install and maintain a Windows-based computer at the Restaurant that is capable of running the software we require and that operates on an Operating System that we deem necessary, other computer-related accessories, peripherals, hardware and software we specify from time to time, and equipment. The computer must have at least a Broadband Internet connection that permits you to connect to the Internet and to transmit and receive e-mail. The computer must have dedicated access and power lines. You must also maintain a functioning e-mail address for your business. You also must purchase and maintain any phone system we specify. You must purchase the approved "Information System," currently NCR and CAPRIOTTI'S specific suite of services. We have unlimited, independent access to all information on the system. The estimated cost of this equipment is $6,200 to $20,000 for a Restaurant at a traditional location and $3,500 to $12,000 for a Restaurant at a Virtual Kitchen location.

You must install and maintain the Information System, which includes between 2 and 4 point-of-sale terminals (depending on the size of your Restaurant) that are capable of running the NCR suite of services and the total Information System, which will include electronic cash registers, ordering stations, point-of-sale server(s) and receipt printer(s), menu-boards, loyalty programs, online ordering systems and services, gift-card programs, credit card processing systems and services, internet navigation software, email, telephone, audio, video, and surveillance systems, and training and operational support aids, which may include camera systems, virtual reality, and augmented reality hardware and software. The Information System is used to compile and manage sales information and other relevant operational data in the Restaurant. You must purchase this software and the related point-of-sale hardware from the Information System dealers and vendors we specify.

You must install and maintain systems that permit us to access and retrieve electronically any information stored in your computer systems (such as the NCR suite of services or other polling system), including information concerning your Restaurant's Gross Sales. There is no contractual limitation on the frequency or cost of these obligations.

You must maintain on-going maintenance and support contracts with the Information System vendor after the initial year of coverage and subscribe to our then-current required POS-related software services. You must subscribe to the current gift card program software and pay the related transaction fees. You must participate in our on-line ordering program and integrate with the POS system and pay all related start-up and monthly costs. Estimated costs for an annual NCR maintenance contract currently are $720 to $1,600, depending on the equipment included in your specific system. Estimated monthly costs for NCR hosting services and for non-NCR online ordering and customer loyalty currently are $1,000.

You must remain PCI-DSS compliant at all times and contract with our approved Internet service provider to establish a fully-managed virtual private network and firewall. Our POS provider will provide the following services to ensure PCI-DSS compliance: managed firewall and support of network; filtering and content control; firewall logging and reporting; PCI compliance assistance from PCI experts; on-line self-assessment questionnaire submission; quarterly PCI vulnerability scanning; system log-in and file integrity monitoring; and PCI compliant multi-factor remote access.

We reserve the right to modify the equipment standards to require new Information System or different electronic data processing and communications equipment or facilities. You must install any other hardware or software for the Restaurant's operation that we may require in the future, at your cost, including point-of-sale software, accounting software, security and video surveillance systems and any enhancements, additions, substitutions, modifications, and upgrades. Specifically, we may require that you install and maintain systems that permit us to access and retrieve electronically any other information stored in your computer systems, including images and information stored in your security and video surveillance systems. There is no contractual limitation on the frequency or cost of these obligations. We cannot estimate the cost of maintaining, updating, or upgrading your POS System or its components because it will depend on the repair history, local costs of computer maintenance services in your area, and technological advances which we currently cannot predict. You may also have to license from us or others we designate any computer software we develop or acquire for use by CAPRIOTTI'S SANDWICH SHOP franchisees.

Table of Contents of the Manual

Attached as Exhibit E is the Table of Contents of the Manual as of the date of this Franchise Disclosure Document. The Manual contains 163 pages.

Training

Your Managing Owner and 1 additional employee must attend and complete our full initial training program to our satisfaction. (Franchise Agreement Sections 8.20 and 8.21.) All franchisees must complete the training program, which is approximately 5 weeks in length (1 week of virtual training and 4 weeks of in-shop training). We expect you to complete all pre-opening required training approximately 4 weeks before your Restaurant opens. We will conduct training at our designated headquarters and/or at a designated CAPRIOTTI'S SANDWICH SHOP training restaurant.

TRAINING PROGRAM

Column 1 Subject	Column 2 Hours of On-The-Job Training	Column 3 Hours of Classroom Training*	Column4 Location
Product Recipes	45	5	Training Restaurant – Las Vegas (includes 12 hours e-learning)
Customer Service	20	0	Training Restaurant – Las Vegas (includes 2 hours e-learning)
Restaurant Management	40	10	Training Restaurant – Las Vegas and Capriotti's Support Center
Prep and Cleaning in Restaurant	20	1	Training Restaurant – Las Vegas (includes 2 hours of e-learning)
Ordering / Inventory Training	12	12	Training Restaurant – Las Vegas; Capriotti's Support Center for Classroom
POS System	15	4	Training Restaurant Las Vegas; Capriotti's Support Center for hands-on POS Lab
Finances and Accounting	12	8	Training Restaurant Las Vegas; Capriotti's Support Center for Classroom
Hiring Employees	0	2	Capriotti's Support Center for Classroom
Managing Employees	10	3	Training Restaurant Las Vegas; Capriotti's Support Center for Classroom
Controlling Food Costs	12	2	Training Restaurant Las Vegas; Capriotti's Support Center for Classroom
Neighborhood Marketing	4	2	Training Restaurant Las Vegas; Capriotti's Support Center for Classroom
Ordering from Vendors	5	1	Training Restaurant Las Vegas
Running a Restaurant	70	0	Training Restaurant Las Vegas
TOTAL HOURS	265	50	

* For purposes of these charts, web-based training is included as classroom training.

We may adjust the training schedule based on the participant's progress. We conduct the restaurant and classroom training as needed. There are no regularly scheduled training programs. Instructional materials include CAP University online, the 1Huddle mobile app, recipes and system procedure binders, and the Manual. Mr. Martinez, our current Training Program Director, has held various training and operations positions within the organization for over 13 years, overseeing all franchisee training programs. Given his long involvement with our organization, he has specific experience in all of the subjects typically taught during our training program. The rest of our training team and managers also lead all hands-on and instructor-led training. All of them have adequate training and the appropriate knowledge to facilitate training in the areas they will teach based on their involvement with our system.

Successful completion of the brand standard e-learning, restaurant, and classroom training is mandatory for your Managing Owner and your Restaurant managers. The initial franchise fee covers the cost of initial training, before the Restaurant opens for 2 people, including your Managing Owner and your Restaurant manager, but not including your travel, lodging, and related expenses.

Any Restaurant managers you appoint after your Restaurant opens must either be trained by you according to our specifications and guidelines or attend and successfully complete our next scheduled training program at our then-current charge. They will attend training at your expense if we determine they need remedial training. (See Item 6 for additional information about charges for training additional or subsequent trainees.)

You can request on-site training and/or assistance at any time. We will provide it at our option and at your cost, but the Franchise Agreement does not require us to provide it.

If we determine during the franchise term, whether after an inspection or otherwise, that retraining or additional training is necessary because the Restaurant is not operating in compliance with our standards and specifications, we have the right at any time during the franchise term to require your Managing Owner and other managerial personnel to participate in and successfully complete an extensive onsite retraining program at the Restaurant for up to 6 weeks. We may charge you $10,000 for this retraining or additional training.

We may periodically conduct an annual conference, convention, training events, and meetings; if we do, we will determine their duration, curriculum, and location. You must attend up to 2 in-person events each year for a total of up to 6 days (not including travel time). You are responsible for implementing the content of the meetings to your employees, regardless of your attendance.

You must pay all expenses incurred by your trainees or attendees for the initial training program and any other training, conferences, conventions, or other meetings your trainees attend, including their salaries, transportation costs, meals, lodging, and other per-diem expenses.

Site Selection

You should seek local broker assistance in locating acceptable sites. You, along with the assistance of our real estate department and proprietary site model, select the site for your Restaurant subject to our acceptance. Our review process may involve a physical site inspection. We do not own locations for lease to franchisees.

It is your sole responsibility to undertake site selection activities and otherwise secure premises for your Restaurant. We will use our then-current standards for approving a potential site. (Franchise Agreement Section 1 and Site Selection Addendum)

Factors we consider in evaluating the suitability of proposed Restaurant sites include (1) a site's visibility from adjacent traffic arteries, (2) ease of entry from and exit to adjacent streets, (3) traffic patterns on adjacent arteries, (4) the size, density, and income levels of the population in the surrounding area, (5) daytime population density in the surrounding area, (6) the rental market in the area, and (7) the projected cost of leasehold improvements. If we and you do not agree on a site, you must continue looking for a site that we will approve and pay attention to the deadlines in your Development Rights Agreement and Franchise Agreement because you have certain opening deadlines.

There are site acceptance deadlines (as well as lease signing, Franchise Agreement signing, and opening deadlines) under the Development Rights Agreement, all of which we and you negotiate before the Development Rights Agreement is signed. If you fail to find an acceptable site by the applicable deadline, the Development Rights Agreement may be terminated. (Development Rights Agreement Sections 1(a), 2(a), 5, and 8)

After signing the Franchise Agreement (if there is no Development Rights Agreement), you have 90 days to find and secure an acceptable site and 14 months to open the Restaurant for business. If you fail to do so, we may terminate the Franchise Agreement. (Franchise Agreement Sections 1 and 10.1(j))

As a multi-unit developer working under a Development Rights Agreement, we will sign the Franchise Agreement for the second and each subsequent Restaurant only after you have found an acceptable site. (The Franchise Agreement for the first Restaurant is signed at the same time you sign the Development Rights Agreement, even if you do not yet have an acceptable site.) In all cases, the lease must have our required form of Lease Rider attached to it.

We will review potential Restaurant sites that you identify within the development territory and have the right, but no obligation, to visit the Territory as we deem necessary to review potential sites for each CAPRIOTTI'S Restaurant to be constructed and developed. We have the right to condition our acceptance of a proposed site, or a proposed site visit, on your first sending us complete site reports and other materials (including photographs and digital recordings) we request. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within 30 days after we receive all requested information and materials. You have no right to proceed with a site that we have not accepted. (Development Rights Agreement Sections 5(a) and (b))

You also must send us for our written acceptance, which we will not unreasonably withhold, any lease or sublease that will govern your occupancy and lawful possession of each CAPRIOTTI'S Restaurant site before you sign it. You have no right to sign any lease or sublease that we have not accepted in writing. We have the right (but no obligation) to guide you in the leasing process but will not negotiate the lease or sublease for you or provide any legal advice. (Development Rights Agreement Section 5(c))

The Franchise Agreement requires you to open your Restaurant on or before the scheduled opening date we insert on the Franchise Agreement's signature page but contains no other time restrictions (besides the 12-month opening deadline mentioned above). (Franchise Agreement Section 10.1(j)) We calculate the scheduled opening date by estimating the time it should take you to finish out your Restaurant, usually 25 to 30 weeks from the time we sign the Franchise Agreement.

Certain new markets may require professional demographic analysis. If we deem that your target market does require this analysis, you will bear the pro-rata cost associated for this service.

The length of time between execution of the Development Rights Agreement or Franchise Agreement and the opening of your first Restaurant is typically 12 to 14 months. Factors affecting this length of time include the selection, approval, and leasing of the Restaurant's site, the time required to obtain necessary permits, construction or remodeling of the facility, local ordinance and/or building code compliance, installation of equipment and signs, completion of our training program, delivery and stocking of inventory, and delaying events arising from factors out of your control.

ITEM 12
TERRITORY

Single-Unit Franchisees under Franchise Agreement

You will not receive an exclusive territory. You may face competition from other franchisees, from outlets that we own, or from other channels of distribution or competitive brands that we control. We and our affiliates retain all rights with respect to CAPRIOTTI'S Restaurants, the Marks, the offer and sale of products and services that are similar to, competitive with, or dissimilar from the products and services your Restaurant offers and sells, and any other activities we and they deem appropriate, whenever and wherever we and they desire, without regard to the competitive impact on your Restaurant. We and our affiliates may engage in all activities the Franchise Agreement does not expressly prohibit.

Without our written consent, you may not sell menu items through any distribution channel other than a dedicated CAPRIOTTI'S SANDWICH SHOP restaurant, including sales through other channels of distribution such as the Internet, catalog sales, telemarketing, grocery stores, or other direct marketing sales.

If your existing Restaurant is satisfactorily meeting or exceeding our operational benchmarks and you demonstrate to our satisfaction sufficient capital and managerial resources to operate multiple units, we may approve you for operating an additional restaurant or allow you to enter into a Development Rights Agreement.

You may operate the Restaurant only at an accepted site and may not relocate without our written approval, which we may grant or deny as we deem best. Whether or not we would allow relocation depends on the circumstances at the time and what is in the Restaurant's and our system's best interests. Factors include, for example, the new site's market area, its proximity to other CAPRIOTTI'S Restaurants, whether you are in compliance with your Franchise Agreement, and how long it will take you to open at the new site. We may condition our approval of your relocation request on (1) the new site and its lease being acceptable to us, (2) your paying us a $5,000 relocation fee, (3) your reimbursing any costs we incur during the relocation process, (4) your confirming that your Franchise Agreement remains in effect and governs your operation of the Restaurant at the new site with no change in the term or, at our option, your signing our then-current form of franchise agreement to govern your operation of the Restaurant at the new site for a new franchise term, (5) your signing a general release, in a form satisfactory to us, of any and all claims against us and our owners, affiliates, officers, directors, employees, and agents, (6) your continuing to operate the Restaurant at the original premises until we authorize its closure, and (7) your taking, within the timeframe we specify and at your own expense, all action we require to de-brand and de-identify the Restaurant's former premises so that it no longer is associated in any manner (in our opinion) with the franchise system.

While we have the right to do so as described above, we do not operate or franchise, or currently plan to operate or franchise, any business under a different trademark that sells or will sell goods or services similar to those that CAPRIOTTI'S SANDWICH SHOP® restaurants sell. However, as described in Item 1, our indirect, majority-owned and controlled subsidiary, WZ Franchise, LLC, whose principal business address is the same as ours, currently franchises and will continue to franchise "WING ZONE®" Businesses. WING ZONE® Businesses serve chicken wings, chicken tenders, sandwiches, appetizers, related food products, beverage products, and merchandise. They focus on dine-in, carry-out, and delivery services. All WING ZONE® Businesses—whether owned by WZ Franchise, LLC, its affiliates, or franchisees—may solicit and accept orders from customers near your Restaurant if they are located in the same market. While we and WZ Franchise, LLC currently share the same principal business address, separate training facilities currently are maintained for WING ZONE Businesses and CAPRIOTTI'S

SANDWICH SHOP® restaurants. We do not expect any material conflicts between WZ Franchise, LLC and our franchisees, or between CAPRIOTTI'S SANDWICH SHOP® franchisees and WING ZONE® Businesses, regarding territory, customers, and support because the principal products offered by each chain do not materially overlap. However, we intend to use reasonable efforts to resolve any conflicts that might arise in the future.

Development Rights Agreement

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

The designated Territory under a DRA, which is used when you commit to develop 3 or more CAPRIOTTI'S Restaurants, will be defined by radius, zip code boundaries, county boundaries, highways, physical landforms, city or municipality boundaries, and other factors we deem appropriate. We base the Territory's size primarily on the number of CAPRIOTTI'S Restaurants you agree to develop, demographics, the number of distinct development areas and competitive businesses within the Territory, and site availability. We will determine the number of CAPRIOTTI'S Restaurants you must develop, the deadlines for finding acceptable sites, signing Franchise Agreements and leases, and the deadlines for opening the CAPRIOTTI'S Restaurants to keep your development rights. We and you then will complete the schedule in the DRA before signing it. Each site proposed for a CAPRIOTTI'S Restaurant to be developed under the DRA must be acceptable to us. We have the right to terminate the DRA if you do not satisfy your development obligations. You may not develop or operate CAPRIOTTI'S Restaurants outside the Territory.

While the DRA is in effect, we (and our affiliates) will not—except with respect to CAPRIOTTI'S Restaurants proposed to be located at or within "Non-Traditional Venues" or Restricted Venues (defined below)—establish and operate, or grant to others the right to establish and operate, CAPRIOTTI'S Restaurants that have their physical locations within the Territory. There are no other restrictions on our and our affiliates' activities in the Territory during the DRA's term.

We (and our affiliates) reserve the right without any restrictions whatsoever to pursue and establish, or franchise or license others to pursue and establish, CAPRIOTTI'S Restaurants to be located at or within Non-Traditional Venues and Restricted Venues having their physical locations within the Territory but only if you (or your Approved Affiliates) cannot or choose not to pursue the opportunity when it becomes available, no matter the reason for your (or your Approved Affiliate's) decision not to pursue the opportunity.

A "Non-Traditional Venue" is defined in the DRA to mean: (i) a captive-venue location, including airports, hospitals or medical centers, limited-access highway food facilities, bus or train locations, entertainment and sports complexes, convention centers, military facilities, schools, colleges, and universities, office facilities, department and retail super-stores, off-site sales accounts, convenience stores, supermarkets, shopping malls, and home-improvement retailers; and (ii) any type of location known colloquially as a "virtual kitchen," a "ghost kitchen," a "ghost operation," or a similar type of location that operates on a delivery and/or pick-up-only basis.

A "Restricted Venue" is a physical location within the Territory (which need not be a Non-Traditional Venue) for which that location's owner or manager sets financial, experience, or organizational standards for an acceptable operator that you (or your Approved Affiliate) do not and cannot satisfy when the opportunity becomes available.

Our, our affiliate's, or another franchisee's or licensee's establishment and operation of a CAPRIOTTI'S Restaurant at or within a Non-Traditional Venue or a Restricted Venue physically located in the Territory will not count toward your compliance with the Schedule. However, CAPRIOTTI'S Restaurants that you (or your Approved Affiliates) establish and operate at or within a Non-Traditional Venue physically located in the Territory will count toward your compliance with the Schedule.

Except as provided above, continuation of your territorial rights does not depend on your achieving a certain sales volume, market penetration, or other contingency, and you have no other options, rights of first refusal, or similar rights to acquire additional franchises. We do not have the right to alter your Territory during the DRA's term.

Despite the development schedule under the DRA, we have the right to delay the construction, development, and/or opening of additional CAPRIOTTI'S Restaurants within the Territory if at any time we believe that such delay is in the best interests of the CAPRIOTTI'S Restaurant brand, including for reasons related to lack of sites meeting our criteria, supply-chain issues, or our assessment in our sole judgment that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to construct, develop, open, and/or operate the additional CAPRIOTTI'S Restaurant in full compliance with our standards and specifications. We have the right to delay additional development and/or a Restaurant's opening for the time period we deem best if the delay will not in our reasonable opinion cause you to breach your development obligations under the development schedule (unless we are willing to extend the schedule to account for the delay).

Although we have the right to do so, we and our affiliates have not yet established, and have no current plans to establish or operate, other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark (but see discussion above about WING ZONE® Businesses franchised by our subsidiary).

ITEM 13
TRADEMARKS

Upon execution of the Franchise Agreement, we will grant you the non-exclusive right and privilege to use the Marks in your CAPRIOTTI'S SANDWICH SHOP Restaurant. You may not use any of our Marks as part of your firm or corporate name. The Development Rights Agreement does not grant you the right to use the Marks. These rights arise only under Franchise Agreements you sign with us.

(a) Registrations and Applications

The following service marks have been registered on the Principal Register of the United States Patent & Trademark Office ("USPTO"):

	Registration Number	Date of Registration
"The Bobbie" (word mark and design)	3,622,413 2,273,912	May 19, 2009 August 31, 1999
"Capriotti's"	3,015,434	November 15, 2005
"Capriotti's Sandwich Shop"	3,530,393	November 11, 2008
"Capriotti's Sandwich Shop" (with ("Est. 1976"))	3,571,960	February 10, 2009
"Capastrami"	3,718,476	December 1, 2009
"Slaw Be Joe"	3,718,480	December 1, 2009
"Cole Turkey"	3,718,481	December 1, 2009

	Registration Number	Date of Registration
"Cran-Slam Club"	3,718,482	December 1, 2009
"Extraordinary Food For Those Unwilling To Settle!"	3,863,639	October 19, 2010
"Experience Extraordinary"	4,894,681	February 2, 2016
"CAPAddicts"	4,901,241	February 16, 2016

(b) <u>Renewals and Affidavits</u>

We have filed all required affidavits and renewals for the registered Marks that have become due and intend to file all required affidavits and renewals when due for the Marks that remain important to our system.

(c) <u>Determinations</u>

There are no currently effective material determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of any state, or any court, and no pending infringement, opposition, or cancellation proceedings or material litigation, involving the Marks that significantly limit our rights to use or license the use of the Marks listed in this section in a manner material to you.

(d) <u>Agreements</u>

No agreement limits our right to use or license the use of the Marks in a manner material to the franchise.

(e) <u>Protection of Rights</u>

We have the right to control any administrative proceeding or litigation involving a Mark we license to you. You must notify us promptly of any use by any person or legal entity other than us or our franchisees of any of the Marks or any variation of the Marks. The Franchise Agreement does not require us to take any affirmative action. We will decide the actions to take against the use of any of the Marks by any persons or legal entities other than us or our franchisees. Our current intent is to take strong action (which may include bringing litigation) against that use. Any actions that we take will be at our expense.

You must notify us promptly of any lawsuit or other proceeding brought against you involving any of the Marks. We will decide whether to settle or defend any trademark litigation brought against you. We will do so at our expense, but you must cooperate with us. The Franchise Agreement does not require us to protect your right to use the Marks or to participate in your defense. We also are not required by the Franchise Agreement to indemnify you for expenses or damages if you are a party to an administrative or judicial proceeding involving a licensed trademark or if the proceeding is resolved unfavorably to you.

We reserve the right to acquire or develop additional Marks and to use the Marks ourselves, make those Marks available for use by you and other franchisees, or make those Marks available for use by other persons or entities.

We reserve the right to modify, eliminate, or provide a substitute for any Mark. If this happens, you will be responsible for your costs of compliance.

(f) <u>Superior Prior Rights</u>

We do not know of any superior prior rights that could materially affect your use of the Marks.

(g) Infringing Uses

We do not know of any current infringing uses of the Marks that could materially affect your use of the Marks.

ITEM 14
PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION

We hold no patents, and no patents are material to the franchise. We have no pending patent applications that are material to the franchise.

We and our affiliates claim copyrights in the Manual (containing our trade secrets and confidential information), Restaurant blueprints and other design features, signage, advertising and marketing materials, our system website, and similar items used in operating CAPRIOTTI'S Restaurants. We and our affiliates have not registered these copyrights with the United States Copyright Office but currently need not do so to protect them. You may use copyrighted items only as we specify while operating your Restaurant (and must stop using them at our direction).

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

Under the Franchise Agreement, you must conduct your business in accordance with the Manual. You will receive electronic access to a printable copy of the Manual throughout the franchise term, which will be updated periodically at no charge to you. If you require a paper copy of the Manual, one can be loaned at a cost of $1,000. You must at all times treat the Manual and any other manual created for or approved for use in the Restaurant's operation and the information contained in the Manual as confidential and must use all reasonable efforts to maintain this information as secret and confidential. You must not at any time copy, duplicate, record, or otherwise reproduce these materials or otherwise make the same available to any unauthorized person.

The Manual will remain our sole property and must be kept in a secure place at the Restaurant. We may revise the contents of the Manual, and you expressly agree to comply with each new or changed standard. You must ensure that your copy of the Manual is kept current and up to date and, if there are any disputes as to the contents of the Manual, the terms of the master copy of the Manual we maintain at our headquarters will control.

The Development Rights Agreement does not grant you rights to use any intellectual property. These rights arise only under Franchise Agreements you sign with us.

Confidential Information

You must preserve in confidence all materials and information we furnish or disclose to you and must disclose this information or materials only to the employees or agents who must have access to it in order to perform their duties. You must not at any time, without our prior written consent, copy, duplicate, record, or otherwise reproduce these materials or information or otherwise make the same available to any unauthorized person. Confidential Information includes site selection models and analysis, store design information, Operations Manual and supplements, training materials, National Marketing Calendar (to include national, regional, or cooperative plans), and the Information System.

You must not, during the franchise term or afterwards, communicate, divulge, or use for the benefit of any other person, persons, partnership, association, or corporation any confidential information, knowledge, or know-how concerning the methods of operating the Restaurant which we may communicate to you or of which we may apprise you by virtue of your operation under the terms of the Franchise Agreement. You may divulge confidential information only to those of your employees who must have access to it in order to perform their duties in operating the Restaurant. Any information, knowledge, know-how, and techniques which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement, except information which you can demonstrate came to your attention before disclosure of it by us, or which, at or after the time of disclosure by us to you, had become or later becomes a part of the public domain through publication or communication by others.

You must take reasonable steps to prevent improper disclosure of confidential information to others and use non-disclosure agreements with those having access to Confidential Information. We may pre-approve the forms of non-disclosure agreements you use solely to ensure that you adequately protect confidential information and the competitiveness of CAPRIOTTI'S Restaurants. Under no circumstances will we control the forms or terms of employment agreements you use with Restaurant employees or otherwise be responsible for your labor relations or employment practices.

ITEM 15
OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISED BUSINESS

If the franchisee executing the Franchise Agreement is an entity such as a corporation, limited liability company, or limited partnership, a personal guarantee in the form attached to the Franchise Agreement must be signed by all stockholders, members, partners, or any other individual requested by us. If the franchisee executing the Franchise Agreement is an individual, a spouse or any other individual must sign the personal guarantee at our request.

You must designate one of your individual owners with at least a 20% ownership interest in you to serve as your "Managing Owner." We must approve the proposed Managing Owner or any change in the Managing Owner. The Managing Owner is responsible for managing the Restaurant. The Managing Owner must have sufficient authority to make business decisions for you and communicate directly with us regarding any Restaurant-related matters (excluding matters relating to labor relations and employment practices). The Managing Owner's decisions will be final and bind you.

The Managing Owner may be the manager of the Restaurant or may designate another person to serve as the manager, provided the Managing Owner ensures that the manager fulfills all of your obligations.

If you propose to change the Managing Owner, you must seek a new individual (the "Replacement Managing Owner") for that role and appoint the Replacement Managing Owner within 30 days after the former Managing Owner's last day. We must approve in writing the Replacement Managing Owner, who must hold the minimum ownership interest in you that we specify. The Replacement Managing Owner must attend and satisfactorily complete the training we specify. You must pay the Replacement Managing Owner's compensation and travel-related expenses during training.

Besides the Managing Owner, no manager or other employee of yours must have an equity interest in you or the Restaurant. During the franchise term, except as we otherwise approve in writing, your

Managing Owner and managerial employees must devote their full-time energy to manage and operate the Restaurant. At least 2 people (including your Managing Owner) must complete our initial training program. We do not place any limitations on whom you can hire as a non-owner manager.

You must take reasonable steps to prevent improper disclosure of Confidential Information to others and use non-disclosure agreements with those having access to Confidential Information. We may pre-approve the forms of non-disclosure agreements you use solely to ensure that you adequately protect Confidential Information and the competitiveness of CAPRIOTTI'S Restaurants. Under no circumstances will we control the forms or terms of employment agreements you use with employees or otherwise be responsible for your labor relations or employment practices.

ITEM 16
RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL

You must conduct your business in accordance with the Manual to protect our reputation and goodwill and to maintain high standards of operation under the Marks. You must use the Restaurant premises solely for the Restaurant's operation, must keep the premises open and in normal operation for the minimum hours and days we specify in the Manual or as we may otherwise approve in writing (subject to local ordinances or lease restrictions, if any), and must refrain from using or permitting the use of the premises for any other purpose or activity at any time without first obtaining our written consent. You must offer and sell all products and perform all services we periodically require for CAPRIOTTI'S Restaurants. You may not offer or sell any products or perform any services we have not authorized. We have the right to change the types of authorized goods and services you must offer and sell. There are no limits on our right to do so. We have the right (but in all cases only to the maximum extent permitted by applicable law) to establish, implement, and enforce pricing policies and requirements for the Restaurant with which you must comply, including general pricing directives, mandatory promotional pricing, price grouping requirements, and mandatory pricing review windows.

You must not engage in any trade practice or other activity or sell any product or literature which is competitive, harmful to the goodwill of or reflects unfavorably on your reputation, us, the Restaurant, or the products sold there, constitutes deceptive or unfair competition, or otherwise is in violation of any applicable laws. We do not impose any other restrictions in the Franchise Agreement or otherwise as to the goods or services which you may offer or as to the customers to whom you may sell.

If you operate the Restaurant from a Virtual Kitchen location, we may require you to comply with certain operating standards that differ from those that we have implemented for CAPRIOTTI'S Restaurants that are not operated at Virtual Kitchen locations. For example, we may require you to offer, prepare, and sell Non-Core Products (defined in Item 17.q below) at the location, and those Non-Core Products may change rapidly in the foreseeable future; we may set certain minimum hours of operation; and we may require you to use vendors and pay for technologies and services that are not standard for CAPRIOTTI'S Restaurants that are not operated at Virtual Kitchen locations (subject in all cases to any restrictions imposed on you by the services agreement, occupancy agreement, or other agreement under which you have the right to possess and operate the Restaurant at the location).

ITEM 17
RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION

THE FRANCHISE RELATIONSHIP

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

Franchise Agreement

Provision	Section in franchise or other agreement	Summary
a. Length of the term	Section 2 of Franchise Agreement Section 3(a) of Renewal Rider to Franchise Agreement	The initial term is 10 years. If you have renewal franchise rights and are exercising them because your existing franchise will soon expire, the renewal franchise term is 10 years. While the Franchise Agreement's term is 10 years, the duration of the services agreement, occupancy agreement, or other agreement under which you have the right to possess and operate the Restaurant at a Virtual Kitchen location is likely to be materially shorter.
b. Renewal or extension of the term	Section 2 of Franchise Agreement Section 3(a) of Renewal Rider to Franchise Agreement	You may acquire a successor franchise for a 10-year term if: you request and conduct with us a business review no earlier than 12 months, but no later than 9 months, before franchise term expires and then notify us of your desire to acquire a successor franchise at least 6 months before franchise term expires; you have substantially complied with all contractual and other obligations during the franchise term and continue substantial compliance between date of your notice and end of franchise term; you retain occupancy rights for the Restaurant's premises and remodel, upgrade, and re-equip the Restaurant; and you and your owners do not have any pending or threatened litigation or disputes with us, our affiliates, or any approved vendor. If you have renewal franchise rights and are exercising them for first time because your existing franchise soon will expire,

Provision	Section in franchise or other agreement	Summary
		you have no additional renewal franchise rights after the next term expires.
c. Requirements for you to renew or extend	Section 2 of Franchise Agreement Section 3(a) of Renewal Rider to Franchise Agreement	Sign then-current franchise agreement and releases (if state law allows), pay successor franchise fee, and attend refresher training. "Renewal" means signing our then-current franchise agreement for the 10-year successor franchise term, which could contain materially different terms from your original franchise agreement (including higher fees), except that successor franchise fee is $10,000.
d. Termination by you	Section 10.4	Subject to state law, you may terminate if we fail to cure a material breach within 30 days after receiving written notice from you unless the breach cannot reasonably be corrected within 30 days, in which case we will have a reasonable time period to correct the breach.
e. Termination by us without cause	Section 10	None. We may not terminate your Franchise Agreement without cause.
f. Termination by us with cause	Section 10 of Franchise Agreement Section 4 of Franchise Agreement Amendment for Virtual Kitchen Operations	We can terminate the Franchise Agreement if you default without notice for non-curable defaults and with 5 days' notice for curable defaults. Under Franchise Agreement Amendment for Virtual Kitchen Operations, we can terminate the Franchise Agreement upon written notice to you if you breach any services agreement, occupancy agreement, or other agreement under which you have the right to possess and operate the Restaurant at its accepted location and fail to cure the breach within any applicable cure period, or you lose the right (for whatever reason) to operate the Restaurant at the accepted location. While termination of the Development Rights Agreement does not impact any then-effective franchise agreements, termination of a franchise agreement entitles us to terminate the Development Rights Agreement.

Provision	Section in franchise or other agreement	Summary
g. “Cause” defined – curable defaults which can be cured	Section 10.2	We will terminate the Franchise Agreement for “cause” if you: fail to timely remodel your premises; fail to pay any monies owed to us, our affiliates, the Marketing Fund, or your designated marketing Cooperative; transfer ownership by persons owning 5% or more of you; threaten public health or safety; make unauthorized use of the System or Marks; have continued law violations; engage in discrimination; or have other defaults not outlined above or designated as a non-curable default. You have 5 days to cure these defaults. You have 30 days to cure failure to pay vendors to our System or to use a vendor’s required payment method. While termination of the Development Rights Agreement does not impact any then-effective franchise agreements, termination of a franchise agreement entitles us to terminate the Development Rights Agreement.
h. “Cause” defined—non-curable defaults	Section 10.1	We can terminate the Franchise Agreement for “cause” which is non-curable if: you declare bankruptcy or assign assets to creditors; you go into receivership; you dissolve; you have a judgment lien placed on your assets; you abandon the Restaurant; you, your Managing Owner, or an owner of 20% or more of the franchise engages in fraud or is convicted of a felony or other crime; you fail to make approved transfer within 90 days of death or incapacity; you have 3 or more defaults within any 24 months; you maintain false books or records; you impair the value of the Marks or System; you underpay royalties by more than 10%; you violate any employment laws; you fail to pay any taxes due on the Restaurant’s operation unless you are in good faith contesting your liability for such taxes through appropriate proceedings; you lose your business licenses; you lose right to occupy premises of Restaurant; or you fail to begin operation of your Restaurant

Provision	Section in franchise or other agreement	Summary
		within 14 months of signing the Franchise Agreement. Termination of the Development Rights Agreement does not impact any then-effective franchise agreements.
i. Your obligations on termination/non-renewal	Section 11	Your obligations on termination or non-renewal include: cease operating; cease using the System; return property to us; cancel any assumed names; assign the lease; pay all sums owed; return all manuals, records, files, etc.; de-identify Restaurant; and comply with non-disparagement obligation. We may acquire your inventory and assets.
j. Assignment of contract by us	Section 12.1	No restriction on our right to assign; we may assign without your approval.
k. "Transfer" by you - definition	Section 12.2	Includes transfer of Franchise Agreement, Restaurant, or its profits, losses, or capital appreciation; all or substantially all operating assets; or ownership interest in you or controlling ownership interest in entity with ownership interest in you. Also includes mortgage, pledge, or similar interest in, and foreclosure on, Franchise Agreement, Restaurant, operating assets, or ownership interest and transfer of lease for Restaurant premises.
l. Our approval of transfer by you	Sections 12.2 through 12.5	We must approve all transfers; no transfer without our prior written consent.
m. Conditions for our approval of transfer	Sections 12.2 through 12.5	We will approve transfer of non-controlling ownership interest in you if transferee (and each owner) qualifies, is not (and has no affiliate) in a competitive business, and signs our then-current form of guaranty. We will not unreasonably withhold approval of transfer of franchise rights or controlling ownership interest if transferee (and each owner) qualifies; you have paid us and our affiliates all amounts due, have submitted all reports, and are not then in breach; transferee and its owners and affiliates are not in a competitive business; training completed; transfer fee paid;

Provision	Section in franchise or other agreement	Summary
		transferee pays us $7,500 by the date we specify to purchase marketing and advertising for the Restaurant's Transfer Marketing Plan; transferee may occupy Restaurant's site for expected franchise term; transferee (at our option) assumes your Franchise Agreement or signs our then-current franchise agreement and other documents (which may have materially different terms, including higher fees) for unexpired portion of your original franchise term; transferee agrees to upgrade and remodel; you (and transferring owners) sign general release (if state law allows); we determine that sale terms and financing will not adversely affect Restaurant's operation post-transfer; you subordinate amounts due to you; and you stop using Marks and our other intellectual property (also see (r) below). If you want to engage a consultant or broker to identify a potential transferee, you must give us at least 90 days' prior written notice of that potential engagement.
n. Our right of first refusal to acquire your business	Section 14	We may match any offer for your Restaurant or ownership interest in you or entity that controls you.
o. Our option to purchase your business	Section 11.11	Except in the case of a renewal, we do have an option to purchase your business.
p. Your death or disability	Section 13	The Restaurant or an owner's controlling ownership interest must be transferred by estate to approved third party within 90 days.
q. Non-competition covenants during the term of the franchise	Section 6 of Franchise Agreement Section 2(a) of Franchise Agreement Amendment for Virtual Kitchen Operations	Subject to applicable state law, no owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or operating; and no diverting business to competitive business. A "Competitive Business" means any business (a) offering for sale hot and cold submarine sandwiches and/or other deli-related menu items (other than soft drinks) or (b) granting franchises or licenses to others to operate such a business.

Provision	Section in franchise or other agreement	Summary
		Subject to applicable state law, under Franchise Agreement Amendment for Virtual Kitchen Operations, restrictions also apply to offer, preparation, or sale at or from the Restaurant's location of any food products or beverages other than those food products and beverages that we expressly require or authorize you to offer, prepare, and sell, even if such food products and beverages are not associated directly with the "CAPRIOTTI'S" Mark or are not encompassed within the definition of the term "Competitive Business" above (such food products and beverages are referred to collectively as the "Non-Core Products").
r. Non-competition covenants after the franchise is terminated or expires	Sections 6 and 11.10 of Franchise Agreement Section 2(b) of Franchise Agreement Amendment for Virtual Kitchen Operations	Subject to applicable state law, for 2 years after franchise term, no owning interest in or performing services for Competitive Business at Restaurant's site, within 5 miles of Restaurant's site, or within 3 miles of another CAPRIOTTI'S Restaurant then in operation or under construction. Subject to applicable state law, under Franchise Agreement Amendment for Virtual Kitchen Operations, restrictions also apply for 1 year to offer, preparation, or sale of any Non-Core Products at or from the Restaurant's location or at another Virtual Kitchen physically located within 3 miles of the Restaurant's location.
s. Modification of the Agreement	Section 19	All modifications to the Franchise Agreement must be in writing.
t. Integration/merger clause	Section 19	Only terms of the Franchise Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Franchise Agreement may not be enforceable. Nothing in the Franchise Agreement or in any other related written agreement is intended to disclaim the express representations made in this franchise disclosure document.

Provision	Section in franchise or other agreement	Summary
u. Dispute resolution by arbitration or mediation	Section 26	We and you must arbitrate all disputes within 10 miles of where we have our principal business address when the arbitration demand is filed (it currently is in Las Vegas, Nevada) (subject to state law).
v. Choice of forum	Section 27	Subject to arbitration requirements, litigation generally must be in courts closest to where we have our principal business address when the action is commenced (it currently is in Las Vegas, Nevada) (subject to state law).
w. Choice of law	Section 21	Except for federal law, Nevada law applies (subject to state law).

This table lists certain important provisions of the development rights agreement. You should read these provisions in the agreement attached to this disclosure document.

Development Rights Agreement

Provision	Section in the Development Rights Agreement	Summary
a. Length of the term	6	Term expires on date when final CAPRIOTTI'S Restaurant under Schedule opens for business or is scheduled to open for business (whichever is earlier).
b. Renewal or extension of the term	Not applicable	You have no right to renew or extend development rights.
c. Requirements for you to renew or extend	Not applicable	You have no right to renew or extend development rights.
d. Termination by you	Not applicable	You have no contractual right to terminate Development Rights Agreement (except as state law allows).
e. Termination by us without cause	Not applicable	We have no right to terminate Development Rights Agreement without cause.
f. Termination by us with cause	7	We have right to terminate Development Rights Agreement if you commit one of several violations.
g. "Cause" defined – curable defaults which can be cured	Not applicable	The Development Rights Agreement does not provide for defaults which can be cured.

Provision	Section in the Development Rights Agreement	Summary
h. “Cause” defined—non-curable defaults	7	Non-curable defaults are failure to satisfy development Schedule, breach of any other obligation, our termination of any franchise agreement with you or your Approved Affiliate in compliance with its terms, your (or an Approved Affiliate’s) termination of any franchise agreement with us for any (or no) reason, we deliver formal written notice of default to you (or your Approved Affiliate) under a franchise agreement and you (or your Approved Affiliate) fail to cure the default within the required timeframe, or you (or your Approved Affiliate) cease operating any CAPRIOTTI’S Restaurant without our prior written approval.
i. Your obligations on termination/non-renewal	1 and 7	Upon termination or expiration of Development Rights Agreement, you will lose all rights to develop CAPRIOTTI’S Restaurants in your Protected Radius.
j. Assignment of contract by us	8	No restriction on our right to sell or transfer Development Rights Agreement or our ownership interests without your approval.
k. “Transfer” by you - definition	8	Includes transfer of Development Rights Agreement or any ownership interest in you or your owner (if that owner is an entity).
l. Company’s approval of transfer	8	No transfers without our prior written consent; development rights are not assignable.
m. Conditions for Company’s approval of transfer	8	Development rights are not assignable; we have the right to grant or withhold consent for any or no reason.
n. Company’s right to acquire your business	Not applicable	The Development Rights Agreement does not contain this provision.
o. Company’s option to purchase your business.	Not applicable	The Development Rights Agreement does not contain this provision.
p. Your death or disability	Not applicable	The Development Rights Agreement does not contain this provision.

Provision	Section in the Development Rights Agreement	Summary
q. Non-competition covenants during the term of the franchise	Section 11	Subject to applicable state law, no owning interest in, performing services for, or loaning money or guaranteeing loan to competitive business, wherever located or operating; and no diverting business to competitive business. A "Competitive Business" means any business (a) offering for sale hot and cold submarine sandwiches and/or other deli-related menu items (other than soft drinks) or (b) granting franchises or licenses to others to operate such a business. Subject to applicable state law, under Franchise Agreement Amendment for Virtual Kitchen Operations, restrictions also apply to offer, preparation, or sale at or from the Restaurant's location of any food products or beverages other than those food products and beverages that we expressly require or authorize you to offer, prepare, and sell, even if such food products and beverages are not associated directly with the "CAPRIOTTI'S" Mark or are not encompassed within the definition of the term "Competitive Business" above (such food products and beverages are referred to collectively as the "Non-Core Products").
r. Non-competition covenants after the franchise is terminated or expires	Not applicable	The Development Rights Agreement does not contain this provision. You and your owners will be bound by the restrictions under the Franchise Agreement.
s. Modification of the Agreement	11	No modifications without signed writing.
t. Integration/merger clause	11	Only terms of the Development Rights Agreement are binding (subject to state law). Any representations or promises outside of the disclosure document and Development Rights Agreement may not be enforceable. Nothing in the Development Rights Agreement or in any other related written agreement is intended to disclaim the express

Provision	Section in the Development Rights Agreement	Summary
		representations made in this franchise disclosure document.
u. Dispute resolution by arbitration or mediation	11	We and you must arbitrate all disputes within 10 miles of where we have our principal business address when the arbitration demand is filed (it currently is in Las Vegas, Nevada) (subject to state law).
v. Choice of forum	11	Subject to arbitration requirements, litigation generally must be in courts closest to where we have our principal business address when the action is commenced (it currently is in Las Vegas, Nevada) (subject to state law).
w. Choice of law	11	Except for federal law, Nevada law applies (subject to state law).

ITEM 18
PUBLIC FIGURES

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

ITEM 19
FINANCIAL PERFORMANCE REPRESENTATIONS

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

This historical financial performance representation reflects certain actual operating results for the franchised and affiliate-owned CAPRIOTTI'S Restaurants described below during the 2025 calendar year. The unaudited operating results of those franchised and affiliate-owned CAPRIOTTI'S Restaurants are presented separately. All "affiliate-owned" CAPRIOTTI'S Restaurants disclosed in this Item 19 are owned and operated by our wholly-owned or majority-owned and controlled subsidiaries.

All of the CAPRIOTTI'S Restaurants (both franchised and affiliate-owned) whose information is included in this Item 19 are substantially similar to one another in terms of products and services offered and substantially similar to the CAPRIOTTI'S Restaurants for which we offer franchises in this disclosure document. We continue to shore up national distribution, improve operational efficiency and performance, enhance training programs, sign competitive vendor contracts, negotiate national pricing with delivery service providers, and enhance national and local marketing efforts. The "traditional" or "brick and mortar" CAPRIOTTI'S Restaurants disclosed in this Item 19 operate within a retail center, on a stand-alone basis, or at an in-line location with other businesses and have prominent exterior and interior branding. These

CAPRIOTTI'S Restaurants operate a minimum of 10 hours per day, 7 days a week. The operational system is consumer-facing, directly serving consumers through dine-in and carryout options and indirectly serving consumers through delivery service providers.

The first portion of this financial performance representation discloses the actual unaudited historical average, median, and high/low annual Gross Sales during 2025 for all franchised (a total of 119 in 2025) and affiliate-owned (a total of 12 in 2025) traditional CAPRIOTTI'S Restaurants in the United States that were open and operating during all of 2025. It also discloses the actual unaudited historical average, median, and high/low annual Gross Sales during 2025 of (among other groupings):

(i) the franchised (a total of 57 in 2025) and affiliate-owned (a total of 11 in 2025) traditional CAPRIOTTI'S Restaurants that were open and operating during all of 2025 and operated in "mature markets" (defined in the tables below);

(ii) the franchised (a total of 48 in 2025) and affiliate-owned (a total of 8 in 2025) traditional CAPRIOTTI'S Restaurants that were open and operating during all of 2025 and had been open for more than 10 full years as of December 31, 2025; and

(iii) the franchised (a total of 24 in 2025) and affiliate-owned (a total of 1 in 2025) traditional CAPRIOTTI'S Restaurants that were open and operating during all of 2025 and had been open for more than 20 full years as of December 31, 2025.

However, this financial performance representation does <u>not</u> include the results of the following Restaurants operating (or that operated) under the CAPRIOTTI'S Mark:

(a) 15 traditional franchised and 1 affiliate-owned Restaurants that opened during 2025 (and therefore were not open for the full 2025 calendar year);

(b) 14 traditional franchised and 1 affiliate-owned Restaurants that permanently closed during 2025 (and therefore were not open for the full 2025 calendar year), all of which had been open for at least 12 months;

(c) 3 franchised Restaurants that operated at non-traditional locations (and are not our prototypical franchised Restaurants);

(d) 1 affiliate-owned Restaurant that operated through an operating partner; and

(e) 2 traditional franchised and 2 affiliate-owned Restaurants with limited operating hours (less than 50 hours per week during 2025, while our standard operating hours are a minimum of 70 hours per week).

The second portion of this financial performance representation contains (i) actual partial unaudited operating financial statements for 2025 for each of 11 affiliate-owned and operated traditional CAPRIOTTI'S Restaurants that were open and operated by us during all of 2025 (excluded are the one former franchised Restaurant that we reacquired during 2025, the one affiliate-owned Restaurant that opened during 2025 and therefore did not operate during all of 2025, the one affiliate-owned Restaurant that operated through an operating partner, the 2 affiliate-owned Restaurants with limited operating hours, and the one affiliate-owned Restaurant that permanently closed during 2025), and (ii) an actual average and median partial unaudited operating financial statement for 2025 for all 11 of those affiliate-owned and operated traditional CAPRIOTTI'S Restaurants.

We obtained the Gross Sales information for franchised CAPRIOTTI'S Restaurants from unaudited sales reports submitted by franchisees. "Gross Sales" is currently defined in our Franchise Agreement as the total of all revenue and other consideration you generate from operating the Restaurant whether from sales for cash or credit, and irrespective of collection, including sales of merchandise, products and services, excluding only (or, if applicable, reduced only by) the following: sales tax if paid to the appropriate government authorities; proceeds from the sale of equipment not in the ordinary course of business; promotional discounts you initiate and formally request and we pre-approve in writing, provided physical evidence of the promotion is retained; discounts granted on food purchased by employees for their own consumption; and any other exclusions or reductions we specifically identify (although without any obligation to do so) in the Manual. All transactions first will be (and must be) entered into the Information System at the full (non-discounted) retail price, plus all related fees and charges, for purposes of calculating Gross Sales. For the avoidance of doubt, Gross Sales are not reduced by the amount paid to, retained or collected by, or shared with third-party food ordering and delivery systems with which your Restaurant does business.

The actual historical average, median, and high/low annual Gross Sales volumes reported below do not reflect the costs of sales, operating expenses, or other costs or expenses that must be deducted from the Gross Sales figures to obtain your net income or profit. You should independently investigate the costs and expenses you will incur in operating your CAPRIOTTI'S Restaurant. Franchisees or former franchisees, listed in this disclosure document, may be one source of this information.

<u>2025 Franchised Restaurants</u>

Table 1 — Core Performance Summary

Population	Number of Restaurants	Average Unit Volume ($)	Median Unit Volume ($)	Highest Gross Sales ($)	Lowest Gross Sales ($)	Number & % Exceeding Average
All Franchised Restaurants Open During All of 2025*	119	$858,875	$795,624	$2,087,521	$325,562	51 / 43%
Open in Mature Markets**	57	$894,502	$819,959	$1,815,504	$570,373	22 / 39%
Open Less Than 18 Months	5	$1,040,601	$1,166,176	$1,183,575	$586,846	4 / 80%
Open More Than 1 Year but Less Than 3 Years	26	$919,777	$799,809	$2,087,521	$422,460	10 / 38%
Open More Than 10 Years	48	$903,965	$861,761	$1,707,841	$509,334	20 / 42%
Open More Than 20 Years	24	$965,879	$907,944	$1,707,841	$584,676	10 / 42%

Table 2 — Top Quartile Performance (Top 25% by Net Sales)						
Population	**Number of Restaurants**	**Avg Unit Volume Top 25% ($)**	**Median Unit Volume ($)**	**Highest Gross Sales ($)**	**Lowest Gross Sales ($)**	**Number & % Exceeding Quartile Avg*** **
All Franchised Restaurants	30	$1,256,507	$1,183,073	$2,087,521	$1,002,708	9 / 30%
Open in Mature Markets	15	$1,285,136	$1,203,520	$1,815,504	$973,076	6 / 40%
Open More Than 1 Year but Less Than 3 Years	7	$1,401,068	$1,183,575	$2,087,521	$1,166,176	2 / 29%
Open More Than 10 Years	12	$1,267,078	$1,222,542	$1,707,841	$1,040,157	5 / 42%
Open More Than 20 Years	6	$1,388,438	$1,323,938	$1,707,841	$1,102,564	3 / 50%

Table 3 — Bottom Quartile Performance (Bottom 25% by Net Sales)						
Population	**Number of Restaurants**	**Avg Unit Volume Bottom 25% ($)**	**Median Unit Volume ($)**	**Highest Gross Sales ($)**	**Lowest Gross Sales ($)**	**Number & % Exceeding Quartile Avg**** **
All Franchised Restaurants	30	$569,227	$582,666	$668,229	$325,562	18 / 60%
Open in Mature Markets	15	$639,850	$656,064	$674,541	$570,373	10 / 67%
Open More Than 1 Year but Less Than 3 Years	7	$552,449	$560,663	$644,689	$422,460	4 / 57%
Open More Than 10 Years	12	$631,836	$654,868	$692,099	$509,334	8 / 67%
Open More Than 20 Years	6	$666,697	$674,377	$713,082	$584,676	4 / 67%

* "All of 2025" includes only franchised Restaurants that were open and operating for the entire 2025 fiscal year (January 1, 2025 through December 31, 2025). Restaurants that opened or permanently closed during the year are excluded.

** "Mature Markets" are defined as the States of Delaware, Maryland, Nevada, and Pennsylvania. There were 56 franchised Restaurants in those states that were operational during the entire 2025 calendar year. The first CAPRIOTTI'S Restaurant in one of these states opened in June 1976. The most recent CAPRIOTTI'S Restaurant opened in one of these states in February 2024.

*** “Number & % Exceeding Quartile Avg” represents the number and percentage of Restaurants within the Top 25th Percentile whose Gross Sales exceeded the average Gross Sales of that Top 25th Percentile group.

**** “Number & % Exceeding Quartile Avg” represents the number and percentage of Restaurants within the Bottom 25th Percentile whose Gross Sales exceeded the average Gross Sales of that Bottom 25th Percentile group.

<u>2025 Affiliate-Owned Restaurants</u>

Table 4 — Core Performance Summary (Affiliate-Owned)						
Population	**Number of Restaurants**	**Average Unit Volume ($)**	**Median Unit Volume ($)**	**Highest Gross Sales ($)**	**Lowest Gross Sales ($)**	**Number & % Exceeding Average**
All Affiliate-Owned Restaurants Open During All of 2025	12	$1,000,255	$984,651	$1,452,356	$664,857	6 / 50%
Open in Mature Markets*	12	$1,000,255	$984,651	$1,452,356	$664,857	6 / 50%
Open Less Than 18 Months	N/A	—	—	—	—	—
Open More Than 1 Year but Less Than 3 Years	N/A	—	—	—	—	—
Open More Than 10 Years	8	$957,573	$906,162	$1,452,356	$664,857	4 / 50%
Open More Than 20 Years	1	$664,857	$664,857	$664,857	$664,857	—

* “Mature Markets” are defined as the States of Delaware, Maryland, Nevada, and Pennsylvania. There were 11 affiliate-owned Restaurants in those states that were operational during the entire 2025 calendar year.

See Note 1	NV051 Henderson Horizon	NV054 Sparks Stanford	NV067 Reno Meadows	NV079 Reno Sierra	NV103 Henderson Boulder Hwy	NV111 NLV Craig and Mitchell	NV126 NLV Aliante Pkwy & Nature Park	NV151 LV Huntridge	NV152 Reno Plumb Virginia	NV191 Carson City William	PA006 Kennett Square	Average of 11 Restaurants	% of Total Sales	# & % Exceeding Average	Median
Total Sales	**$716,013**	**$1,337,457**	**$880,552**	**$1,491,258**	**$707,298**	**$1,097,472**	**$1,407,722**	**$873,170**	**$1,198,325**	**$1,048,966**	**$701,311**	**$1,041,777**	100.00%	6 / 55%	$1,048,966
Total Prime Cost[6]	$398,332	$671,590	$484,966	$785,506	$391,298	$574,587	$726,156	$510,148	$667,316	$583,500	$384,403	**$561,618**	53.91%	6 / 55%	$574,587
Total Cost of Goods Sold[2]	$220,332	$434,043	$285,592	$502,305	$221,220	$337,620	$442,088	$265,535	$387,124	$352,743	$220,798	**$333,582**	32.02%	6 / 55%	$337,620
Store Level Salary[3]	$49,875	$64,615	$47,243	$63,894	$52,859	$57,062	$87,137	$37,235	$48,304	$37,985	$37,185	**$53,036**	5.09%	4 / 36%	$49,875
Store Level Bonus-Salary[4]	$300	$1,889	$633	$1,202	$3,117	$3,848	$4,262	$529	$892	$610	$1,177	**$1,678**	0.16%	4 / 36%	$1,177
Total Payroll & Related[5]	$178,000	$237,548	$199,374	$283,200	$170,077	$236,967	$284,068	$244,613	$280,192	$230,756	$163,605	**$228,036**	21.89%	7 / 64%	$236,967
Total Operating Expense[7]	$126,263	$175,392	$163,099	$253,693	$132,164	$179,989	$212,301	$156,619	$165,790	$165,321	$116,908	**$167,958**	16.12%	4 / 36%	$165,321
Total Non-Controllable Expense[12]	$133,569	$209,438	$154,757	$233,650	$133,034	$179,278	$248,283	$164,394	$184,261	$201,481	$129,337	**$179,226**	17.20%	6 / 55%	$179,278
Total Rent[8]	$53,098	$64,189	$73,123	$69,196	$50,709	$43,912	$73,302	$115,503	$85,534	$75,471	$61,109	**$69,559**	6.68%	5 / 45%	$69,196
Royalty Fee[9]	$40,903	$69,376	$25,250	$77,952	$40,670	$59,600	$79,241	$14,778	$46,298	$53,883	$16,582	**$47,685**	4.58%	5 / 45%	$46,298
National Marketing Fees[10]	$13,636	$25,960	$16,935	$28,956	$13,559	$20,898	$26,418	$4,926	$17,172	$20,083	$13,265	**$18,346**	1.76%	5 / 45%	$17,172
Local Marketing Coop Fees[11]	$14,975	$25,960	$16,935	$28,956	$14,951	$23,020	$29,100	$4,926	$17,172	$20,083	$13,265	**$19,031**	1.83%	5 / 45%	$17,172
EBITDA[13]	**$57,850**	**$281,037**	**$77,730**	**$218,408**	**$50,802**	**$163,618**	**$220,982**	**$42,009**	**$180,957**	**$98,665**	**$70,663**	$132,975	12.76%	5 / 45%	$98,665

**This table excludes the 6 affiliate-owned Restaurants referenced earlier (one former franchised Restaurant that we reacquired during 2025, one affiliate-owned Restaurant that opened during 2025 and therefore did not operate during all of 2025, one affiliate-owned Restaurant that operated through an operating partner, 2 affiliate-owned Restaurants with limited operating hours, and one affiliate-owned Restaurant that permanently closed during 2025).

The following two line-items calculate (i) the Royalty Fee at 7%, as would be payable by a franchisee that operates a single Restaurant (instead of at the 6% rate that is paid by a multi-unit developer, as noted above and in footnote 9), and (ii) the adjusted EBITDA (see footnote 13) at the 7% (rather than the 6%) Royalty Fee rate:

See Note 1	**NV051 Henderson Horizon**	**NV054 Sparks Stanford**	**NV067 Reno Meadows**	**NV079 Reno Sierra**	**NV103 Henderson Boulder Hwy**	**NV111 NLV Craig and Mitchell**	**NV126 NLV Aliante Pkwy & Nature Park**	**NV151 LV Huntridge**	**NV152 Reno Plumb Virginia**	**NV191 Carson City William**	**PA006 Kennett Square**	**Average of 11 Restaurants**	**% of Total Sales**	**# & % Exceeding Average**	**Median**
Royalty Fee at 7%[9]	$50,121	$93,622	$61,639	$104,388	$49,511	$76,823	$98,541	$61,122	$83,883	$73,428	$49,092	**$72,924**	7.00%	6 / 55%	$73,428
Adjusted EBITDA (at 7% Royalty)[13]	**$60,827**	**$251,604**	**$89,214**	**$183,217**	**$52,000**	**$130,707**	**$195,744**	**$96,390**	**$182,608**	**$100,708**	**$82,681**	**$129,609**	12.44%	5 / 45%	$100,708

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Notes:

1. The Restaurants in this category represent 11 affiliate-owned Restaurants in the States of Nevada, Arizona, and Pennsylvania (excluding the 1 Restaurant reacquired from a franchisee in 2025, 1 Restaurant that was opened in 2025 and therefore not in operation for a full year, 2 Restaurants that operated less than 40 hours per week, 1 Restaurant that closed during 2025 and therefore not in operation for a full year, and 1 Restaurant operated by an operating partner).

2. Total Cost of Goods Sold: This includes the total cost of all food, beverages, and paper goods used in the Restaurants. The average Cost of Goods Sold in markets for the affiliate-owned Restaurants from the table above for 2025 was $333,582 or 32.02% of total sales. A franchisee in a new market with fewer than 3 open Restaurants could expect its Cost of Goods Sold to be higher, likely by an additional 1% to 2% of total sales. Some proprietary items may not be stocked by our local distributor, increasing freight costs. Compared to the average above, a 2% increase would raise the average Cost of Goods Sold to approximately $340,254, or 34.02% of total sales.

3. Store Level Salary: This is the General Manager’s salary. Each affiliate-owned Restaurant has one General Manager.

4. Store Level Bonus–Salary: Each General Manager has the opportunity to earn a bonus based on his or her management of Cost of Goods Sold and Labor.

5. Total Payroll & Related: This includes all salary and hourly wages, bonuses, taxes, and benefits paid at each affiliate-owned Restaurant.

6. Total Prime Cost: This is the sum of Cost of Goods Sold plus Total Payroll & Related.

7. Total Operating Expense: This includes comps, promos, cleaning supplies, linen, uniforms, equipment (purchases and rentals), repairs and maintenance, pest control, marketing and advertising, delivery expense, music, technology, telephone, permits, licenses, security, office supplies, postage, bank charges, credit card fees, and professional services.

8. Total Rent: This includes base rent, common area maintenance, property tax, insurance, and (at some of our locations) a fee to be included on monument or pylon signs.

9. Royalty Fee: Two affiliate-owned Restaurants pay a Management Fee equal to a 6% Royalty Fee. In this example, we take into account the payment of Royalty Fees for all 11 locations. Royalties are not paid on discounts or couponing. Our accounting system breaks up the 12 months into 13 separate 4-week accounting periods. This table represents the Royalty Fee of 6%, which would be paid by a multi-unit developer under the terms of an Area Development Agreement or Development Rights Agreement (rather than the 7% Royalty Fee payable by a franchisee who operates a single Restaurant).

10. Marketing Fee–National: Each affiliate-owned Restaurant contributes to the National Marketing Fund. While we have the right to collect 4% of Gross Sales towards the National Marketing Fund, we currently collect 2%. In this example, we take into account the payment of National Marketing Fees for all 11 locations. Our accounting system breaks up the 12 months into 13 separate 4-week accounting periods.

11. Marketing Fees–COOP: All 11 affiliate-owned Restaurants contribute to their respective local marketing cooperative. In this example, we take into account the payment of Marketing COOP

Fees for all 11 locations. Our accounting system breaks up the 12 months into 13 separate 4-week accounting periods.

12. Total Non-Controllable Expense: This includes total rent, in some instances personal property tax, electricity, gas, sewer, trash removal, water, TV, Management Fee (Royalty Fee), Marketing Fees–National Fund & Local Cooperative, and accounting fees.

13. EBITDA: This calculation uses the following formula (Total Sales minus Total Prime Cost minus Total Operating Expense minus Total Non-Controllable Expense = EBITDA).

Some CAPRIOTTI'S Restaurants have earned these amounts. Your individual results may differ. There is no assurance that you will earn as much.

Written substantiation of all financial performance information presented in this financial performance representation will be made available to you upon reasonable request.

Other than the preceding financial performance representation, we do not make any financial performance representations. 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 Ashley Morris, Chief Executive Officer, 6056 S. Durango Drive, Las Vegas, Nevada 89113, (702) 736-3878, the Federal Trade Commission, and the appropriate state regulatory agencies.

ITEM 20
OUTLETS AND FRANCHISEE INFORMATION

All year-end numbers appearing in the tables below are as of December 31 in each year. The "Company-Owned" outlets referenced in tables 1, 4, and 5 below are owned by one or more of our wholly-owned or majority-owned and controlled subsidiaries.

Table No. 1

Systemwide Outlet Summary for years 2023 to 2025

Column 1 Outlet Type	Column 2 Year	Column 3 Outlets at the Start of the Year	Column 4 Outlets at the End of the Year	Column 5 Net Change
Franchised	2023	126	143	+17
	2024	143	139	-4
	2025	139	139	0
Company- Owned	2023	10	10	0
	2024	10	15	+5
	2025	15	16	+1
Total Outlets	2023	136	153	+17
	2024	153	154	+1
	2025	154	155	+1

Table No. 2

Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)
For years 2023 to 2025

Column 1 State	Column 2 Year	Column 3 Number of Transfers
Arizona	2023	0
	2024	1
	2025	0
California	2023	1
	2024	0
	2025	1
Illinois	2023	0
	2024	0
	2025	0
Iowa	2023	0
	2024	0
	2025	1
Kansas	2023	1
	2024	0
	2025	0
Nevada	2023	0
	2024	1
	2025	0
Pennsylvania	2023	0
	2024	0
	2025	0
Totals	2023	2
	2024	2
	2025	2

Table No. 3

Status of Franchised Outlets
For years 2023 to 2025*

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Alabama	2023	0	0	0	0	0	0	0
	2024	0	1	0	0	0	0	1
	2025	1	1	0	0	0	0	2

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Arizona	2023	3	1	0	0	0	1	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Arkansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
California	2023	7	5	0	0	0	1	11
	2024	11	5	0	0	0	0	16
	2025	16	1	0	0	0	0	17
Colorado	2023	5	1	0	0	0	0	6
	2024	6	1	0	0	0	0	7
	2025	7	0	0	0	0	0	7
Connecticut	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Delaware	2023	17	0	0	0	0	0	17
	2024	17	0	0	0	0	0	17
	2025	17	0	1	0	0	2	14
Florida	2023	3	3	0	0	0	0	6
	2024	6	1	0	0	0	1	6
	2025	6	0	0	0	0	2	4
Georgia	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Hawaii	2023	0	1	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Idaho	2023	2	1	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	2	0	0	0	1	4
Illinois	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	1	0	1	0	0	2
Indiana	2023	5	0	0	0	0	1	4
	2024	4	0	0	0	0	0	4
	2025	4	0	0	0	0	3	1
Iowa	2023	3	0	0	0	0	0	3
	2024	3	0	0	0	0	0	3
	2025	3	0	0	0	0	0	3
Kansas	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Maryland	2023	6	1	0	0	0	0	7
	2024	7	0	0	0	0	0	7
	2025	7	0	0	0	0	0	7
Massachusetts	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Michigan	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
Minnesota	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Missouri	2023	1	0	0	0	0	0	1
	2024	1	1	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Mississippi	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	1	0	0	0	0	1
Nevada	2023	37	1	0	0	0	3	35
	2024	35	0	0	0	2	1	32
	2025	32	1	0	0	1	0	32
New Jersey	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	3	0	0	0	0	3
New York	2023	3	1	0	0	0	0	4
	2024	4	0	0	0	0	3	1
	2025	1	0	0	0	0	1	0
North Carolina	2023	1	2	0	0	0	0	3
	2024	3	1	0	0	0	2	2
	2025	2	0	0	0	0	0	2
Ohio	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	1	1
	2025	1	1	0	0	0	0	2
Oklahoma	2023	1	1	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Oregon	2023	1	0	0	0	0	0	1
	2024	1	0	0	0	0	0	1
	2025	1	0	0	0	0	0	1
Pennsylvania	2023	9	2	0	0	0	0	11
	2024	11	0	0	0	1	2	8
	2025	8	1	0	0	0	0	9

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Termina-tions	Col. 6 Non-Renewals	Col. 7 Re-acquired by Franchisor	Col. 8 Ceased Operations – Other Reasons	Col. 9 Outlets at End of the Year
Rhode Island	2023	0	0	0	0	0	0	0
	2024	0	0	0	0	0	0	0
	2025	0	0	0	0	0	0	0
South Carolina	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	2	1
	2025	1	0	0	0	0	0	1
South Dakota	2023	2	0	0	0	0	0	2
	2024	2	0	0	0	0	0	2
	2025	2	0	0	0	0	0	2
Texas	2023	5	2	0	0	0	1	6
	2024	6	2	0	0	0	3	5
	2025	5	1	0	0	0	2	4
Utah	2023	7	0	0	0	0	1	6
	2024	6	0	0	0	0	0	6
	2025	6	0	0	0	0	0	6
Virginia	2023	1	1	0	0	0	0	2
	2024	2	1	0	0	0	0	3
	2025	3	0	0	0	0	1	2
Totals	2023	126	25	0	0	0	8	143
	2024	143	14	0	0	3	15	139
	2025	139	15	1	1	1	12	139

* Excluded from this Table 3 is 1 licensed “Ghost Kitchen” (a type of non-traditional location that is not our prototype franchised location).

Table No. 4

Status of Company-Owned Outlets
For years 2023 to 2025

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at end of the Year
Arizona	2023	0	0	0	0	0	0
	2024	0	1	0	0	0	1
	2025	1	0	0	0	0	1

Col. 1 State	Col. 2 Year	Col. 3 Outlets at Start of the Year	Col. 4 Outlets Opened	Col. 5 Outlets Reacquired From Franchisee	Col. 6 Outlets Closed	Col. 7 Outlets Sold to Franchisee	Col. 8 Outlets at end of the Year
Nevada	2023	10	0	0	0	0	10
	2024	10	1	2	0	0	13
	2025	13	1	1	1	0	14
Pennsylvania	2023	0	0	0	0	0	0
	2024	0	0	1	0	0	1
	2025	1	0	0	0	0	1
Totals	2023	10	0	0	0	0	10
	2024	10	2	3	0	0	15
	2025	15	1	1	1	0	16

Table No. 5

Projected Openings As Of December 31, 2025

Column 1 State	Column 2 Franchise Agreements Signed But Restaurants Not Open	Column 3 Projected New Franchised Restaurants in 2026	Column 4 Projected New Company-Owned Restaurants in 2026
Alabama	2	2	0
Arizona	1	1	0
Arkansas	1	1	0
California	1	1	0
Colorado	0	0	0
Connecticut	0	0	0
Delaware	1	1	0
Florida	2	2	0
Hawaii	1	1	0
Idaho	1	1	0
Minnesota	0	0	0
Mississippi	0	0	0
Missouri	2	2	0
Nevada	0	0	0
New Jersey	2	2	0
North Carolina	0	0	0
Ohio	1	1	0
Pennsylvania	4	3	0
South Carolina	0	0	0
Texas	1	1	0
Virginia	1	1	0
Totals	21	20	0

A complete list of Restaurants as of the date of this Franchise Disclosure Document is attached as Exhibit F (including which franchisees have multi-unit development rights). Also in Exhibit F, you will find the name, city, state and the current business telephone number (or, if unknown, the last known home telephone number) of every franchisee who had a Franchise Agreement or Development Rights Agreement terminated, canceled, or not renewed or who otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement or Development Rights Agreement during our most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this Franchise Disclosure Document. If you buy this franchise, your contact information may be disclosed to other buyers when you leave the system.

During the last 3 fiscal years, no current or former franchisees have signed confidentiality clauses restricting them from discussing with you their experiences as a franchisee in our franchise system. There are no trademark-specific franchisee organizations associated with our System.

ITEM 21
FINANCIAL STATEMENTS

Attached as Exhibit G are our audited consolidated financial statements as of December 28, 2025, and December 29, 2024, and for the two years then ended, our audited consolidated financial statements as of December 29, 2024, and December 31, 2023, and for the two years then ended, our unaudited balance sheet as of June 14, 2026, and our unaudited profit and loss statement for the fiscal year-to-date period ending June 14, 2026.

ITEM 22
CONTRACTS

The contracts following this Item 22 are listed in the order in which they appear. These are the only contracts which we will enter into with you in this state.

1. The Franchise Agreement with Site Selection Addendum
2. Development Rights Agreement
3. State Riders to Franchise Agreement and Development Rights Agreement
4. Mutual Release
5. ACH Transfer Agreement
6. Renewal Rider to Franchise Agreement
7. Franchise Agreement Amendment for Virtual Kitchen Operations
8. Franchise Disclosure Questionnaire

ITEM 23
RECEIPTS

You will find 2 copies of a detachable receipt as the final pages of this Franchise Disclosure Document. Please sign both acknowledging receipt of this Franchise Disclosure Document and return 1 copy to us for our files.

EXHIBIT A

STATE FRANCHISE REGULATORS AND 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

(for service of process)
Commissioner of Department of Financial Protection & Innovation

(state franchise administrator)
Department of Financial Protection & Innovation

Toll Free: 1 (866) 275-2677

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

Sacramento
651 Bannon Street, Suite 300
Sacramento, California 95811
(916) 327-7585

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 62701
(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 Department of Attorney General
Corporate Oversight Division
525 W. Ottawa Street
G. Mennen Williams Building, 5th Floor
Lansing, Michigan 48913
(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)

Insurance Commissioner
North Dakota Insurance & Securities
Department
600 East Boulevard Avenue, Dept. 401
Bismarck, North Dakota 58505
(701) 328-2910

(state agency)

North Dakota Insurance & Securities
Department
600 East Boulevard Avenue, Dept. 401
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
Securities Division
Department of Financial Institutions
150 Israel Road SW
Tumwater, Washington 98501
(360) 902-8760

(for other matters)

Securities Division
Department of Financial Institutions
P. O. Box 41200
Olympia, Washington 98504-1200
(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

CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT—SUMMARY PAGES

Effective Date	______________________________
Franchisor	Capriotti's Sandwich Shop, Inc., a Nevada corporation
Address for Notice:	6056 S. Durango Drive Las Vegas, NV 89113
Telephone Number:	(866) 959-3737
Facsimile Number:	(702) 736-9878
Email:	info@capriottis.com
Franchisee:	
Type of Entity:	☐ Individual ☐ General Partnership ☐ Corporation ☐ LLC ☐ Limited Partnership
Address for Notice:	______________________________ ______________________________ ______________________________ ______________________________
Telephone:	______________________________
Facsimile Number:	______________________________
Mobile Telephone:	______________________________
Email:	______________________________
Franchisee's Principals:	The following is a list of all shareholders, partners, members or other investors owning a direct or indirect interest in Franchisee and a description of the nature of their interest.

NAME	OWNERSHIP INTEREST IN FRANCHISEE	NATURE OF INTEREST

Franchisee's Managing Owner is ______________________. His or her contact information for notice is ____.

The following is a list of all Franchisee's Principals, as defined and designated according to Section 17 of the Franchise Agreement, each of whom shall (unless executing the Franchise Guaranty Agreement) execute the Restrictive Covenant as to Franchisee or Shareholder/Member/Partner of Franchisee substantially in the form set forth at Exhibit C to the Franchise Agreement.

____
____

(Franchise ID)

Location:	____________________
Opening Date:	____________________
Initial Franchise Fee:	____________________
Development Fee:	____________________
Royalty Fee:	____________________
% of Gross Sales	____________________

By signing below each of the parties attests to the accuracy of the information contained in these Summary Pages and agrees to and intends to be legally bound by the terms and conditions of the CAPRIOTTI'S Franchise Agreement attached to these Summary Pages, effective on the Effective Date set forth above.

FRANCHISOR:	FRANCHISEE:
CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation	
By: ______________________________	By: ______________________________
Name: David Bloom	Name: ___________________
Title: CDO	Title: ___________________

FRANCHISE AGREEMENT

by and between

CAPRIOTTI'S SANDWICH SHOP, INC.

and

____

for a

CAPRIOTTI'S SANDWICH SHOP

____

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FRANCHISE AGREEMENT

This Franchise Agreement ("this Agreement") made this date ___________, by and between **CAPRIOTTI'S SANDWICH SHOP, INC.**, a Nevada corporation, having its principal place of business at **6056 SOUTH DURANGO DRIVE, SUITE 100, LAS VEGAS, NEVADA 89113** ("Franchisor"), and ________________________, a ____________ corporation, having its principal place of business at ____________________________________ ("Franchisee").

WITNESSETH:

WHEREAS, Franchisor is the owner of the trademarks, service marks, and logo "CAPRIOTTI'S," which mark is registered with the USPTO under Registration Number 3,571,960, and any other trademarks Franchisor may develop, as well as the trade names "CAPRIOTTI'S" and "CAPRIOTTI'S SANDWICH SHOP" (collectively, the "Marks") and trade secrets, recipes and know- how for use in connection with the unique process and system for the preparation and sale of all of its food products (the "System"), together with all of the goodwill connected therewith; and

WHEREAS, Franchisee hereby acknowledges the requirement of appropriate safeguards for the maintenance and future promotion of the System by reason of its high standards of quality and service, and the fact that Franchisor has created over a period of years a superior reputation, name, identification and consumer demand for its products; and

WHEREAS, Franchisee hereby acknowledges and agrees to the exclusive right of Franchisor in and to the System as it is presently developed, or as the same may be improved upon during the term of this Agreement, including trade secrets, recipes, designs, trademarks, trade names, logos, signs and slogans presently in use and/or developed after the date of this Agreement, all of which may be used by Franchisee only based on the terms of this Agreement; and

WHEREAS, Franchisee desires, upon the terms and conditions of this Agreement, to obtain and enter into the business of operating a restaurant utilizing the System at and from the location agreed upon in this Agreement, under the name "CAPRIOTTI'S SANDWICH SHOP," subject to the training of Franchisor and in accordance with the standards of Franchisor presently in existence and/or as changed or modified at any time after the date of this Agreement.

NOW, THEREFORE, IN CONSIDERATION OF the foregoing, the mutual agreements contained in this Agreement, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the parties, the parties hereby agree as follows:

1. **Grant of Franchise**. Franchisor hereby grants Franchisee during the term of this Agreement a non-assignable, non-exclusive right to use the Marks as designated and authorized by Franchisor, and the System, in the operation of a sandwich and specialty shop (the "Franchised Restaurant"). The Franchised Restaurant shall be limited to the designated location being specifically set forth in Section 3 of this Agreement or on the Site Selection Addendum (Exhibit A). Franchisee is hereby also granted the right to use the system of operation and method of doing business conceived and designated by Franchisor, and to buy supplies and products and to sell those items and products specified by Franchisor according to the procedures, system and methods defined in this Agreement and the CAPRIOTTI'S SANDWICH SHOP Confidential Operations Manual (the "Manual").

2. **Term**. This Agreement shall be effective for a period of ten (10) years from the date of this Agreement (the "Initial Term"). Franchisee agrees to operate the Franchised Restaurant in compliance with this Agreement for the entire Initial Term unless this Agreement is properly terminated under Section 10.

When this Agreement expires (unless it is terminated sooner), Franchisee will have the right to acquire a successor franchise to continue operating the Franchised Restaurant as a CAPRIOTTI'S Restaurant for ten (10) years under Franchisor's then-current form of franchise agreement, but only if Franchisee:

(i) Has requested in writing and conducted with Franchisor a business review no earlier than twelve (12) months, but not later than nine (9) months, before the end of this Agreement's term and then has formally notified Franchisor of its desire to acquire a successor franchise no less than six (6) months before the end of this Agreement's term;

(ii) Has substantially complied with all of Franchisee's obligations under this Agreement and all other agreements with Franchisor or its affiliates related to the Franchised Restaurant, including operated the Franchised Restaurant in substantial compliance with Franchisor's standards and specifications, as noted in the business review Franchisor conducts;

(iii) Continues complying substantially with all of its obligations under this Agreement and all other agreements with Franchisor and its affiliates related to the Franchised Restaurant between the time Franchisee formally notifies Franchisor of its desire to acquire a successor franchise and the end of this Agreement's term;

(iv) Retains the right to occupy the Franchised Restaurant at its original site, has remodeled, upgraded, and re-equipped the Franchised Restaurant, and otherwise has brought the Franchised Restaurant into full compliance with then-applicable specifications and standards for new CAPRIOTTI'S Restaurants before this Agreement expires (regardless of cost) (Franchisor has no obligation to grant Franchisee a successor franchise if Franchisee wishes to relocate the Franchised Restaurant or no longer has the right to occupy the Franchised Restaurant at its original site);

(v) Does not have (and none of its owners has) any pending or threatened litigation or disputes with Franchisor or its Affiliates or any of Franchisor's approved vendors;

(vi) Signs Franchisor's then-current form of franchise agreement (and related documents), which may contain terms and conditions differing materially from any and all of those in this Agreement, including higher Royalty Fees, Marketing Fund contributions, and Tech Fees (described in Section 8.18 below), and will be modified to reflect that it is for a successor franchise;

(vii) Pays Franchisor a successor-franchise fee equal to Ten Thousand Dollars ($10,000);

(viii) Signs a general release in the form Franchisor specifies as to any and all claims against Franchisor, its affiliates, and their respective owners, officers, directors, employees, agents, representatives, successors, and assigns; and

(ix) Causes its Managing Owner, managers, and other categories of employee that Franchisor designates to attend any required refresher training.

If Franchisee does not formally notify Franchisor of its desire to acquire a successor franchise at least six (6) months before the end of this Agreement's term (if Franchisee qualifies for the right to acquire a successor franchise based on its having substantially complied with all of its obligations under this Agreement and all other agreements with Franchisor or its affiliates related to the Franchised Restaurant, including operated the Franchised Restaurant in substantial compliance with Franchisor's standards and specifications, as noted in the business review Franchisor conducted), Franchisor will interpret that to be Franchisee's election not to acquire a successor franchise and will rely on that election. In addition, if Franchisee fails to sign and return the documents referenced above in clauses (vi) and (viii), together with the successor-franchise fee, within thirty (30) days after Franchisor delivers them to Franchisee, that also will be deemed Franchisee's election not to acquire a successor franchise.

If Franchisee (and each of its owners) is not, both on the date Franchisee gives Franchisor written notice of Franchisee's election to acquire a successor franchise (at or after the business review) and on the date on which this Agreement expires, in substantial compliance with this Agreement and all other agreements with Franchisor or its affiliates related to the Franchised Restaurant, Franchisor need not grant Franchisee a successor franchise, whether or not Franchisor had, or chose to exercise, the right to terminate this Agreement during the Initial Term.

3. **Location; No Protected Territory**.

3.1 The street address of the location of the Franchised Restaurant accepted in this Agreement is as referenced on the Franchise Agreement Summary Pages or the location designated in the Site Selection Addendum signed by the parties subsequent to the execution of this Agreement (the "Accepted Location"). The Franchisee shall operate the Franchised Restaurant under the terms of this Agreement at the Accepted Location and at no other location without prior written consent of Franchisor. Franchisee may not conduct any other business at or from the Accepted Location. Franchisee may not relocate the Franchised Restaurant to a new site without Franchisor's prior written consent, which Franchisor may grant or deny as it deems best. Franchisor may condition relocation approval on (a) the new site and its lease being acceptable to Franchisor, (b) Franchisee paying Franchisor a Five Thousand Dollar ($5,000) relocation fee, (c) Franchisee reimbursing any costs Franchisor incurs during the relocation process, (d) Franchisee confirming that this Agreement remains in effect and governs the Franchised Restaurant's operation at the new site with no change in the franchise term or, at Franchisor's option, Franchisee signing Franchisor's then-current form of franchise agreement to govern the Franchised Restaurant's operation at the new site for a new franchise term, (e) Franchisee signing a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its owners, affiliates, officers, directors, employees, and agents, (f) Franchisee continuing to operate the Franchised Restaurant at its original site until Franchisor authorizes its closure, and (g) Franchisee taking, within the timeframe Franchisor specifies and at Franchisee's own expense, all action Franchisor requires to de-brand and de-identify the Franchised Restaurant's former premises so that it no longer is associated in any manner (in Franchisor's opinion) with the System.

3.2 Franchisee acknowledges that the franchise is nonexclusive, Franchisee has no territorial protection whatsoever, and Franchisor and its affiliates retain all rights with respect to CAPRIOTTI'S Restaurants, the Marks, the offer and sale of products and services that are similar to, competitive with, or dissimilar from the products and services the Franchised Restaurant offers and sells, and any other activities they deem appropriate, whenever and wherever Franchisor and its affiliates desire, without regard to the competitive impact on the Franchised Restaurant. Franchisor and Franchisee agree that Franchisor's and its affiliates' rights will be as broad as possible. Specifically, but without limitation, Franchisor and its affiliates reserve the following rights:

(a) to own and operate, and to allow other franchisees and licensees to own and operate, CAPRIOTTI'S Restaurants at any physical locations (other than at the Franchised Restaurant's specific premises), in any geographic markets, and on any terms and conditions Franchisor and its affiliates deem appropriate;

(b) to offer and sell and to allow others (including franchisees, licensees, and other distributors) to offer and sell, on any terms and conditions Franchisor and its affiliates deem appropriate, products and services that are identical or similar to and/or competitive with those offered and sold by CAPRIOTTI'S Restaurants, whether such products and services are identified by the Marks or other trademarks or service marks, through any advertising media, distribution channels (including the Internet), and shipping and delivery methods and to any customer, no matter where located;

(c) to establish and operate, and to allow others (including franchisees and licensees) to establish and operate, anywhere any business (whether operated at a set physical location or through trucks, vans, and other mobile methods) offering identical, similar, and/or competitive products and services under trademarks and service marks other than the Marks;

(d) to acquire the assets or ownership interests of one or more businesses offering and selling products and services similar to those offered and sold at CAPRIOTTI'S Restaurants (even if such a business operates, franchises, or licenses a Competitive Business (defined in Section 6 below)), and operate, franchise, license, or create similar arrangements for those businesses once acquired, wherever those businesses (or the franchisees or licensees of those businesses) are located or operating;

(e) to be acquired (whether through acquisition of assets, ownership interests, or otherwise, regardless of the transaction form) by a business offering and selling products and services similar to those offered and sold at CAPRIOTTI'S Restaurants, or by another business, even if such business operates, franchises, or licenses a Competitive Business; and

(f) to engage in all other activities this Agreement does not expressly prohibit.

Franchisor has no express obligation or implied duty to insulate or protect Franchisee from or against erosion in its revenues or market share as the result of the Franchised Restaurant's competing with other foodservice businesses, non-traditional locations, or in the ways and to the extent this Section provides or contemplates. Franchisee waives any right to assert any claim against Franchisor based on the existence, actual or arguable, of any such obligation or duty. Franchisor is not required to pay Franchisee if Franchisor or its affiliates exercise any of the rights specified above.

3.3 Franchisor encourages Franchisee to make food deliveries from the Franchised Restaurant located at the Accepted Location provided Franchisee complies with the procedures established by Franchisor for delivery, including delivery territories, if any, and ordering procedures.

4. **Franchise Fee and Royalties**. In consideration of the rights granted within this Agreement, Franchisee shall provide to Franchisor the following:

4.1 A one-time nonrefundable franchisee fee of ____________________ dollars (**$_________**) (the "Initial Franchise Fee") to be paid simultaneously with the execution of this Agreement. If this is a renewal franchise agreement, the renewal fee specified in Franchisee's expired Franchise Agreement shall be paid in lieu of the Initial Franchise Fee.

4.2 A royalty equal to ___ percent (__%) of Franchisee's total Gross Sales ("Royalty Fee"). The payment shall be due on the fifth (5th) day after the end of each calendar month following the opening of the Franchised Restaurant ("Due Date"). Upon thirty (30) days' written notice, Franchisor can commence calculating the Royalty Fee (a) bi-weekly as of the fifteenth (15th) and the last day of each calendar month, in which event the Due Date for the Royalty Fee shall be the fifth (5th) day after the end of the bi-weekly period, (b) weekly on Monday for the preceding seven (7) days, in which event the Due Date for the Royalty Fee shall be the immediately following Wednesday, or (c) on such other schedule as Franchisor determines in its sole judgment, including as frequently as daily, in which event the Due Date for the Royalty Fee shall be the day and time Franchisor communicates to Franchisee. The Due Date, and any changes in the Due Date, will apply to all fees and other amounts payable under this Agreement on or before the Due Date. In the event Franchisee's restaurant is closed without Franchisor's approval for one (1) or more days ("Unauthorized Closure"), in addition to the Royalty Fee due from operations, Franchisee shall remit a Royalty Fee equal to the product of the average Royalty Fee for the sixty (60) days immediately preceding the date the Unapproved Closure occurred multiplied by the number of days of the Unauthorized Closure. In this event, the Due Date for such payment shall be the then-applicable Due Date that Franchisor has specified as provided in this Section 4.2.

On each Due Date, Franchisor will transfer from Franchisee's bank operating account ("Account") the amount reported to Franchisor in Franchisee's sales report or determined by Franchisor by the records obtained by Franchisor through Franchisee's point-of-sale system and Aloha (or other) software. Franchisor shall have the right to obtain directly from Franchisee's point-of-sale system and Aloha (or other) software all information contained within this Agreement and compile a Royalty Fee report by accessing this information ("POS Data"). All POS Data must be submitted and/or accessible on or by the Due Date. If Franchisee has not reported Gross Sales to Franchisor for any fiscal period and Franchisor is not using POS Data to determine the amount due, Franchisor will transfer from the Account an amount calculated in accordance with its estimate of the Gross Sales during the fiscal period. If, at any time, Franchisor determines that Franchisee has underreported its Gross Sales, or underpaid the Royalty Fee or other amounts due to Franchisor under this Agreement, or any other agreement, Franchisor may initiate an immediate transfer from the Account in the appropriate amount in accordance with the foregoing procedure, including administrative fee and interest as provided in this Agreement. Any overpayment will be credited to the Account effective as of the first reporting date after Franchisor and Franchisee determine that this credit is due.

In connection with payment by electronic funds transfer of the Royalty Fee and other amounts due under this Agreement or otherwise as a result of the parties' relationship, Franchisee shall: (1) comply with procedures specified by Franchisor in the Manual; (2) perform those acts and sign and deliver those documents as may be necessary to accomplish payment by electronic funds transfer as described in this Section; (3) give Franchisor an authorization in the form designated by Franchisor to initiate debit entries and/or credit correction entries to the Account for payments of the Royalty Fee and all such other amounts payable, including any administrative fee and interest charges; and (4) make sufficient funds available in the Account for withdrawal by electronic funds transfer no later than the Due Date for payment thereof.

Failure by Franchisee to have sufficient funds in the Account shall constitute a default of this Agreement and may subject this Agreement to termination for cause as described within this Agreement. Franchisee shall not be entitled to set off, deduct or otherwise withhold any Royalty Fees, advertising contributions, Tech Fees, interest charges or any other monies payable by Franchisee under this Agreement on grounds of any alleged non-performance by Franchisor of any of its obligations or for any other reason. For purposes of this payment, "Gross Sales" shall mean the total of all revenue and other consideration generated by Franchisee from operation of the Franchised Restaurant whether from sales for cash or credit, and irrespective of the collection thereof, including sales of merchandise, products and services, excluding only (or, if applicable, reduced only by) the following: sales tax if paid to the appropriate government authorities; proceeds from the sale of equipment not in the ordinary course of business; promotional discounts initiated and formally requested by Franchisee and pre-approved by Franchisor in writing, provided physical evidence of the promotion is retained; discounts granted on food purchased by employees for their own consumption; and any other exclusions or reductions Franchisor specifically identifies (although without any obligation to do so) in the Manual. All transactions first will be (and must be) entered into the Information System at the full (non-discounted) retail price, plus all related fees and charges, for purposes of calculating Gross Sales. For the avoidance of doubt, Gross Sales are not reduced by the amount paid to, retained or collected by, or shared with third-party food ordering and delivery systems with which the Franchised Restaurant does business.

Franchisor reserves the right to modify its policies and practices regarding revenue recognition, revenue reporting, and the inclusion of certain revenue in or the exclusion of certain revenue from "Gross Sales" as circumstances, business practices, and technology change.

Royalty Fees received by Franchisor based on this Section shall not be deemed trust funds, nor shall Franchisor be required to segregate these funds in any way. Royalty Fees shall be deemed general funds of Franchisor for all purposes and shall be non-refundable to Franchisee.

If Franchisee's Royalty Fee specified at the beginning of this Section 4.2 is six percent (6%) of Franchisee's total Gross Sales but Franchisee (or its affiliate) fails to comply with its development obligations under its separate development agreement with Franchisor, Franchisor may immediately increase the Royalty Fee to seven percent (7%) of Franchisee's total Gross Sales, as provided in the development agreement.

4.3 Franchisee agrees to furnish Franchisor with monthly financial statements in the required format by the twenty-fifth (25th) of each month.

4.4 Franchisee agrees to furnish Franchisor with yearly tax returns for the Franchised Restaurant the earlier of the twenty-fifth (25th) of April, or thirty (30) days after the filing of said return with the applicable state and federal tax authorities.

4.5 Franchisee agrees to use Franchisor's chart of accounts in operating the Franchised Restaurant to facilitate consistent reporting to and the maintenance of uniform records for Franchisor.

4.6 If Franchisee fails to timely deliver any financial report required under this Agreement twice in any twenty-four (24) month period, Franchisor shall have the right to retain a bookkeeper to correct and maintain Franchisee's business records until Franchisor is confident Franchisee's financial reports accurately reflect the condition of the business. Franchisee shall reimburse Franchisor for these bookkeeping services at the rate of the greater of one hundred dollars ($100.00) an hour or the actual out-of-pocket costs incurred by Franchisor. Franchisee agrees to fully cooperate with Franchisor and agrees to provide all requested information to Franchisor's bookkeeper.

4.7 In addition to Franchisor's other remedies, including, without limitation, the right to terminate this Agreement, if Franchisee fails to pay (or make available for withdrawal from its account) when due any amounts that Franchisee owes Franchisor or its affiliates relating to this Agreement or the Franchised Restaurant, those amounts will bear interest, accruing as of their original due dates, at one-and-one-half percent (1.5%) per month or the highest commercial contract interest rate the law allows, whichever is less. In addition, Franchisee must pay Franchisor a Two-Hundred-Fifty Dollar ($250) administrative fee for each payment not made to Franchisor or its affiliate when due (or for each dishonored payment) to cover the increased costs and expenses incurred due to Franchisee's failure to pay the amounts when due.

4.8 Franchisee agrees to furnish Franchisor with (a) a copy of any loan or financing agreements within ten (10) days after obtaining any loans or other forms of financing and (b) within ten (10) days after Franchisor's request, a statement detailing any loans or other forms of financing that Franchisee has obtained and a compliance certificate from each lender confirming that such loans or financing arrangements currently are not, and have not been, in default.

4.9 Franchisee agrees to send Franchisor within five (5) days after receipt any notice of default, non-payment, or termination sent to Franchisee from its vendors, lenders, or landlord and any related background information that Franchisor subsequently requests.

4.10 Franchisee agrees to send Franchisor, by the deadlines Franchisor specifies, such other documents and reports that Franchisor identifies from time to time relating to, or that may directly or indirectly have an effect on the development or operation of, the Franchised Restaurant.

5. **Trademarks, Trade Names, and Trade Secrets**. Franchisee acknowledges that Franchisee is required, if possible, to prevent those persons or parties associated with or employed by it from the unauthorized use of Franchisor's Marks and also to maintain and control the quality of products sold through the use of those Marks.

Franchisee therefore covenants and agrees to perform and abide by the following provisions:

5.1 Franchisee shall not use the Marks or any stylistic or colorable variation thereof as: (i) part of a trademark, service mark or trade name of any corporation, partnership, proprietorship or other business entity in which Franchisee owns or holds any interest; or as (ii) the trademark, trade name or assumed name of any business entity except in connection with the terms of this Agreement and the Franchised Restaurant. Specifically, and without limitation, Franchisee may not use the name "CAPRIOTTI'S" in the name of any corporation, partnership, proprietorship or other business entity in which Franchisee owns or holds any interest.

5.2 Franchisee shall not use any of the Marks in connection with any advertising, promotion, sale or distribution of any item or other product not included on Franchisor's approved list or for any service not offered by Franchisor without Franchisor's prior written consent. Franchisee also shall not use any Mark to advertise the transfer, sale, or other disposition of the Franchised Restaurant or an ownership interest in Franchisee without Franchisor's prior written consent, which Franchisor will not unreasonably withhold if Franchisee agrees to satisfy any conditions for such use that Franchisor requires.

5.3 Franchisee shall not use or allow the use of Franchisor's Marks in or on any promotional material, advertisement, display, business forms or other printed material without affixing the Marks to these materials in the manner required by Franchisor. All advertising and promotions must conform to the standards and requirements specified by Franchisor. Franchisee must submit to Franchisor, in the manner Franchisor specifies, for prior written approval, samples of all advertising and promotional plans and materials to be used by Franchisee in the Franchised Restaurant and none of these materials may be used without the express prior written consent of Franchisor.

5.4 Franchisee shall use the Marks in the precise form prescribed by Franchisor and shall observe all directions from Franchisor regarding the presentation of the Marks and the manner of their display and use. All paper goods, advertising and promotional materials that have not been furnished by Franchisor shall be submitted by Franchisee to Franchisor for approval before use by Franchisee in the Franchised Restaurant. Franchisor's approval shall not be unreasonably withheld or delayed for more than thirty (30) days after receipt of the proposed advertising material. If Franchisor fails to respond within thirty (30) days, the approval request shall be deemed denied.

5.5 Franchisee shall use the Marks only on any goods and/or for any services which are in compliance with the directions and specifications periodically issued by Franchisor and with other quality control measures now in effect or which Franchisor may adopt in the future to promote and defend the goodwill associated with the Marks. Franchisee is prohibited from using the Marks on any goods and/or for any services not in compliance with these directions and specifications issued by Franchisor.

5.6 Franchisee shall promptly discontinue use of the Marks of Franchisor, and shall take appropriate action to remove said Marks from the premises upon which its business is located, upon the expiration, termination, or revocation of this Agreement.

5.7 Franchisee understands and agrees that Franchisor has disclosed or will later disclose to Franchisee certain confidential or proprietary information and trade secrets (collectively, the "Franchisor Non-Mark Proprietary IP"). Except as necessary in connection with the operation of the Franchised Restaurant and as approved by Franchisor, Franchisee shall not, during the Initial Term or at any time after the expiration or termination of this Agreement, regardless of the cause of termination, directly or indirectly, use for its own benefit or communicate or divulge to, or use for the benefit of, any other person or entity any Franchisor Non-Mark Proprietary IP concerning the recipes, food products, advertising, marketing, designs or methods of operation of the Franchised Restaurant or the System. Franchisee shall disclose to its employees only the Franchisor Non-Mark Proprietary IP as is necessary to operate its restaurant hereunder and then only while this Agreement is in effect. Any and all information, knowledge or know-how, including, without limitation, drawings, materials, equipment, marketing, recipes and other data which Franchisor designates as secret or confidential shall be deemed secret and confidential for purposes of this Agreement and be encompassed within Franchisor Non-Mark Proprietary IP. Franchisee hereby acknowledges and agrees that all Franchisor's recipes and food preparation techniques are and shall remain Franchisor Non-Mark Proprietary IP. Additionally, Franchisee agrees not to make any unauthorized postings of Franchisor Non-Mark Proprietary IP on any Internet websites or electronic bulletin boards.

5.8 Franchisee and its shareholders agree that, in the event any Franchisor Non-Mark Proprietary IP is disclosed in violation of this Agreement, then Franchisee and its shareholders shall be liable for damages with respect to loss of potential franchise fees, loss of royalties, attorneys' fees related to the breach of its promise, costs and any other damages or remedies deemed appropriate.

5.9 Franchisor reserves the right to change, revise or substitute different Marks for use in identifying the System, the Franchised Restaurant and the products sold or offered for sale through the Franchised Restaurant if Franchisor, in its sole judgment, determines that change, revision or substitution of different Marks will be beneficial to the System. In these circumstances, the use of the substitute Marks shall be governed by the terms of this Agreement. Franchisee shall comply with each change, revision or substitution and bear all expenses associated therewith. In the event that a court of competent jurisdiction should order, or if Franchisor in its sole judgment should deem it necessary or advisable, Franchisee shall modify or discontinue use of any Mark. Franchisee shall comply with Franchisor's directions regarding any of these Marks within thirty (30) days after receipt of notice from Franchisor or, if this modification or discontinuance is court-ordered, immediately. Franchisor shall not be obligated to compensate Franchisee for any costs or expenses incurred by Franchisee in connection with any of these modifications or discontinuances. Franchisee shall also use these additional or substitute Marks as Franchisor shall direct.

5.10 Unless otherwise approved in writing by Franchisor, Franchisee shall not establish a separate Website. However, Franchisor shall have the right to require that Franchisee have one (1) or more references or webpage(s), as designated and approved in advance by Franchisor, within Franchisor's principal Website, which is currently www.capriottis.com ("Franchisor's Website"). The term "Website" means an interactive electronic document contained in a network of computers linked by communications software, commonly referred to as the Internet or World Wide Web, including, but not limited to, any account, page, or other presence on a social or business networking media site, such as Facebook, Twitter, LinkedIn, and on-line blogs and forums ("Networking Media Sites"). Franchisor shall have the right to require that Franchisee not have any Website other than the webpage(s), if any, made available on Franchisor's Website.

Franchisee shall, to the extent allowed by applicable law, take such steps as are necessary to ensure that its employees do not violate Franchisor's policies relating to the use of Networking Media Sites, including, but not limited to, prohibiting employees from posting any information relating to Franchisor, the System, the Marks or the Franchised Restaurants on any Networking Media Site that is inconsistent with such policies.

5.11 Franchisee shall not, without Franchisor's prior written approval (which Franchisor may grant or deny as it deems best), use the Marks or any abbreviation or other name associated with Franchisor and/or the System as part of any e-mail address, domain name and/or other identification of Franchisee in any electronic medium. Franchisee agrees not to transmit or cause any other party to transmit advertisements or solicitations by e-mail, SMS, social media, or other electronic media without first obtaining Franchisor's written consent as to: (i) the content of such e-mail advertisements or solicitations; and (ii) Franchisee's plan for transmitting such advertisements. In addition to any other provision of this Agreement, Franchisee shall be solely responsible for compliance with all laws pertaining to e-mails, including, but not limited to, the U.S. Controlling the Assault of Non-Solicited Pornography and Marketing Act of 2003 (known as the "CAN-SPAM Act of 2003").

5.12 Franchisee agrees not to (and will use its best efforts to cause its current and former owners, officers, directors, principals, agents, partners, employees, representatives, attorneys, affiliates, successors and assigns not to) disparage or otherwise directly or indirectly speak or write negatively about Franchisor, its affiliates, any of their respective directors, officers, employees, or representatives, current and former franchisees or developers of Franchisor and its Affiliates, the CAPRIOTTI'S® brand, the System, any Franchised Restaurant or other business using the Marks, or any other brand or service-marked or trademarked concept of Franchisor or its Affiliates which would subject the CAPRIOTTI'S® brand or such other brands to ridicule, scandal, reproach, scorn, or indignity or negatively impact the goodwill of

Franchisor, the CAPRIOTTI'S® brand, or such other brands. However, nothing in this Section 5.12 or elsewhere in this Agreement restricts or is intended to restrict Franchisee's or its owners' communications with any state or federal law regulator or enforcement authority about potential violations of law.

6. **Restrictive Covenant**. Franchisee acknowledges that Franchisor has granted Franchisee the rights under this Agreement in consideration of and reliance upon Franchisee's and its owners' agreement to deal exclusively with Franchisor with respect to the products and services CAPRIOTTI'S Restaurants offer. Franchisee therefore agrees that, during this Agreement's term, neither Franchisee, its owners, nor any members of Franchisee's or its owners' Immediate Families (defined below) will:

(a) have any direct or indirect, controlling or non-controlling interest as an owner—whether of record, beneficial, or otherwise—in a Competitive Business (defined below), wherever located or operating, provided that this restriction will not prohibit ownership of shares of a class of securities that are publicly-traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding;

(b) perform services as a director, officer, manager, employee, consultant, representative, or agent for a Competitive Business, wherever located or operating;

(c) directly or indirectly loan any money or other thing of value, or guarantee any other person's loan, to any Competitive Business or any owner, director, officer, manager, employee, or agent of any Competitive Business, wherever located or operating; or

(d) divert or attempt to divert any actual or potential business of the Franchised Restaurant to a Competitive Business.

The term "Immediate Family" includes the named individual, his or her spouse, and all children of the named individual or his or her spouse. The term "Competitive Business," as used in this Agreement, means any business (a) offering for sale hot and cold submarine sandwiches and/or other deli-related menu items (other than soft drinks) or (b) granting franchises or licenses to others to operate the type of business described in clause (a), other than a CAPRIOTTI'S Restaurant operated under a franchise agreement with Franchisor. Franchisee agrees to obtain similar reasonable covenants from its senior personnel, including the Franchised Restaurant's manager, officers, and directors, except to the extent prohibited by applicable law. Franchisor has the right to pre-approve the forms of agreements Franchisee uses solely to ensure that Franchisee adequately protects Franchisor Non-Mark Proprietary IP and the competitiveness of CAPRIOTTI'S Restaurants. Under no circumstances will Franchisor control the forms or terms of employment agreements Franchisee uses with Franchised Restaurant employees or otherwise be responsible for Franchisee's labor relations or employment practices.

Upon Franchisor's termination of this Agreement for any reason, Franchisee's termination of this Agreement without cause, or expiration of this Agreement (without the grant of a renewal franchise), Franchisee and its owners agree that neither they nor any member of their Immediate Families will have any direct or indirect, controlling or non-controlling interest as an owner, whether of record, beneficial, or otherwise, or perform services as a director, officer, manager, employee, consultant, representative, or agent, in any Competitive Business located or operating: (i) at the Franchised Restaurant's site; or (ii) within five (5) miles of the Franchised Restaurant's site; or (iii) within three (3) miles of another CAPRIOTTI'S Restaurant in operation or under construction on the later of the effective date of termination or expiration or the date on which the restricted person begins to comply with this Section, provided that this restriction does not prohibit ownership of shares of a class of securities publicly-traded on a United States stock exchange representing less than three percent (3%) of the number of shares of that class of securities issued and outstanding.

Franchisee, each owner, and their Immediate Families will each be bound by these competitive restrictions for two (2) years beginning on the effective date of this Agreement's termination or expiration. However, if a restricted person does not begin to comply with these competitive restrictions immediately, the two (2) year restrictive period for the non-compliant party will not start to run until the date on which that party begins to comply with the competitive restrictions (whether or not due to the entry of a court order enforcing this provision). The running of the two (2) year restrictive period for a restricted person will be suspended whenever that restricted person breaches this Section and will resume when that person resumes compliance. These restrictions also apply after transfers and other events, as provided below. Franchisee (and its owners) expressly acknowledges that it (and they) possesses skills and abilities of a general nature and has other opportunities for exploiting these skills. Consequently, Franchisor's enforcing the covenants made in this Section will not deprive Franchisee (and its owners) of personal goodwill or the ability to earn a living.

7. **Obligations of Franchisor**. Franchisor agrees:

7.1 To make available to Franchisee the benefit of its knowledge and experience in the installation, commencement and operation of the System.

7.2 To make available to the Franchised Restaurant the benefit of its knowledge and experience in: (i) selection and installation of equipment and furnishings; (ii) appropriate décor and restaurant layout; (iii) purchase, location and installation of signs identified with the operation of the Franchised Restaurant; and (iv) the System. Franchisee shall pay Franchisor a one-time nonrefundable Development Services Fee ("Development Services Fee") in the amount of TEN THOUSAND Dollars ($10,000.00) to be paid simultaneously with the execution of this Agreement for Franchisor's assistance with these matters.

7.3 To render advisory service regarding the operation of the Franchised Restaurant, including handling products and services in accordance with the System and Manual, and guidance on the operation of the Franchised Restaurant.

7.4 To provide quality control by conducting random, unannounced inspections of the Franchised Restaurant to ensure quality of products and services.

7.5 To provide electronic access to the Manual after this Agreement has been signed. If a paper copy is required, one (1) will be loaned to Franchisee for a non-refundable fee of one thousand dollars ($1,000.00) and must be returned upon termination of the franchise relationship.

7.6 Except to the extent Franchisor determines to train Franchisee through virtual learning, e-learning, and distance learning, as provided in Section 8.20, to provide Franchisee with in-person training in Las Vegas and supervision and assistance to Franchisee and its employees at the Franchised Restaurant around the opening of the Franchised Restaurant ("Pre-Opening Event").

7.7 To assist in the set-up of the accounting system to be utilized by the Franchised Restaurant, as Franchisee is required to use Franchisor's chart of accounts.

7.8 To review monthly reports and other information of the Franchised Restaurant as may be required by Franchisor.

7.9 To render advisory services regarding advertising, promotional plans, and materials for local advertising.

7.10 To provide a list of approved supplies and approved suppliers to Franchisee.

In the event Franchisor is required to expend more than twelve (12) days of effort in assisting Franchisee in opening the Franchised Restaurant (other than training and pre-opening events), Franchisor reserves the right to invoice Franchisee for the additional time at Franchisor's then-current rate for additional training as set forth in the Operations Manual. All obligations of Franchisor under this Agreement are owed solely to Franchisee, and no other party is entitled to rely on, enforce or obtain relief for breach of these obligations, either directly or by subrogation.

If Franchisee fails to pay any sum due Franchisor on the date payment is due, or is otherwise in default under any agreement between Franchisee and Franchisor, Franchisor may, at its sole discretion, withhold any supervisory assistance or other services listed in this Section 7.

8. **Obligations of Franchisee**. Franchisee agrees:

8.1 To specifically follow the requirements and procedures of the System as set forth in the Manual presently in effect and as may periodically be amended in Franchisor's sole judgment.

8.2 To hire a manager with full power and authority to control the daily operations of Franchisee's Franchised Restaurant (if the manager is not Franchisee's Managing Owner (defined in Section 8.21 below)). The manager, as with all Franchised Restaurant employees, shall be subject to the control of Franchisee. Franchisee understands that such a manager ensures an appropriate set-up and institutes proper and adequate general business practices, product preparations, service by employees, purchase of supplies and other appropriate standards or procedures to facilitate and assist in the effective operation of the franchise.

8.3 To employ the methods of operation specified by Franchisor, the Manual and the System to ensure the highest quality food products and services are provided to the consuming public. Franchisee understands there must be strict adherence, without variation, to the aforesaid method of preparation and presentation of the products sold by Franchisee and to all other requisites and directions set forth by the System now in effect and as modified by Franchisor periodically. Franchisee agrees to comply with all standards, procedures, and requirements for responding to customer complaints, including reimbursing Franchisor promptly if Franchisor resolves a customer complaint because Franchisee fails to do so as or when required.

8.4 To comply with all requests of Franchisor with respect to the appearance and use of the Marks licensed under this Agreement, including any requests to change the form or style or discontinue using any of said Marks.

8.5 To take necessary measures to obtain all appropriate licenses, permits and approvals to do business at the Accepted Location before opening the Franchised Restaurant and shall present evidence of the same to Franchisor upon obtaining these documents.

8.6 Unless the Franchised Restaurant operates at or within a Non-Traditional Venue (defined below), to spend at least thirty thousand dollars ($30,000.00) towards the New Shop Opening Plan, fifteen thousand dollars ($15,000.00) of which is payable to Franchisor at least eight (8) weeks before the Franchised Restaurant is scheduled to open and the remaining fifteen thousand dollars ($15,000.00) of which is payable to Franchisor at least four (4) weeks before the Franchised Restaurant is scheduled to open. The Franchised Restaurant may not open for business until Franchisor has received the full thirty thousand dollars ($30,000.00). The New Shop Opening Plan will be created by the CAPRIOTTI'S marketing department in collaboration with Franchisee, and Franchisor will implement the New Shop Opening Plan on Franchisee's behalf. This plan covers new shop opening and marketing activities from pre-opening through the first two (2) to three (3) months of operation. The New Shop Opening Plan for non-traditional locations will be prescribed on a case-by-case basis as applicable for the particular location.

If the Franchised Restaurant operates at or within a Non-Traditional Venue, Franchisee agrees to spend at least fifteen-thousand dollars ($15,000) towards the New Shop Opening Plan, payable to Franchisor at least eight (8) weeks before the Franchised Restaurant is scheduled to open. The Franchised Restaurant may not open for business until Franchisor has received the full fifteen thousand dollars ($15,000.00). This plan covers new shop opening and marketing activities from pre-opening through the first two (2) to three (3) months of operation. A "Non-Traditional Venue" is defined to mean a captive-venue location, including, without limitation, airports, hospitals or medical centers, limited-access highway food facilities, bus or train locations, entertainment and sports complexes, convention centers, military facilities, schools, colleges, and universities, office facilities, department and retail super-stores, mobile units, off-site sales accounts, convenience stores, supermarkets, shopping malls, home-improvement retailers. and any type of location known colloquially as "virtual kitchens," "ghost kitchens," "ghost operations," or locations that operate on a delivery and/or pick up only basis.

If Franchisee signed this Agreement in connection with its purchase of the Franchised Restaurant from an existing franchisee (or, if applicable, from Franchisor or its affiliates), Franchisee must pay Franchisor seven-thousand five hundred dollars ($7,500) to purchase marketing and advertising for the Franchised Restaurant's Transfer Marketing Plan, as described in the Manual, which covers marketing activities during the first two to three months after the transfer is completed. In addition to its Transfer Marketing Plan obligations, Franchisee must begin contributing to the Cooperative Advertising fund and the National Marketing Fund on the first day of operations after the transfer is completed.

8.7 After activities funded by the New Shop Opening Plan for the Franchised Restaurant end and for the remaining portion of this Agreement's term, Franchisor requires that Franchisee spend at least one and one-half percent (1.5%), and recommends that Franchisee spend up to four percent (4%), of the Franchised Restaurant's total Gross Sales each month towards local marketing efforts in the area around the Franchised Restaurant. This is in addition to all contributions due to the Cooperative Advertising and Marketing Funds. Upon request, Franchisee agrees to supply Franchisor with documented proof of its spend towards local marketing efforts.

8.8 To obtain required insurance coverage before opening the Franchised Restaurant or upon signing the lease, whichever occurs first, from an insurer company with an A.M. Best's Review rating of not less than A-VII, and otherwise acceptable to Franchisor, to insure the premises and cover business operations and product liability with the following minimum limits: Comprehensive General Liability–bodily injury and property damage of $1,000,000 per occurrence and $2,000,000 aggregate; Liquor Liability of $1,000,000 aggregate (if applicable); automobile liability for all owned, non-owned, and rented vehicles used in operating the Franchised Restaurant of $1,000,000 Combined Single Limit Liability (not included with the General Liability); Workers' Compensation and Employer's Liability of

$1,000,000 by accident, $1,000,000 by disease policy limit, and $1,000,000 by disease each accident; Umbrella Liability of $1,000,000 in excess of all other liability policies; and Property Insurance for 100% of the replacement cost of all furniture, fixtures, equipment, inventory, building (if applicable), and tenant build out in the Franchised Restaurant. Furthermore, Franchisee must carry Employment Practices Liability of at least $1,000,000 aggregate, including third party coverage and Wage & Hour Defense cost of $100,000 naming Franchisor as Co-defendant; Cyber Liability of $1,000,000 for all data breaches, identity thefts, phishing attacks, and social engineering and data response/crisis management expenses; and Trade Name Restoration coverage of $500,000 per location to pay for Franchisee's lost profit from an actual or alleged contamination claim anywhere in the brand. Franchisor may at its option modify the types and amounts of required coverage upon written notice to Franchisee. Franchisee must comply with the modified requirements. The General Liability policy must name Franchisor as additional insured. The policies must contain a Waiver of Subrogation in Franchisor's favor, provide for statutory notice of cancellation to Franchisor, and be primary and non-contributory to any insurance Franchisor maintains. Franchisee must deliver a certificate of insurance, reflecting all required insurance coverage, to Franchisor upon signing its lease and 10 days before each renewal. If Franchisee fails to provide Franchisor a certificate, Franchisor reserves the right, but has no obligation, to place coverage on Franchisee's behalf for which Franchisee must reimburse Franchisor, including any administration fee that might apply, immediately upon notification from Franchisor.

8.9 To require all employees with permitted access to Franchisor Non-Mark Proprietary IP as is necessary in order to operate the Franchised Restaurant (as provided in Section 5.7 above) to sign a non-disclosure Agreement. Franchisor has the right to pre-approve the forms of non-disclosure agreements Franchisee uses solely to ensure that Franchisee adequately protects Franchisor Non-Mark Proprietary IP and the competitiveness of CAPRIOTTI'S Restaurants. Under no circumstances will Franchisor control the forms or terms of employment agreements Franchisee uses with Franchised Restaurant employees or otherwise be responsible for Franchisee's labor relations or employment practices. Franchisee must keep copies of non-disclosure agreements and send them to Franchisor upon request solely for Franchisor to confirm Franchisee's compliance with its confidentiality obligations.

8.10 To ensure that the highest degree of quality and service is maintained. Franchisee must operate the Franchised Restaurant in strict conformity with the methods, standards and specifications as Franchisor may prescribe in the Manual or otherwise in writing. Franchisor must approve any and all products and services used in the operation of the Franchised Restaurant and suppliers from which products and services are purchased. Franchisee must use only approved or designated suppliers as Franchisee's exclusive suppliers and service providers as required by Franchisor in the Manual, which suppliers may include or be limited to Franchisor and/or certain of its affiliates. Franchisor's right to designate and approve suppliers and service providers for Franchisee will include architectural and engineering firms, general contractors, construction management firms, and equipment vendors that will be involved in the design, construction, and development of the Franchised Restaurant. **FRANCHISOR MAY, BUT IS NOT REQUIRED TO, NEGOTIATE PURCHASE ARRANGEMENTS WITH SUPPLIERS**. Franchisor reserves the right—as a matter of convenience or efficiency or because of a master agreement or other arrangement with a third-party vendor—to collect from Franchisee any amounts due to the third-party vendor (for products or services) for eventual payment to that vendor.

If Franchisee proposes to purchase any products, equipment, forms, paper or other products used in the Franchised Restaurant (that Franchisee is not required to purchase from Franchisor or its affiliates) from a manufacturer, distributor, vendor or other supplier that Franchisor has not previously approved, Franchisee shall submit to Franchisor a written request for the approval or shall request the supplier to do so itself. None of these suppliers may be used by Franchisee without first obtaining Franchisor's prior written approval. Franchisor has the right to require, as a condition of its approval, that its representatives be permitted to inspect the supplier's facilities, and that the information, specifications and samples as Franchisor reasonably designates be delivered to Franchisor and/or to an independent, certified laboratory designated by Franchisor for testing before granting approval. A charge not to exceed the actual cost of the inspection(s) and the actual cost of the test(s) shall be paid by Franchisee. Costs shall include all costs incurred by Franchisor, including, but not limited to, Franchisor's oversight and administrative charges. Franchisor has the right to establish, periodically, the criteria used in evaluating alternative suppliers, which criteria may include, but not be limited to, price, quality, purchasing requirements and the economic impact on franchisees as a group from allowing Franchisee to purchase from alternative suppliers. Franchisor reserves the right, at Franchisor's option, to re-inspect the facilities and products of any of these approved suppliers and to revoke its approval upon a supplier's failure to continue to meet any of the foregoing criteria.

Franchisor and its affiliates have the right (without liability) to consult with Franchisee's suppliers about the status of Franchisee's account with them and to advise Franchisee's suppliers and others with whom Franchisee, Franchisor, Franchisor's affiliates, and other franchisees deal that Franchisee is in default under any agreement with Franchisor or its affiliates (but only if Franchisor has notified Franchisee of such default).

Franchisor and/or its affiliates may derive revenue—in the form of promotional allowances, volume discounts, commissions, other discounts, performance payments, signing bonuses, rebates, marketing and advertising allowances, free products, and other economic benefits and payments—from suppliers that Franchisor designates, approves, or recommends for some or all CAPRIOTTI'S Restaurants on account of those suppliers' prospective or actual dealings with the Franchised Restaurant and other CAPRIOTTI'S Restaurants. That revenue may or may not be related to services Franchisor and its affiliates perform. All amounts received from suppliers, whether or not based on Franchisee's or other franchisees' purchases from those suppliers, will be Franchisor's and its affiliates' exclusive property, which they may retain and use without restriction for any purposes they deem appropriate. Any products or services that Franchisor or its affiliates sell Franchisee directly may be sold to Franchisee at prices exceeding their costs.

8.11 To maintain in sufficient supply and use at all times only those products, materials, supplies and methods of service as conform to Franchisor's standards and specifications and must refrain from using nonconforming items or methods without Franchisor's prior written consent. Franchisee also must sell, distribute or deliver only those products that meet Franchisor's standards of quality and quantity and that have been expressly approved for sale in writing by Franchisor; must sell or offer for sale all approved items; must refrain from any deviation from Franchisor's standards and specifications without Franchisor's prior written consent; must discontinue selling and offering for sale any items, products or services which Franchisor may disapprove in writing at any time; and must use only products bearing the approved Marks which meet the specifications of Franchisor.

8.12 To permit Franchisor or its agents to conduct unannounced inspections at any reasonable time. Franchisee must permit Franchisor or its agents, at any reasonable time, to remove from the Franchised Restaurant samples of items without payment for these items, in amounts reasonably necessary for testing by Franchisor or an independent laboratory, to determine whether these samples meet Franchisor's then-current standards and specifications. In addition to any other remedies Franchisor may have under the Franchise Agreement, Franchisor may require Franchisee to bear the cost of this testing if the supplier of the item has not previously been approved by Franchisor or if the sample fails to conform to Franchisor's specifications. Franchisee grants Franchisor and its agents the right to enter the Franchised Restaurant at any reasonable time to inspect, photograph or video the Franchised Restaurant, equipment and operations in the Franchised Restaurant. Franchisee must cooperate with Franchisor's representatives in these inspections by rendering assistance as they may reasonably request. Upon reasonable notice from Franchisor or its agents and without limiting Franchisor's other rights under the Franchise Agreement, Franchisee must take the steps necessary to correct immediately any deficiencies detected during any inspection, including, without limitation, immediately desisting from the continued use of any equipment, advertising materials, products or supplies that do not conform to Franchisor's then-current specifications, standards or requirements.

8.13 That Franchisor has the right, but in all cases only to the maximum extent permitted by applicable law, to establish, implement, and enforce pricing policies and requirements for the Franchised Restaurant with which Franchisee must comply, including but not limited to:

(a) General Pricing Directives. Franchisor has the right to set maximum, minimum, fixed, tiered, and other prices for products and services offered at the Franchised Restaurant, including Franchisee's obligation to participate in discounting, bundling, promotions, special offers, and loyalty program redemption offers.

(b) Mandatory Promotional Pricing. Franchisor has the right to require Franchisee to offer designated products or services at specific prices for a defined duration as part of national or regional promotions, limited-time offers, or other marketing initiatives.

(c) Price Grouping Requirements. Franchisor has the right to designate certain products or menu items that must be priced equally or within a defined price range relative to each other (i.e., "bucketed" pricing), although Franchisee has the right to select the price point for the group, subject to Franchisor's approval.

(d) Mandatory Pricing Review Windows. Franchisor has the right to establish mandatory pricing review windows during which Franchisee must submit and obtain Franchisor's approval of proposed pricing changes. If Franchisee does not submit required pricing information within the stated deadline, Franchisor has the right to implement its recommended pricing for the Franchised Restaurant, which will be binding until such time as new pricing is submitted and approved during the next pricing review window. Pricing changes are not permitted outside of Franchisor's designated pricing windows without Franchisor's authorization.

The rights Franchisor reserves in this Section 8.13 are intended to ensure brand consistency, marketing effectiveness, and systemwide cohesion and apply whether or not pricing policies are part of national, regional, or local initiatives.

8.14 To purchase or lease and install, at Franchisee's expense, all fixtures, furnishings, signs and equipment that Franchisor may reasonably direct in the Manual or otherwise in writing, including any that Franchisor may require in the future, such as security and video surveillance systems and any enhancements, additions, substitutions, modifications and upgrades. Specifically, Franchisor may require that Franchisee install and maintain systems that permit Franchisor to access and retrieve electronically any other information stored in Franchisee's computer systems, including images and information stored in Franchisee's security and video surveillance systems, at the times and in the manner that Franchisor may specify periodically. Franchisee must refrain from installing or permitting to be installed on or about the Franchised Restaurant premises, without Franchisor's prior written consent, any fixtures, furnishings, signs, equipment or other improvements not previously approved as meeting Franchisor's standards and specifications.

8.15 To submit to Franchisor, in the manner Franchisor directs, for its prior written approval samples of all advertising and promotional plans and materials that Franchisee desires to use and which have not been prepared or previously approved by Franchisor. Franchisee must display the Marks in the manner required by Franchisor on all signs and other advertising and promotional materials used in the Franchised Restaurant. All advertising and promotions by Franchisee in any manner or medium must be conducted in a dignified manner and must conform to the standards and requirements specified by Franchisor. Franchisor may, periodically, but shall not be required to, provide Franchisee with advertising assistance. If Franchisee elects to do more advertising than the advertising provided by Franchisor, if any, Franchisee shall be responsible for all costs of this advertising and promotion. All of these advertisements, if any, must be approved by Franchisor in writing before use.

8.16 To not engage in any trade practice or other activity which is harmful to the goodwill or reflects unfavorably on the reputation of Franchisor or the System and the products sold from the Franchised Restaurant, which constitutes deceptive practices or unfair competition, or otherwise violates any applicable laws.

8.17 It is Franchisee's responsibility to select Franchisee's own location which must be approved by Franchisor. Franchisor must approve the lease if Franchisee does not own the premises, which approval shall not be unreasonably withheld. Before executing the lease, Franchisee shall remit to Franchisor a copy of the proposed lease agreement with all amendments and addendum. The same procedure shall be followed before executing any amendments or extensions of the lease agreement. Franchisor will review and approve the lease to ensure it meets Franchisor's specifications, including the incorporation of Franchisor's standard lease rider included in Exhibit 1 of Exhibit A. The terms of the lease rider are hereby incorporated by reference. Franchisor's review is not a replacement for a review by Franchisee's own attorney.

Franchisor will give Franchisee its then-current criteria for CAPRIOTTI'S Restaurant sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, ingress and egress, size, and other physical and commercial characteristics) to help in the site-selection process. However, even if Franchisor recommends or gives Franchisee information regarding a potential site or site criteria, Franchisee acknowledges that Franchisor has made, and will make, no representations or warranties of any kind, express or implied, about the site's suitability for a CAPRIOTTI'S Restaurant or the likelihood that Franchisor ultimately will accept that site for the Restaurant.

Franchisee must submit all information Franchisor requests when Franchisee proposes a site. Franchisor will not unreasonably withhold its acceptance of a site if, in Franchisor's and its affiliates' experience and based on the factors outlined above, the proposed site is not inconsistent with sites that Franchisor and its affiliates regard as favorable or that otherwise have been successful sites in the past for CAPRIOTTI'S Restaurants. However, Franchisor has the absolute right to reject any site not meeting its criteria or to require Franchisee to acknowledge in writing that a site Franchisee prefers is accepted but not recommended due to its incompatibility with certain factors that bear on a site's suitability as a location for a CAPRIOTTI'S Restaurant. Applying criteria appearing effective with other sites might not accurately reflect the potential of all sites, and demographic or other factors included in or excluded from Franchisor's criteria could change, altering a site's potential. The uncertainty and instability of these criteria are beyond

Franchisor's control, and Franchisor is not responsible if a particular site fails to meet Franchisee's expectations.

Any guidance or assistance Franchisor provides with respect to the leasing process is not a guarantee or warranty, express or implied, of the Franchised Restaurant's success or profitability or of the suitability of the lease or sublease for Franchisee's business purposes. Franchisor's acceptance of a lease or sublease indicates only that Franchisor believes the site and the lease or sublease terms adequately protect Franchisor's interests and/or the interests of other franchisees in the CAPRIOTTI'S system, to the extent those interests are implicated in the lease or sublease.

8.18 To acquire and subscribe to NCR and a CAPRIOTTI'S-specific suite of services at Franchisee's expense and utilize the Aloha software package and Point-of-Sale System or another system ("Information System") approved by Franchisor in Franchisee's Franchised Restaurant. Franchisee agrees that Franchisor shall have the free and unfettered right to retrieve any data and information from Franchisee's computers and Information System as Franchisor deems appropriate, including electronically polling the daily sales and other data of the Franchised Restaurant ("Data Mining"). Franchisee agrees that the Data Mining to be conducted by Franchisor is necessary for the successful operation of the System, and Franchisee consents to the installation of any and all software and/or hardware as may be necessary to facilitate the Data Mining.

Franchisor shall have the right to specify or require that certain brands, types and/or models of communications, computer systems and hardware be used by Franchisee, including without limitation: (i) back office and point-of-sale systems; menu-boards; loyalty programs; online ordering systems and services; gift-card programs; credit card processing systems and services; internet navigation software; email, telephone, audio, video, and surveillance systems; and training and operational support aids, which may include camera systems, virtual reality, and augmented reality hardware and software, for use at the Franchised Restaurant; (ii) printers and other peripheral hardware or devices; (iii) archival back-up systems; (iv) Internet access mode and speed; and (v) physical, electronic and other security systems (collectively, the "Computer System").

Franchisor shall have the right, but not the obligation, to develop or have developed for it, or to designate: (i) computer software programs that Franchisee must use in connection with the Computer System (the "Required Software"), which Franchisee shall install at its expense; (ii) updates, supplements, modifications or enhancements to the Required Software, which Franchisee shall install at its expense; (iii) the tangible media upon which Franchisee shall record data; and (iv) the database file structure of the Computer System.

Franchisee shall purchase from Franchisor or its affiliate the Computer System and, if applicable, the Required Software. Franchisor shall have the right at any time to remotely retrieve and use such data and information from Franchisee's Computer System or Required Software that Franchisor deems necessary or desirable. Franchisee expressly agrees to strictly comply with Franchisor's standards and specifications for all items associated with Franchisee's Computer System and any Required Software in accordance with Franchisor's standards and specifications. Franchise agrees, at its own expense, to keep the Computer System in good maintenance and repair and install such additions, changes, modifications, substitutions and/or replacements to the Computer System or Required Software as Franchisor directs from time to time in writing. Franchisor may require Franchisee to purchase from Franchisor or an affiliate an annual support package at Franchisor's or the affiliate's then-current prices for such support services. Franchisee agrees that its compliance with this Section shall be at Franchisee's sole cost and expense.

Franchisee and Franchisor acknowledge and agree that changes to technology are dynamic and not predictable during the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, Franchisee agrees that Franchisor shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and Franchisee agrees that it shall abide by those reasonable new standards established by Franchisor as if this Agreement were periodically revised by Franchisor for that purpose.

Without limiting the amounts that Franchisor may require Franchisee to spend for the various items and services described above in this Section 8.18, upon thirty (30) days' prior written notice to Franchisee, Franchisee agrees to begin paying Franchisor a technology fee ("**Tech Fees**") equal to point sixty-five hundredths of one percent (0.65%) of the Franchised Restaurant's Gross Sales. The Tech Fee is due and payable at the same time, in the same manner, and covering the same time period as the Royalty Fee, unless Franchisor otherwise specifies. Franchisor will use Tech Fees to fund the technology expenditures it deems best for the System (as well as company- and affiliated-owned CAPRIOTTI'S Restaurants), including, without limitation, mobile training and operational performance software, cloud-based franchise-management solutions, IT phone support and database maintenance, digital marketing, online ordering and loyalty subscriptions, iPad mobile device management, and e-learning solutions. Franchisor may allocate and spend Tech Fees in its sole judgment, including for salaries, wages, and benefits, direct technology program costs, and overhead expenses for the activities described above. Franchisor has no obligation to account to Franchisee or other franchisees for Franchisor's use of Tech Fees or to ensure that Franchisee or the Franchise Restaurant benefits directly or pro rata based on Franchisee's payments of Tech Fees.

8.19 That Franchisee will, within nine (9) months from the date of written notice from Franchisor, remodel or re-equip the Franchised Restaurant in accordance with the specifications provided by Franchisor. This remodeling and re-equipping may include replacing worn out, obsolete or dated equipment, fixtures, furnishings, and signs; structural modifications; redecorating; or purchasing more efficient or improved equipment. Franchisor may require Franchisee to perform remodeling and to purchase equipment at those times as Franchisor deems necessary and reasonable; provided, that Franchisor may not require any remodeling or re-equipping requiring an expenditure in excess of ten thousand dollars ($10,000.00) during the first two (2) years of the Term or one hundred thousand dollars ($100,000.00) in any five (5) year period, provided, however, that these dollar limitations do not apply in connection with:

(a) Franchisee's acquisition of a successor franchise (as provided in Section 2 above, Franchisor may require Franchisee, as a condition of acquiring a successor franchise, to remodel, upgrade, and re-equip the Franchised Restaurant and otherwise bring the Franchised Restaurant into full compliance with then-applicable specifications and standards for new CAPRIOTTI'S Restaurants before this Agreement expires (regardless of cost));

(b) a Transfer (as provided in Section 12.3(b)(viii) below);

(c) updates or changes to the Information System and Computer System;

(d) Required Software upgrades; and

(e) A relocation (where Franchisee must develop the Franchised Restaurant at the new location in full compliance with Franchisor's requirements).

FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT.

8.20 If the Franchised Restaurant has not previously opened for business, to attend the training program that Franchisor will provide to Franchisee before such opening. At least two people must complete the full Capriotti's training program (including Franchisee's Managing Owner) without charge. If Franchisee would like additional employees to attend the training program at the same time as Franchisee's Managing Owner, Franchisor may agree to provide this additional training at the fee determined by Franchisor. The training program is a blended learning training program including internet-based, classroom and on-site training at an approved training restaurant. Each training program may include instruction on sales techniques, products orientation, accounting procedures, ordering and inventory controls, food preparation and operations management. The training shall be provided at Franchisor's headquarters or designated location(s) and shall also include uncompensated on-the-job training at an approved training restaurant. Franchisor may substitute virtual learning and "e-learning" for any training that otherwise would occur in person. Franchisee must obtain, at Franchisee's expense, access to a computer and high-speed Internet connection to access the online training portal. The training may be presented in installments and Franchisee's Managing Owner and other personnel will be required to attend all installments. Franchisor shall bear the direct training costs and expenses of the training (for instructors, manuals, classrooms), and Franchisee shall bear and pay all indirect training costs and expenses, such as any salary expenses of its employees and all expenses of travel, lodging, meals and other living expenses that Franchisee's Managing Owner and other personnel incur in attending the training program, which shall be borne and paid by Franchisee. Failure by Franchisee's Managing Owner and/or Franchisee's other required attendees to successfully graduate from training shall be grounds for termination of this Agreement. Cheating will also be grounds for immediate termination.

Franchisor has the right to charge the Franchisee for additional or supplemental support or refresher training outside of the standard pre-opening event and Capriotti's training program, as outlined in the Manual.

If during this Agreement's term Franchisor determines, whether after an inspection or otherwise, that retraining or additional training is necessary because the Franchised Restaurant is not operating in compliance with Franchisor's standards and specifications, Franchisor has the right at any time during this Agreement's term to require Franchisee's Managing Owner and other managerial personnel to participate in and successfully complete an extensive onsite retraining program at the Franchised Restaurant for up to six (6) weeks. Franchisor may charge Franchisee Ten Thousand dollars ($10,000) for this retraining or additional training. Franchisee must pay this amount on demand.

8.21 To designate an owner holding at least twenty percent (20%) of its ownership interests to serve as its managing owner (the "Managing Owner"). At all times during the Initial Term, the Managing Owner must meet the following qualifications and any other standards Franchisor sets forth from time to time in the Manual or otherwise communicates to Franchisee:

(a) Franchisor must approve the proposed Managing Owner in writing before the Effective Date. Franchisor has the right to approve or disapprove, as its deems best, any proposed change in the individual designated as the Managing Owner.

(b) The Managing Owner is responsible for managing the Franchised Restaurant. The Managing Owner must have sufficient authority to make business decisions for Franchisee that are essential to the Franchised Restaurant's effective and efficient operation. The Managing Owner must communicate directly with Franchisor regarding any Franchised Restaurant-related matters (excluding matters relating to labor relations and employment practices). The Managing Owner's decisions will be final and will bind Franchisee, Franchisor may rely solely on the Managing Owner's decisions without discussing the matter with another party, and Franchisor will not be liable for actions it takes based on the Managing Owner's decisions or actions.

(c) The Managing Owner may be the manager of the Franchised Restaurant or may designate another person to serve as the manager, provided the Managing Owner ensures that the manager fulfills all obligations under this Agreement. The Managing Owner remains fully responsible for the manager's performance.

If Franchisee wants or needs to change the individual designated as the Managing Owner, Franchisee must find a new individual (the "Replacement Managing Owner") for that role in order to protect Franchisor's brand. Franchisee must appoint the Replacement Managing Owner within thirty (30) days after the former Managing Owner no longer occupies that position. Franchisor must approve in writing the Replacement Managing Owner, who must hold the minimum ownership interest in Franchisee that Franchisor specifies. The Replacement Managing Owner must attend and satisfactorily complete the training Franchisor specifies. Franchisee is responsible for the Replacement Managing Owner's compensation and travel-related expenses during training.

8.22 To attend and participate in the Annual Franchise Convention, Regional Meetings, and System-Wide meetings held via web conference or teleconference. The costs of attending the Franchise Convention and Regional Meetings will be Franchisee's sole financial responsibility; provided, however, that attendance at in-person events will not be required at more than two (2) such programs in a calendar year and shall not collectively exceed six (6) business days in duration in any calendar year (not including travel time).

8.23 That during the Initial Term, Franchisee shall make the following contributions and expenditures for marketing and advertising at the same time it is required to pay Franchisor the Royalty Fee:

(a) **<u>Marketing Fund</u>**

(i) Franchisee shall contribute to the National Marketing Fund ("Marketing Fund") an amount that Franchisor designates periodically which amount shall not exceed four percent (4%) of the Gross Sales of the Franchised Restaurant for the period. Franchisor shall establish and maintain a bank account for the purpose of administering the Marketing Fund, as described in this Agreement. Franchisee shall make contributions to the Marketing Fund as set out in this Section 8.23. Franchisor has the sole discretion to settle or forgive any accrued and unpaid Marketing Fund contributions owed by any franchisee.

(ii) Franchisee agrees and acknowledges that contributions to the Marketing Fund are intended to increase recognition of the Marks and to further the public image and acceptance of the System and that Franchisor does not undertake any obligation to ensure that expenditures from the Marketing Fund are proportionate or equivalent to contributions to the Marketing Fund by Franchised Restaurants operating in the geographic area or that Franchisee or the Franchised Restaurant will benefit directly or in proportion to its contribution to the Marketing Fund. Neither Franchisor nor any of Franchisor's respective officers, directors, agents or employees, shall be liable to Franchisee with respect to the maintenance, direction or administration of the Marketing Fund, including the handling of contributions, expenditures, investments or borrowing, except for acts constituting willful misconduct.

(iii) Franchisor shall make contributions to the Marketing Fund for each CAPRIOTTI'S Restaurant that Franchisor or its affiliate owns.

(iv) While Franchisee is in compliance with Section 8.23, Franchisee will be furnished with advertising materials which were produced with expenditures from the Marketing Fund for distribution to franchisees of the System on the same terms and conditions as the materials are furnished to other franchisees. However, Franchisee's failure to pay required Marketing Fund contributions will result in Franchisee's not having the right to receive such materials while it is in default (although Franchisor's decision not to furnish such materials after any payment default will not excuse Franchisee's obligation to pay in full all outstanding amounts). In addition, Franchisor has the right to require Franchisee periodically to pay Franchisor or the Marketing Fund for additional promotional or point-of-purchase materials that Franchisee must use in connection with the Franchised Restaurant but which are not being provided by the Marketing Fund in consideration for Franchisee's contributions. Franchisee must pay for these materials on or before the date and by the means Franchisor specifies.

(v) Franchisee shall make its contribution to the Marketing Fund at the same time it is required to pay Franchisor the Royalty Fee and in the manner designated by Franchisor, including bank drafting. Contributions to the Marketing Fund may be used to defray expenses of Franchisor only to the extent of the administrative costs and overhead that Franchisor may reasonably incur in administering the Marketing Fund.

(vi) The Marketing Fund, all contributions to it and any earnings on those contributions shall be used exclusively to meet all costs of maintaining, administering or directing and preparing promotional and/or advertising activities. Franchisor has the sole discretion over how and where the Marketing Fund contributions are spent to promote, enhance or further the growth of the System, including, without limitation, promotional marketing and advertising expenses, hiring marketing, public relations and advertising agencies and in-house personnel to assist in developing the System's materials, branding and average unit volumes, expenses associated with listings in telephone books, subsidies of premiere/marquis restaurants designed to garner media attention and promote the brand name, travel expenses in connection with promotions and marketing meetings, training, development of trademarks and trademarked materials, production of circulars, media, advertisements, coupons and promotional materials (including point of purchase materials) and for any other use Franchisor determines. Additionally, Franchisor can use the Marketing Fund to pay for expenses incurred in developing and maintaining the non-franchise sales portion of Franchisor's website. All sums paid by Franchisee into the Marketing Fund shall be maintained in an account separate from the other monies of Franchisor and shall not be used to defray any of Franchisor's expenses, except for the reasonable administrative costs and overhead, if any, as Franchisor may incur in activities reasonably related to the administration or direction of the Marketing Fund and promotion and advertising programs for franchisees and the System, including, among other things, the cost of personnel for creating and implementing advertising, promotional and marketing programs. The Marketing Fund and its earnings shall not otherwise inure to the benefit of Franchisor.

(vii) It is anticipated that all contributions to and earnings from the Marketing Fund shall be expended for promotional and/or advertising purposes during the taxable year in which the contributions and earnings are received. If, however, Franchisor determines that funds should be retained and accumulated for major advertising purchases or any other reason, then funds may be held beyond the year of receipt. Generally, if excess amounts remain in the Marketing Fund at the end of the taxable year, all expenditures for the following taxable year(s) shall be made first out of accumulated earnings from the previous year, next out of earnings in the current year and finally from contributions.

(viii) The Marketing Fund is not and shall not be an asset of Franchisor or its designate. A statement of the operation of the Marketing Fund as shown on the books of the Marketing Fund shall be prepared annually and shall be made available to Franchisee. Upon request, Franchisor shall make available for inspection by Franchisee the books and records of the Marketing Fund. At Franchisor's option, Franchisor can create a separate entity to be the recipient of Franchisee's Marketing Fund contributions and Franchisee agrees, upon Franchisor's request, to tender Marketing Fund payments to said entity.

(ix) The Marketing Fund is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the Marketing Fund monies or any aspect of the operation of the Marketing Fund.

(b) Regional Cooperative Advertising. Franchisee agrees that Franchisor shall have the right, in Franchisor's sole discretion, to periodically designate a geographical area in which the Franchised Restaurant is located for the purpose of establishing an advertising cooperative (the "Cooperative"). If a Cooperative has been established at the time Franchisee commences operations hereunder, Franchisee shall immediately become a member of the Cooperative. If a Cooperative is established at any later time during the Initial Term, Franchisee shall become a member of the Cooperative no later than thirty (30) days after the date on which the Cooperative commences operation. In no event shall the Franchised Restaurant be required to contribute to more than one (1) Cooperative. The following provisions shall apply to each Cooperative:

(i) Each Cooperative shall be organized and governed in a form and manner, and shall commence operation on a date, approved in advance by Franchisor in writing;

(ii) Each Cooperative shall be organized for the purposes of producing and conducting general advertising programs and activities for use in and around the applicable geographic area and developing standardized advertising, digital marketing, and promotional materials for use by the members;

(iii) Franchisor-owned and affiliate-owned restaurants shall make contributions to each Cooperative of which they are a member on the same basis as required of comparable franchisees within the System;

(iv) No advertising programs or materials may be used by the Cooperative or furnished to its members, and no advertising or promotional activities may be conducted by the Cooperative, without the prior written approval of Franchisor. All of these programs, materials and planned activities shall be submitted to Franchisor for approval in accordance with the procedure set forth in this Agreement governing advertising approval;

(v) Each Cooperative shall have the authority to require its members to contribute funds for local or regional advertising, marketing, or promotional efforts in amounts determined by the Cooperative's governing body. The standard Cooperative contribution shall be two percent (2%) of Gross Sales.

However, a Cooperative has the right to increase the required contribution amount beyond the two percent (2%) of Gross Sales upon approval by a simple majority vote of its members. For voting purposes, each franchised restaurant and each Franchisor-owned and affiliate-owned restaurant within the Cooperative will have one vote, regardless of common ownership. A vote will be considered binding if a majority of the total number of restaurants within the Cooperative vote in favor of the proposed increase. Once approved, the increased contribution amount will bind all Cooperative members, including those who did not participate in the vote or who voted against the proposal.

Franchisor also reserves the right to impose a flat-fee contribution, in lieu of a percentage of Gross Sales, upon reasonable notice to Cooperative members and consistent with the Cooperative's governance process. Contribution amounts will begin accruing based on Gross Sales on the first day the Franchised Restaurant opens for business or is transferred to new ownership;

(vi) Franchisee shall make its contributions to the Cooperative on the date and in the manner designated by the Cooperative (typically at the same time the Royalty Fee is paid). Franchisee's failure to pay the required Cooperative contributions when due will result in Franchisee's suspension and/or exclusion from any advertising initiatives funded by the Cooperative until Franchisee fully pays all outstanding amounts. Franchisee shall also submit statements and reports as may be designed by the Cooperative. The Cooperative shall submit to Franchisor statements and reports as Franchisor may designate;

(vii) Franchisor, in Franchisor's sole discretion, may, upon written request of a franchisee stating reasons supporting the request, grant to any franchisee an exemption from the requirement of membership in a Cooperative. This exemption may be for any length of time and may apply to one (1) or more Franchised Restaurants owned by the franchisee. If an exemption is granted, a franchisee may be required to expend on local advertising the full amount that would otherwise be payable to the Cooperative. Franchisor, in Franchisor's sole discretion, may also exempt one (1) or more Franchised Restaurants owned or controlled by Franchisor from the requirement of membership in a Cooperative for those periods as Franchisor deems appropriate; and

(viii) The Cooperative is not a trust fund. Franchisor shall have no fiduciary duty to Franchisee in connection with the collection or use of the Cooperative monies or any aspect of the operation of the Cooperative.

9. **<u>Examination of Financial and Business Records</u>**. Franchisor shall have the right, upon twenty-four (24) hours' notice:

9.1 to examine all financial and business records of Franchisee, including, but not limited to, invoices, deposits, withdrawals, bank statements, proofs of purchases and sales, cash register tapes and any other documents, data and/or records relating to the financial affairs or business operations of Franchisee (but excluding aspects relating to labor relations and employment practices); and

9.2 to have an independent audit made of the books of the Franchised Restaurant.

(a) If an inspection should reveal that any payments have been understated in any report to Franchisor, then Franchisee shall immediately pay to Franchisor the amount understated upon demand, in addition to the administrative fee and interest on this amount (as provided in Section 4.7) from the date this amount was due until paid.

(b) If an inspection discloses an understatement in any payment of three percent (3%) or more, Franchisee shall, in addition, reimburse Franchisor for any and all costs and expenses connected with the inspection (including travel, lodging, wage expenses and reasonable accounting and legal costs).

(c) Franchisor has the right to terminate this Agreement upon discovery of three (3) of these discrepancies in a twenty-four (24) month period.

(d) If an inspection discloses an understatement in any payment of ten percent (10%) or more, it shall constitute grounds for immediate termination of this Agreement, described in Section 10 hereof. The foregoing remedies shall be in addition to any other remedies Franchisor may have.

10. **Termination**.

10.1 **Termination Without Right to Cure**. Franchisee shall be in default and Franchisor may, at its option, terminate this Agreement and all rights granted in this Agreement, without affording Franchisee any opportunity to cure the default, effective upon the earlier of Franchisee's receipt of notice of termination or five (5) days after delivery of this notice by Franchisor, in accordance with Section 31, upon the occurrence of any of the following events:

(a) Franchisee (i) abandons the Franchised Restaurant, meaning Franchisee has deserted, walked away from, or closed the Franchised Restaurant under circumstances leading Franchisor to conclude that Franchisee has no intent to return to the Franchised Restaurant, regardless of how many days have passed since the apparent abandonment, or (ii) fails actively and continuously to operate the Franchised Restaurant (a failure to operate the Franchised Restaurant for five (5) or more consecutive days will be deemed a default under this clause (ii), except where closure is due to fire, riot, flood, terrorist acts, or natural disaster and Franchisee notifies Franchisor within four (4) days after the particular occurrence to obtain Franchisor's written approval to remain closed for an agreed-upon amount of time as is necessary under the circumstances before Franchisor will require Franchisee to re-open);

(b) Franchisee, its Managing Owner, or any person or entity owning twenty percent (20%) or more of Franchisee is proven to have engaged in fraudulent conduct, or is convicted of or pleads guilty or no contest to a felony or a crime involving moral turpitude, or any other crime or offense, or is the subject of adverse publicity or media attention that is reasonably likely to have an adverse effect on the System, the Marks or the reputation or goodwill associated therewith; provided, that if the act or conviction involves an owner of Franchisee, Franchisor will not terminate this Agreement if Franchisee notifies Franchisor promptly after it learns of the event constituting the default, and within fifteen (15) days of the date of the notice, either the person or entity that committed the wrongful act divests his or its entire interest in Franchisee, or Franchisee obtains Franchisor's consent for the owner to maintain his or its ownership interest;

(c) An approved transfer is not effected within ninety (90) days of the death or incapacity of Franchisee or the death, incapacity or dissolution of any owner of an interest in Franchisee;

(d) Franchisee is given three (3) or more notices of being in default under any of the terms or requirements of this Agreement within any twenty-four (24) month period, whether or not the defaults are timely cured after notice;

(e) Franchisee knowingly or intentionally maintains false books or records or submits any false records, statement or report to Franchisor;

(f) Franchisee, by act or omission, materially impairs the value of or the goodwill associated with any of the Marks or the System;

(g) Franchisee, whether knowingly or unknowingly, underpays the required royalties by ten percent (10%) or more in a payment period;

(h) Franchisee violates any employment laws, including taking, withholding, misdirecting or appropriating for Franchisee's own use any funds from Franchisee's employees' wages for employees' taxes, FICA, insurance or benefits;

(i) Franchisee loses or is denied any federal, state or local license Franchisee must possess to operate the Franchised Restaurant;

(j) Franchisee fails to open Franchisee's Franchised Restaurant within fourteen (14) months after the effective date of this Agreement; provided, Franchisor has not agreed in writing to an extension, which extensions shall be granted by Franchisor in Franchisor's sole judgment;

(k) Franchisee fails to pay when due any federal or state income, service, sales, employment, or other taxes due on the Franchised Restaurant's operation, unless Franchisee is in good faith contesting its liability for such taxes through appropriate proceedings;

(l) Franchisee (i) loses the right to occupy the Franchised Restaurant's premises due to its lease default (even if Franchisee has not yet vacated the Franchised Restaurant's premises) or (ii) Franchisee loses the right to occupy the Franchised Restaurant's premises (but not due to its lease default), or the Franchised Restaurant is damaged to such an extent that Franchisee cannot operate the Franchised Restaurant at its existing location over a thirty (30) day period, and Franchisee fails both to relocate the Franchised Restaurant to a substitute site Franchisor accepts and to begin operating the Franchised Restaurant at that substitute site within one hundred twenty (120) days from the first date on which Franchisee could not operate the Franchised Restaurant at its existing location; or

(m) (i) Franchisee makes a general assignment for the benefit of creditors or a petition in bankruptcy is filed by Franchisee; (ii) a petition in bankruptcy is filed against and not opposed by Franchisee; (iii) Franchisee is adjudicated as bankrupt or insolvent; (iv) a bill in equity or other proceeding is filed for the appointment of a receiver or other custodian for Franchisee's business or assets if filed and consented to by Franchisee; (v) a receiver or other custodian (permanent or temporary) of Franchisee's assets or property, or any part thereof, is appointed by any court of competent jurisdiction; (vi) a proceeding for a composition with creditors under any state or federal law should be instituted by or against Franchisee; (vii) a final judgment remains unsatisfied or of record for thirty (30) days or longer (unless an appeal or supersedeas bond is filed); (viii) Franchisee is dissolved; (ix) any portion of Franchisee's interest in the Franchised Restaurant becomes subject to an attachment, garnishment, levy or seizure by any creditor or any other person claiming against or in the rights of Franchisee; (x) any execution is levied against Franchisee's business or property; or (xi) the real or personal property of Franchisee's Franchised Restaurant shall be sold after levy thereupon by any sheriff, marshal or constable.

10.2 **Termination with Right to Cure**. Except for those defaults provided for under Section 10.1, Franchisee shall be in default hereunder for any failure to maintain or comply with any of the terms, covenants, specifications, standards, procedures or requirements imposed by this Agreement or in any Manual, policy and procedure statement or other written document provided by Franchisor or to carry out the terms of this Agreement in good faith. For these defaults, Franchisor will provide Franchisee with written notice and five (5) days to cure or, if a default cannot reasonably be cured within five (5) days, to initiate within that time substantial and continuing action to cure the default and to provide Franchisor with evidence of these actions. If the defaults specified in these notices are not cured within the five (5) day period, or if substantial and continuing action to cure has not been initiated, Franchisor may, at its option, terminate this Agreement upon delivery of written notice to Franchisee. These defaults shall include, without limitation, the occurrence of any of the following events:

(a) Franchisee fails to construct, remodel or to commence operating the Franchised Restaurant in accordance with this Agreement;

(b) Franchisee fails, refuses or neglects to promptly pay any monies owing to Franchisor, its affiliates, the Marketing Fund, or Franchisee's designated marketing Cooperative when due or to submit the financial or other information required under this Agreement;

(c) Any person or entity owning five percent (5%) or more of Franchisee makes a transfer of this interest in violation of this Agreement; provided, however, that Franchisee's right to cure this default shall be conditioned upon Franchisee immediately notifying Franchisor of the improper transfer and taking all actions necessary to either: (i) obtain Franchisor's approval thereof; or (ii) if approval is not desired or the transfer or transferee is not approved by Franchisor, to re-acquire the interest so transferred;

(d) A threat or danger to public health or safety results from the construction, maintenance or operation of the Franchised Restaurant;

(e) Franchisee misuses or makes any unauthorized use of the System or the Marks;

(f) Franchisee, by act or omission in connection with the operation of the Franchised Restaurant, permits a continued violation of any law, ordinance, rule or regulation of a governmental body;

(g) Franchisee is found liable by any judicial, administrative or arbitral body for violation of any federal, state or local laws barring discrimination on the basis of race, sex, national origin, age or sexual orientation or found liable for any common law civil claim the facts of which are grounded in allegations of discrimination on the basis of race, sex, national origin, age or sexual orientation;

(h) Franchisee fails to pay any vendors to the System (other than Franchisor and its affiliates) any amounts due for Franchisee's purchases from them, or to use a vendor's required method of payment, and does not correct the failure within thirty (30) days after delivery of written notice of that failure to Franchisee, unless, in the event of non-payment, (i) Franchisee is in good faith contesting its liability for those amounts, (ii) Franchisee notifies Franchisor in writing of the reason for the non-payment, and (iii) Franchisor agrees that Franchisee has a legitimate reason for the non-payment; or

(i) Any other event of default not specifically enumerated above or in Section 10.1.

10.3 **Relief in Equity**. Franchisee agrees that neither termination of this Agreement, nor an action at law, nor both, would be an adequate remedy for a breach or default by Franchisee or by any other persons bound by this Agreement, in the performance of any obligation relating to Franchisor's Marks or indicia, the Franchisor Non-Mark Proprietary IP revealed to Franchisee in confidence based on this Agreement or the obligations of Franchisee and the other persons upon and after termination of this Agreement. The parties therefore agree that in the event of any of these breaches or defaults, in addition to all other remedies provided elsewhere in this Agreement or by law, Franchisor shall be entitled to relief in equity from a judge or arbitrator, at its option (including a temporary restraining order, temporary or preliminary injunction and permanent mandatory or prohibitory injunction), to restrain the continuation of any such breach or default, to close the Franchised Restaurant, to remove the Marks from the business premises or to compel compliance with such provisions of this Agreement.

10.4 **Termination by Franchisee**. Franchisee may terminate this Agreement if Franchisor commits a material breach of any of its obligations under this Agreement and fails to correct that breach within thirty (30) days after Franchisee delivers written notice to Franchisor of the breach; provided, however, if Franchisor cannot reasonably correct the breach within these thirty (30) days but gives Franchisee, within the thirty (30) days, evidence of Franchisor's effort to correct the breach within a reasonable time period, then the cure period will run through the end of that reasonable time period. Franchisee's termination of this Agreement other than according to this Section 10.4 will be deemed a termination without cause and Franchisee's breach of this Agreement.

11. **Rights Upon Termination or Expiration**. Upon termination or expiration of this Agreement, all rights granted hereunder to Franchisee shall terminate and revert to Franchisor, and Franchisee shall have the following obligations with respect to the Franchised Restaurant franchised under this Agreement:

11.1 Franchisee shall immediately cease to operate the Franchised Restaurant and will not directly or indirectly represent to the public or hold itself out as a CAPRIOTTI'S SANDWICH SHOP franchisee with respect to such business.

11.2 Franchisee shall immediately and permanently cease to use in any manner all Franchisor Non-Mark Proprietary IP, methods, procedures and techniques used by or associated with the System, the Marks and distinctive forms, slogans, signs, symbols, logos and devices associated with the System.

11.3 Franchisee shall immediately return to Franchisor any property held or used by Franchisee which is owned by Franchisor and shall cease to use, and shall either destroy or convey to Franchisor, all signs, advertising materials, displays, stationary, forms and any other materials that bear or display the Marks.

11.4 Franchisee shall take such actions as may be necessary to cancel any assumed name or similar registration which contains the Mark "CAPRIOTTI'S" or any other Marks of Franchisor and Franchisee shall furnish Franchisor with evidence satisfactory to Franchisor of compliance with its obligation within thirty (30) days after termination or expiration of this Agreement.

11.5 Franchisee shall, if Franchisor so requests, assign to Franchisor any interest which Franchisee has in any lease for the Accepted Location. In the event Franchisor does not elect to exercise its option to acquire any lease for the Accepted Location, and unless otherwise directed by Franchisor, Franchisee shall, within ten (10) days after termination or expiration of this Agreement, make such modifications and alterations to the Accepted Location as may be necessary to distinguish the appearance of the Accepted Location from that of other Franchised Restaurants and shall make such specific additional changes to it as Franchisor may reasonably request.

11.6 Franchisee shall promptly pay all sums owed to Franchisor. Such sums shall include all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor as a result of the default and termination. Any outstanding obligations to Franchisor shall give rise to and remain, until paid in full, a lien in favor of Franchisor against any and all of the personal property, furnishings, equipment, signs, fixtures and inventory owned by Franchisee located on the Premises on the date this Agreement is terminated.

11.7 Franchisee shall pay to Franchisor all damages, costs and expenses, including reasonable attorneys' fees, incurred by Franchisor subsequent to the termination or expiration of this Agreement in obtaining injunctive or other relief for the enforcement of any term, covenant or provision of this Agreement.

11.8 Franchisee shall immediately deliver to Franchisor all manuals, policy and procedure statements, instructions and other materials related to operating the Franchised Restaurant, including brochures, charts and any other materials provided by Franchisor and all copies thereof, and shall neither retain nor convey to another any copy or record of any of the foregoing.

11.9 Franchisor shall have the option, to be exercised within forty five (45) days of termination, to assume Franchisee's assumed name or equivalent registration and business licenses, telephone numbers, white and yellow pages telephone directory listings and advertisements (whether in print or part of an Internet directory), social media accounts, aggregator accounts and listings, and e-mail addresses and/or Internet domain names which contain the Marks, and Franchisee shall sign all documents necessary to permit Franchisor to assume Franchisee's rights in such items. If Franchisor elects not to exercise this option, Franchisee shall take all action necessary to cancel each of the items listed above and shall furnish Franchisor with evidence satisfactory to prove its compliance within fifteen (15) days after receiving notice of Franchisor's termination or expiration of this Agreement and the expiration of the option granted in this Agreement. In the event Franchisee fails to timely do so, Franchisor shall have the right, for which purpose Franchisee hereby appoints Franchisor as its attorney-in-fact, to obtain such cancellation on Franchisee's behalf and at Franchisee's expense.

11.10 Franchisee shall comply with the covenants contained in this Agreement, including the covenants not to compete and the covenants not to use or disclose Franchisor Non-Mark Proprietary IP.

11.11 Except in the case of a renewal, upon termination or expiration of this Agreement for any reason, Franchisor shall have the option to purchase the Franchised Restaurant, or any portion of the assets of the Franchised Restaurant (including any furniture, fixtures, equipment and improvements), which may include, at Franchisor's option, all of Franchisee's leasehold interest in and to the real estate upon which the Franchised Restaurant is located, but not including any other interest in real property. The purchase price for the assets to be transferred will be determined as follows: Franchisor and Franchisee shall each deliver to each other their respective determinations of the value of the equipment and non-perishable inventory and then an appraiser shall be mutually selected by the parties to determine which value most closely approximates the fair market value. The valuation selected by the appraiser shall constitute the purchase price under this Section. The purchase price shall not include any value for tenant improvements, franchise agreement or goodwill. In the event the parties cannot mutually agree on an appraiser within ten (10) days of Franchisor delivering Franchisor's valuation to Franchisee, each party shall select an appraiser, both of whom then shall mutually agree upon a third appraiser to act as the appraiser, which shall occur within ten (10) days of Franchisor delivering Franchisor's valuation to Franchisee. The purchase price determined in this Agreement shall be adjusted by setting off and reducing the purchase price by an amount then owing by Franchisee to Franchisor or its affiliates, including any amounts paid by Franchisor to cure Franchisee's defaults with third parties such as landlords (the decision to cure amounts to be the sole decisions of Franchisor). The following additional terms shall apply to Franchisor's exercise of this option:

(a) Franchisor's option will be exercisable by providing Franchisee with written notice of Franchisor's intention to exercise the option no later than thirty (30) days following the effective date of termination, in the case of termination (unless Franchisee terminates without notice or Franchisee terminates for cause, in which case Franchisor shall have thirty (30) days after receipt of actual notice of the termination or such additional time as is reasonably necessary given the circumstances), or at least thirty (30) days before the expiration of the Initial Term, in circumstances where no renewal is granted;

(b) Franchisor and Franchisee agree that the terms and conditions of this right and option to purchase may be recorded, if deemed appropriate by Franchisor, in the real property records, and Franchisor and Franchisee further agree to sign such additional documentation as may be necessary to effectuate such recording; and

(c) The closing on the purchase will take place no later than sixty (60) days after delivery to Franchisee of Franchisor's valuation of Franchisee's business. Franchisor has the unrestricted right to assign this option to purchase at any time to a third party, who then will have the rights described in this Section. Franchisor will pay in full the purchase price at the closing or, at Franchisor's option, in twenty-four (24) equal monthly installments, with interest at the rate equal to the prime lending rate as of the closing at Franchisor's primary bank. Franchisee must sign all documents of transfer reasonably necessary for purchase of the Franchised Restaurant by Franchisor or the third-party assignee, which documents shall include all customary representations and warranties from Franchisee as to ownership and condition of, and title to, the assets of the Franchised Restaurant being transferred. All assets must be transferred free and clear of all liens and encumbrances, with all sales and transfer taxes paid by Franchisee.

11.12 Franchisee agrees that it shall be obligated to operate the Franchised Restaurant according to this Agreement's terms during the period in which Franchisor or the third-party assignee is deciding whether to exercise its option to purchase and until the closing takes place and that a condition to closing is that the Franchised Restaurant has remained open during that time period. Franchisor or the third-party assignee may decide not to exercise its option to purchase at any time before closing if it determines that any of the conditions noted above have not been or cannot be satisfied. In the event that Franchisor or a third-party assignee does not exercise its right to repurchase the Franchised Restaurant as described above, Franchisee shall be free, after such termination or expiration, to keep or sell to any third party all of the physical assets of Franchisee's Franchised Restaurant; provided, however, that all Marks are removed in a manner approved in writing by Franchisor, all amounts owing to Franchisor have been paid in full and operation of the restaurant post-sale will not violate the restrictive covenant provisions in Section 6 above.

11.13 Franchisee agrees to comply with the non-disparagement obligations throughout the Initial Term and as described in Section 5.12.

12. **Transfer Process**.

12.1 **Transfer by Franchisor**. Franchisor may change its ownership or form and/or assign this Agreement and any other agreement to a third party without restriction. After Franchisor assigns this Agreement to a third party who expressly assumes this Agreement's obligations, Franchisor no longer will have any performance or other obligations under this Agreement. That assignment will constitute a release and novation with respect to this Agreement, and the new owner-assignee will be liable to Franchisee as if it had been an original party to this Agreement. Specifically, and without limiting the foregoing, Franchisee agrees that Franchisor may sell its assets (including this Agreement), the Marks, or the System to a third party; offer its ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, or other economic or financial restructuring.

12.2 **Transfer by Franchisee and Definition of Transfer**. Franchisee acknowledges that the rights and duties this Agreement creates are personal to Franchisee and its owners and Franchisor has granted Franchisee the rights under this Agreement in reliance upon Franchisor's perceptions of Franchisee's (or its owners') individual or collective character, skill, aptitude, attitude, business ability, and financial capacity. Accordingly, neither: (i) this Agreement or any interest in this Agreement; (ii) the Franchised Restaurant or any right to receive all or a portion of the profits, losses, or capital appreciation relating to the Franchised Restaurant; (iii) all or substantially all of the Franchised Restaurant's operating assets; (iv) any ownership interest in Franchisee (if Franchisee is an entity); nor (v) a controlling ownership interest in an entity with an ownership interest in Franchisee, may be transferred without Franchisor's prior written approval. A transfer of the Franchised Restaurant's ownership, possession, or control, all or substantially all of its operating assets, or the lease for the premises of the Franchised Restaurant may be made only with the concurrent transfer (to the same proposed transferee) of the franchise rights (with the transferee assuming this Agreement or signing Franchisor's then-current form of franchise agreement and related documents, as Franchisor may require). Franchisee may not transfer the lease or any of such other assets separate and apart from the franchise rights. Any transfer without Franchisor's prior written approval is a breach of this Agreement and has no effect, meaning Franchisee (and its owners) will continue to be obligated to Franchisor for all Franchisee's obligations under this Agreement. If Franchisee desires to engage a consultant or broker to identify a potential transferee, then Franchisee must provide Franchisor with no less than ninety (90) days' prior written notice of such potential engagement.

In this Agreement, the term "**transfer**" includes a voluntary, involuntary, direct, or indirect assignment, sale, gift, or other disposition, including the following events:

(a) transfer of record or beneficial ownership of stock or any other ownership interest or the right to receive (directly or indirectly) all or a portion of the profits, losses, or any capital appreciation relating to the Franchised Restaurant;

(b) a merger, consolidation, or exchange of ownership interests, issuance of additional ownership interests or securities representing or potentially representing ownership interests, or a redemption of ownership interests;

(c) any sale or exchange of voting interests or securities convertible to voting interests, or any management or other agreement granting the right (directly or indirectly) to exercise or control the exercise of any owner's voting rights or to control Franchisee's (or an entity with an ownership interest in Franchisee) or the Franchised Restaurant's operations or affairs;

(d) transfer in a divorce, insolvency, or entity dissolution proceeding or otherwise by operation of law;

(e) transfer by will, declaration of or transfer in trust, or under the laws of intestate succession; or

(f) pledge of this Agreement (to someone other than Franchisor) or of an ownership interest in Franchisee or its owners as security or collateral, foreclosure upon or attachment or seizure of the Franchised Restaurant, or Franchisee's transfer, surrender, or loss of the Franchised Restaurant's possession, control, or management.

Franchisee may grant a security interest (including a purchase-money security interest) in the Franchised Restaurant's assets (not including this Agreement or the franchise rights) to a lender that finances its acquisition, development, and/or operation of the Franchised Restaurant without having to obtain Franchisor's prior written approval as long as Franchisee gives Franchisor ten (10) days' prior written notice. However, Franchisee may not pledge, hypothecate, or grant a security interest in any property that bears or displays the Marks (unless the Marks are readily removable from such property) and must advise its proposed lenders of this restriction. This Agreement and the franchise rights granted to Franchisee by this Agreement may not be pledged as collateral or be the subject of a security interest, lien, levy, attachment, or execution by Franchisee's creditors or any financial institution. Any security interest that may be created in this Agreement by virtue of Section 9-408 of the Uniform Commercial Code is limited as described in Section 9-408(d) of the Uniform Commercial Code.

In the case of the lease of the premises for the Franchised Restaurant, a prohibited disposition by Franchisee (or its affiliate) of the lease is deemed to include and encompass any act of the Franchisee (or its affiliate) as a result of which Franchisee (or its affiliate) relinquishes the right to possess the premises, including a proposed lease assignment, sublet of the premises, sale or other conveyance of possessory rights to the premises (whether or not with a formal lease assignment or sublet), or negotiated termination of the lease with the landlord or other event that enables another party to take over possession of the premises other than for the operation of a CAPRIOTTI'S Restaurant. For the avoidance of doubt, Franchisor and Franchisee agree that their intent is to prohibit any action by Franchisee as a result of which the premises of the Franchised Restaurant no longer is used for the operation of a CAPRIOTTI'S Restaurant by a party acceptable to Franchisor under a binding franchise agreement with Franchisor.

Franchisee acknowledges that its violation of the provisions above regarding a lease disposition would result in immediate and irreparable injury to Franchisor for which no adequate remedy at law will be available because of the uniqueness and distinctiveness of the particular location for a CAPRIOTTI'S Restaurant in the market area, the potential exclusion of the CAPRIOTTI'S Restaurant brand from that market area, and the adverse impact on the goodwill of the CAPRIOTTI'S brand resulting from the cessation of operation of the Franchised Restaurant at the premises. Accordingly, Franchisee hereby acknowledges Franchisor's right to seek an injunction, waives bond, and agrees not to contest any application by Franchisor for such an injunction to prohibit any actual or threatened conduct by Franchisee in violation of the lease disposition restrictions. Further, Franchisee expressly agrees that the existence of any claims it may have against Franchisor, whether or not arising from this Agreement, will not constitute a defense to the enforcement by Franchisor of Franchisee's lease disposition covenants.

12.3 **Conditions for Approval of Transfer**. If Franchisee (and its owners) is in full compliance with this Agreement, then, subject to this Section 12.3's other provisions:

(a) Franchisor will approve the transfer of a non-controlling ownership interest in Franchisee if the proposed transferee and its owners are of good moral character, have no interest in and do not perform services for (and have no affiliates with an interest in or performing services for) a Competitive Business, otherwise meet Franchisor's then-applicable standards for non-controlling owners of CAPRIOTTI'S Restaurant franchisees, and sign Franchisor's then-current form of Franchise Guaranty Agreement. References to a "controlling ownership interest" in Franchisee or one of its owners (if an entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in Franchisee or one of its owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

(b) If the proposed transfer is of the franchise rights granted by this Agreement or a controlling ownership interest in Franchisee or in an entity owning a controlling ownership interest in Franchisee, or is one of a series of transfers (regardless of the timeframe over which these transfers take place) in the aggregate transferring the franchise rights granted by this Agreement or a controlling ownership interest in Franchisee or in an entity owning a controlling ownership interest in Franchisee, then Franchisor will not unreasonably withhold its approval if all of the following mandatory conditions are met (provided, however, there may be no such transfer until after the Franchised Restaurant has opened for business):

(i) (a) the transferee has the necessary business experience, aptitude, and financial resources to operate the Franchised Restaurant, (b) the transferee otherwise is qualified under Franchisor's then-existing standards for the approval of new franchisees or of existing franchisees interested in acquiring additional franchises (including the transferee and its affiliates are in substantial operational compliance, at the time of the application, under all other franchise agreements for CAPRIOTTI'S restaurants to which they then are parties with Franchisor), and (c) the transferee and its owners are not restricted by another agreement (whether or not with Franchisor) from purchasing the Franchised Restaurant or the ownership interest in Franchisee or the entity that owns a controlling ownership interest in Franchisee;

(ii) Franchisee has paid all amounts owed to Franchisor and its affiliates, has submitted all required reports and statements, and is not in breach of any provision of this Agreement or another agreement with Franchisor or its affiliates relating to the Franchised Restaurant;

(iii) neither the transferee nor any of its direct or indirect owners (if the transferee is an entity) or affiliates operates, has an ownership interest in, or performs services for a Competitive Business;

(iv) the transferee (or its owner) and its management personnel (including managing owner), if different from Franchisee's management personnel, satisfactorily complete Franchisor's then-current initial training program;

(v) the transferee has the right to occupy the Franchised Restaurant's site for the expected franchise term;

(vi) the transferee and each of its owners (if the transfer is of the franchise rights granted by this Agreement), or Franchisee and its owners (if the transfer is of a controlling ownership interest in Franchisee or in an entity owning a controlling ownership interest in Franchise), if Franchisor so requires, signs Franchisor's then-current form of franchise agreement and related documents (including a Franchise Guaranty Agreement), any and all of the provisions of which, including the Royalty Fee, Marketing Fund contributions, and Tech Fees, may differ materially from any and all of those contained in this Agreement, provided, however, the term of the new franchise agreement signed will equal this Agreement's unexpired term. However, if the transferee has the right to maintain possession of the Franchised Restaurant for no less than an additional ten (10) years following the transfer's proposed effective date, Franchisor may (but has no obligation to) grant the transferee a full ten (10) year term under the new franchise agreement signed if the transferee commits to repair and/or replace operating assets and upgrade the Franchised Restaurant in accordance with Franchisor's then-current requirements and specifications for new CAPRIOTTI'S Restaurants within the timeframe Franchisor specifies following the transfer's effective date;

(vii) Franchisee or the transferee pays Franchisor a transfer fee equal to the greater of Ten Thousand Dollars ($10,000) or five percent (5%) of the sales price (but not to exceed Twenty Thousand Dollars ($20,000) (provided, however, that the transfer fee will be Five Thousand Dollars ($5,000) if the transfer involves only a non-controlling ownership interest in Franchisee);

(viii) the transferee agrees to repair and/or replace operating assets and upgrade the Franchised Restaurant in accordance with Franchisor's then-current requirements and specifications for a new CAPRIOTTI'S Restaurant within the timeframe Franchisor specifies following the transfer's effective date;

(ix) the transferee must pay Franchisor, on or before the date Franchisor specifies, Seven Thousand Five Hundred Dollars ($7,500) to purchase marketing and advertising for the Franchised Restaurant's Transfer Marketing Plan;

(x) Franchisee (and its transferring owners) signs a general release, in a form satisfactory to Franchisor, of any and all claims against Franchisor and its affiliates and their respective owners, officers, directors, employees, representatives, agents, successors, and assigns;

(xi) Franchisor has determined that the purchase price, payment terms, and required financing (the details of which Franchisee or the transferee must provide Franchisor) will not adversely affect the transferee's operation of the Franchised Restaurant;

(xii) if Franchisee or its owners finance any part of the purchase price, they agree that the transferee's obligations under promissory notes, agreements, or security interests reserved in the operating assets or ownership interests in Franchisee are subordinate to the transferee's (and its owners') obligation to pay Royalty Fees, Marketing Fund contributions, and other amounts due to Franchisor and its affiliates and otherwise to comply with this Agreement;

(xiii) Franchisee and its transferring owners (and members of their Immediate Families) agree, for two (2) years beginning on the transfer's effective date, not to engage in any activity proscribed in Section 6 above; and

(xiv) Franchisee and its transferring owners will not directly or indirectly at any time afterward or in any manner: (i) identify themselves in any business as a current or former CAPRIOTTI'S Restaurant or as one of Franchisor's franchisees; (ii) use any Mark, any colorable imitation of a Mark, any trademark, service mark, or commercial symbol that is confusingly similar to any Mark, or other indicia of a CAPRIOTTI'S Restaurant for any purpose; or (iii) utilize for any purpose any trade dress, trade name, trademark, service mark, or other commercial symbol suggesting or indicating a connection or association with Franchisor.

Franchisee acknowledges that Franchisor has legitimate reasons to evaluate the qualifications of potential transferees and to analyze and critique the terms of their purchase contracts with Franchisee and that Franchisor's contact with potential transferees to protect Franchisor's business interests will not constitute improper or unlawful conduct. Franchisee expressly authorizes Franchisor to investigate any potential transferee's qualifications, to analyze and critique the proposed purchase terms, to communicate candidly and truthfully with the transferee regarding Franchisee's operation of the Franchised Restaurant, and to withhold consent, as long as its decision is not unreasonable, even if the conditions in clauses (i) through (xiv) above are satisfied. Franchisee waives any claim that Franchisor's decision to withhold approval of a proposed transfer in order to protect its business interests—if that decision was reasonable despite satisfaction of the conditions in clauses (i) through (xiv) above—constitutes tortious interference with contractual or business relationships. Franchisor may review all information regarding the Franchised Restaurant that Franchisee gives the proposed transferee, correct any information Franchisor believes is inaccurate, and give the proposed transferee copies of any reports Franchisee has given Franchisor or Franchisor has made regarding the Franchised Restaurant.

Notwithstanding anything to the contrary in this Section 12 or elsewhere in this Agreement, Franchisor need not consider a proposed transfer of a controlling or non-controlling ownership interest in Franchisee, or a proposed transfer of this Agreement, until Franchisee (or an owner) and the proposed transferee first send Franchisor a copy of a bona fide offer to purchase or otherwise acquire the particular interest from Franchisee (or its owner). For an offer to be considered "bona fide," it must include a copy of all proposed agreements between Franchisee (or its owner) and the proposed transferee related to the sale, assignment, or transfer.

12.4 **Transfer to an Entity**. Notwithstanding Sections 12.2 and 12.3 above, if Franchisee is in full compliance with this Agreement, Franchisee may transfer this Agreement, together with all assets associated with the Franchised Restaurant, to a corporation or limited liability company conducting no business other than the Franchised Restaurant and, if applicable, other CAPRIOTTI'S Restaurants and of which Franchisee owns and controls one hundred percent (100%) of the equity and voting power of all issued and outstanding ownership interests, provided that all Franchised Restaurant assets are owned, and the Franchised Restaurant is operated, only by that single entity. The entity must expressly assume all of Franchisee's obligations under this Agreement, but Franchisee will remain personally liable under this Agreement as if the transfer to the entity did not occur. Transfers of ownership interests in that entity are subject to the restrictions in Sections 12.2 and 12.3.

12.5 **Effect of Consent to Transfer**. Franchisor's consent to any transfer is not a representation of the fairness of any contract terms between Franchisee (or the owner) and the transferee, a guarantee of the Franchised Restaurant's or transferee's prospects of success, or a waiver of any claims Franchisor has against Franchisee (or its owners) or of Franchisor's right to demand full compliance with this Agreement.

13. **Transfers to Franchisee's Family Upon Death**. Upon the death or permanent disability of Franchisee (or an individual with a controlling ownership interest in Franchisee), the personal representative of such person shall transfer Franchisee's interest in this Agreement or such interest in Franchisee to an approved third party. Such disposition of this Agreement or such controlling ownership interest (including transfer by bequest or inheritance) shall be completed within a reasonable time, not to exceed ninety (90) days from the date of death or permanent disability (unless extended by probate proceedings) and shall be subject to all terms and conditions applicable to transfers as provided in this Agreement; provided, however, that for purposes of this Section, there shall be no transfer fee charged by Franchisor. Failure to transfer the interest within said period of time shall constitute a breach of this Agreement. The term "permanent disability" shall mean a mental or physical disability, impairment or condition that is reasonably expected to prevent or actually does prevent Franchisee (or an owner of a controlling ownership interest in Franchisee) from supervising the management and operation of the Franchised Restaurant for a period of ninety (90) days from the onset of such disability, impairment or condition. In any event, the Franchised Restaurant must at all times be managed, at the expense of Franchisee, by a designated manager (including a Managing Owner) who has completed all of Franchisor's training requirements.

14. **Franchisor's Right of First Refusal**. If Franchisee, any of its owners, or the owner of a controlling ownership interest in an entity with an ownership interest in Franchisee at any time determines to sell or transfer for consideration the franchise rights granted by this Agreement and the Franchised Restaurant (or all or substantially all of its operating assets), a controlling ownership interest in Franchisee, or a controlling ownership interest in an entity with a controlling ownership interest in Franchisee (except to or among Franchisee's current owners or in a transfer pursuant to Section 13, which are not subject to this Section 14), Franchisee agrees to obtain from a responsible and fully-disclosed buyer, and send Franchisor, a true and complete copy of a bona fide, executed written offer (which, as noted in Section 12.3 above, may be required to include a copy of all proposed agreements related to the sale or transfer) relating exclusively to the rights granted by this Agreement and the Franchised Restaurant, the controlling ownership interest in Franchisee, or the controlling ownership interest in the entity with a controlling ownership interest in Franchisee. The offer must include details of the proposed sale's payment terms and the financing sources and terms of the proposed purchase price and provide for an earnest money deposit of at least five percent (5%) of the proposed purchase price. To be a valid, bona fide offer, the proposed purchase price must be a fixed dollar amount, without any contingent payments of purchase price (such as earn-out payments), and the proposed transaction must relate exclusively to an interest in the rights granted by this Agreement and the Franchised Restaurant (or all or substantially all of its operating assets), a controlling ownership interest in Franchisee, or a controlling ownership interest in the entity with a controlling ownership interest in Franchisee. It may not relate to any other interests or assets. Franchisor may require Franchisee (or its owners) to send Franchisor copies of any materials or information Franchisee sends to the proposed buyer or transferee regarding the possible transaction.

Franchisor may, by written notice delivered to Franchisee within thirty (30) days after Franchisor receives both an exact copy of the offer and all other information Franchisor requests, elect to purchase the interest offered for the price and on the terms and conditions contained in the offer, provided that: (i) Franchisor may substitute cash for any form of payment proposed in the offer; (ii) Franchisor's credit will be deemed equal to the credit of any proposed buyer; (iii) the closing will be not less than thirty (30) days after Franchisor notifies Franchisee of Franchisor's election to purchase or, if later, the closing date proposed in the offer; (iv) Franchisee and its owners must sign the general release described in Section 12.3 above; and (v) Franchisor must receive, and Franchisee and its owners agree to make, all customary representations, warranties, and indemnities given by the seller of the assets of a business or ownership interests in a legal entity, as applicable, including representations and warranties regarding ownership and condition of, and title to, assets and (if applicable) ownership interests; Franchisee's and its owners' authorization to sell, as applicable, any ownership interests or assets without violating any law, contract, or requirement of notice or consent; liens and encumbrances on ownership interests and assets; validity of contracts and liabilities, contingent or otherwise, relating to the assets or ownership interests being purchased; and indemnities for all actions, events, and conditions that existed or occurred in connection with the Franchised Restaurant before the closing of Franchisor's purchase.

Once Franchisee or its owners submit the offer and related information to Franchisor triggering the start of the thirty (30) day decision-period referenced above, the offer is irrevocable for that thirty (30) day period. This means Franchisor has the full thirty (30) days to decide whether to exercise the right of first refusal and may choose to do so even if Franchisee or its owners change its or their mind during that period and prefer after all not to sell the particular interest that is the subject of the offer. Franchisee and its owners may not withdraw or revoke the offer for any reason during the thirty (30) days, and Franchisor may exercise the right to purchase the particular interest in accordance with this Section's terms.

If Franchisor exercises its right of first refusal and closes the transaction, Franchisee and its transferring owners agree that, for two (2) years beginning on the closing date, they (and members of their Immediate Families) will be bound by the non-competition covenants contained in Section 6.

If Franchisor does not exercise its right of first refusal, Franchisee or its owners may complete the sale to the proposed buyer on the original offer's terms, but only if Franchisor approves the transfer in accordance with, and Franchisee (and its owners) and the transferee comply with the conditions in, Sections 12.2 and 12.3 above. This means that, even if Franchisor does not exercise its right of first refusal (whether or not it is properly triggered as provided above), if the proposed transfer otherwise would not be allowed under Sections 12.2 and 12.3 above, Franchisee (or its owners) may not move forward with the transfer at all. If Franchisee or its owners do not complete the sale to the proposed buyer within ninety (90) days after Franchisor notifies Franchisee that Franchisor does not intend to exercise its right of first refusal, or if there is a material change in the sale's terms (which Franchisee agrees to tell Franchisor promptly), Franchisor will have an additional right of first refusal during the thirty (30) days following either expiration of the ninety (90) day period or Franchisor's receipt of notice of the material change(s) in the sale's terms, either on the terms originally offered or the modified terms, at Franchisor's option. Franchisor has the unrestricted right to assign this right of first refusal to a third party (including an affiliate), who then will have the rights described in this Section.

15. **Assumption of Management**. Franchisor has the right (but not the obligation), under the circumstances described below, to enter the Franchised Restaurant and assume the Franchised Restaurant's management, or to appoint a third party to assume its management, for any time period it deems appropriate. If Franchisor, or a third party, assumes the Franchised Restaurant's management, Franchisee must pay Franchisor (in addition to the Royalty Fee, Marketing Fund contributions, and Tech Fees) three percent (3%) of the Franchised Restaurant's Gross Sales, plus Franchisor's (or the third party's) direct out-of-pocket costs and expenses, during this time. If Franchisor (or a third party) assumes the Franchised Restaurant's management, Franchisee acknowledges that Franchisor (or the third party) will have a duty to utilize only reasonable efforts and will not be liable to Franchisee or its owners for any debts, losses or obligations the

Franchised Restaurant incurs, or to any of Franchisee's creditors for any supplies or services the Franchised Restaurant purchases, while Franchisor (or the third party) manages it.

Franchisor (or the third party) may assume the Franchised Restaurant's management, at Franchisee's expense, under the following circumstances:

15.1 if Franchisee abandons the Franchised Restaurant; or

15.2 if Franchisee fails to comply with any provisions of this Agreement and does not cure the default or breach within the time period Franchisor specifies in its notice to Franchisee.

The exercise of Franchisor's rights under Subsections 15.1 or 15.2 will not affect Franchisor's right to terminate this Agreement.

16. **Determination of Fair Market Value**. For the purpose of exercising certain rights to purchase described in this Agreement, fair market value shall be mutually determined by the corporate accountant for Franchisor and the corporate accountant for Franchisee. In the event of a disagreement, the aforesaid accountants shall appoint an independent accountant that has not provided services to either Franchisee or Franchisor for three (3) years before such appointment whose determination shall be binding. In the further event that within thirty (30) days after attempting to choose an independent accountant, the two parties' accountants are unable to agree on a third independent accountant, then each party's accountant shall identify an independent accounting firm, and a firm will be randomly selected from those identified by flipping a coin. The selected accounting firm shall evaluate fair market value, and its determination shall be binding.

17. **Franchisee Information**. Franchisee shall furnish to Franchisor the names, addresses and telephone numbers of all shareholders, members, partners, executive officers, members of the Board of Directors and managers (including the Managing Owner), as the case may be, to be included in the Franchise Agreement Summary Pages before opening the Franchised Restaurant. In the event that Franchisee is an entity, Franchisee agrees and represents (and, upon Franchisor's request, will provide documents confirming) that:

(i) Franchisee has the authority to execute, deliver, and perform its obligations under this Agreement and all related agreements and is duly organized or formed and validly exists in good standing under the laws of the state of its incorporation or formation;

(ii) Franchisee's organizational documents, operating agreement, or partnership agreement, as applicable, will at Franchisor's request recite that this Agreement restricts the issuance and transfer of any direct or indirect ownership interests in Franchisee, and all certificates and other documents representing ownership interests in Franchisee will at Franchisor's request bear a legend (the wording of which Franchisor has the right to prescribe) referring to this Agreement's restrictions;

(iii) The Summary Pages to this Agreement will completely and accurately describe all of Franchisee's owners and their interests in Franchisee as of this Agreement's effective date;

(iv) Franchisee's organizational documents, operating agreement, or partnership agreement, as applicable, will at Franchisor's request contain a provision requiring any dissenting or non-voting interest-holders to execute all documents necessary to effectuate any action that is properly authorized under the organizational documents, operating agreement, or partnership agreement, as applicable;

(v) Franchisee's (and its owners') execution and delivery of this Agreement and any related agreement with Franchisor (or its affiliates), and performance of Franchisee's (and their) obligations under this Agreement and such other related agreements, (a) have not violated and will not violate any other agreement or commitment to which Franchisee (or they) are a party or by which Franchisee (or they) are otherwise bound, and (b) have not violated and will not violate the rights of, or duties owed to, any third party;

(vi) Franchisee may not be a trust or other special-purpose vehicle without Franchisor's prior written consent and first satisfying any conditions Franchisor specifies; and

(vii) Franchisee and its owners will revise the information on the Summary Pages as may be necessary to reflect any ownership changes and provide such other information about Franchisee and its owners that Franchisor requests (no ownership changes are permitted without Franchisor's approval).

18. **Damages for Breach**. In the event Franchisee breaches any of the obligations set forth in this Agreement or permits any default to continue after due notice, it shall be liable for all damages resulting therefrom, as well as Franchisor's reasonable attorneys' fees, costs of litigation and any other damages or remedies determined as appropriate by an arbitrator or, where applicable, court of competent jurisdiction. These damages are to be deemed cumulative and in addition to any other rights or remedies to which Franchisor may be entitled. EXCEPT FOR CLAIMS FRANCHISOR HAS FOR VIOLATIONS OF ITS INTELLECTUAL PROPERTY RIGHTS, FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS, IF APPLICABLE), 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 FRANCHISOR AND FRANCHISEE EACH SHALL BE LIMITED SOLELY TO THE RECOVERY OF ANY ACTUAL DAMAGES SUSTAINED BY THE NON-BREACHING PARTY.

19. **Entire Agreement.** This Agreement shall supersede all prior agreements, representations, warranties and understandings between the parties, except that nothing in this Agreement or in any related agreement is intended to disclaim any representations made in the Franchise Disclosure Document. Any modification or waiver of any other of the provisions of this Agreement shall be effective only if made in writing and signed with the same formality as this Agreement. The rights and interest of Franchisee under this Agreement are and shall remain personal to Franchisee.

20. **Severability**. In the event any one (1) or more of the sections or clauses contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision hereof, this Agreement shall be construed as though such invalid, illegal or unenforceable provision had never been contained in this Agreement, and there shall be deemed substituted such other provision as will most nearly accomplish the intent of the parties if permitted by applicable law.

21. **<u>Governing Law</u>**. This Agreement is a Nevada contract and is to be interpreted and construed in accordance with the laws of the State of Nevada, without regard to its conflict of laws rules, except that any Nevada law regulating the offer or sale of franchises, business opportunities, or similar interests, or governing the relationship between a franchisor and a franchisee or any similar relationship, will not apply unless its jurisdictional requirements are met independently without reference to this Section.

22. **<u>Survival</u>**. This Agreement shall survive the death of the parties and the death of the heirs, executors and/or assigns, personal representatives and successors-in-interests of the parties.

23. **<u>Legal Counsel</u>**. Each party has either received independent legal advice before signing this Agreement or has been advised of its rights to have the same and has elected not to retain an attorney. Each of the parties further declares that it has signed this Agreement freely and voluntarily.

24. **<u>Cooperation</u>**. The parties agree to sign any and all documents, papers or other writings that are necessary to give full force and effect to this Agreement.

25. **<u>Waiver of Obligations and Force Majeure</u>**. Franchisor and Franchisee may in writing unilaterally waive or reduce any contractual obligation or restriction upon the other, effective upon delivery of written notice to the other or another effective date stated in the waiver notice. However, no interpretation, change, termination, or waiver of any provision of this Agreement will bind Franchisor unless in writing, signed by one of Franchisor's officers, and specifically identified as an amendment to this Agreement. No modification, waiver, termination, discharge, or cancellation of this Agreement affects the right of any party to this Agreement to enforce any claim or right under this Agreement, whether or not liquidated, which occurred before the date of such modification, waiver, termination, discharge, or cancellation. Any waiver granted is without prejudice to any other rights Franchisor or Franchisee has, is subject to continuing review, and may be revoked at any time and for any reason effective upon delivery of ten (10) days' prior written notice.

Franchisor and Franchisee will not waive or impair any right, power, or option this Agreement reserves (including Franchisor's right to demand Franchisee's strict compliance with every term, condition, and covenant or to declare any breach to be a default and to terminate this Agreement before the Initial Term expires) because of any custom or practice varying from this Agreement's terms; Franchisor's or Franchisee's failure, refusal, or neglect to exercise any right under this Agreement or to insist upon the other's compliance with this Agreement, including Franchisee's compliance with any of Franchisor's standards and specifications; Franchisor's waiver of or failure to exercise any right, power, or option, whether of the same, similar, or different nature, with other CAPRIOTTI'S Restaurants; the existence of franchise agreements for other CAPRIOTTI'S Restaurants containing provisions differing from those contained in this Agreement; or Franchisor's acceptance of any payments from Franchisee after any breach of this Agreement. No special or restrictive legend or endorsement on any payment or similar item given to Franchisor will be a waiver, compromise, settlement, or accord and satisfaction. Franchisor may remove any legend or endorsement, which will have no effect.

Neither Franchisor nor Franchisee will be liable for loss or damage or be in breach of this Agreement if its failure to perform obligations results from: (i) acts of God; (ii) fires, strikes, embargoes, war, terrorist acts or similar events, or riot; (iii) compliance with the orders, requests, or regulations of any federal, state, or municipal government; or (iv) any other similar event or cause. Any delay resulting from these causes will extend performance accordingly or excuse performance, in whole or in part, as may be reasonable. However, these causes will not excuse payment of amounts owed at the time of the occurrence or payment of amounts due afterward. Under no circumstances do any financing delays, difficulties, or shortages excuse Franchisee's failure to perform or delay in performing its obligations under this Agreement.

26. **Arbitration of Disputes.** The parties agree that, if any disputes cannot be resolved directly between Franchisee and Franchisor, any action arising out of or relating to this Agreement, the making, performance or interpretation of this Agreement, or the relationship between the parties shall be resolved, except as elsewhere expressly provided in this Agreement, by binding arbitration, on demand of either party, in accordance with the Federal Arbitration Act under the Commercial Arbitration Rules then prevailing of the American Arbitration Association, including, without limitation, the Optional Rules for Emergency Measures of Protection ("AAA"), and not under any state arbitration laws. All proceedings during the arbitration that require the parties' physical presence will be conducted at a suitable location that is within ten (10) miles of where Franchisor has its principal business address when the arbitration demand is filed. The arbitrator will have no authority to select a different hearing locale other than as described in the prior sentence. Judgment on the arbitration award may be entered in any court of competent jurisdiction. Franchisee and Franchisor agree that arbitration shall be conducted on an individual basis, and may not be conducted on a class-wide, joint, or consolidated basis. The Federal Arbitration Act shall apply to all arbitration questions. Any award by the arbitrator(s) shall be final, binding and non-appealable, except for errors of law. Unless the parties agree in writing at the time an arbitration proceeding is commenced to the identity of a single arbitrator, each party shall select one (1) arbitrator and the two (2) arbitrators selected shall select a third arbitrator. The third arbitrator selected shall serve as the sole arbitrator in the matter and shall have at least ten (10) years of experience in practicing franchise law as being her or his primary area of practice and her or his decision shall be binding. Franchisee understands that by agreeing to arbitrate it gives up jury and appeal and other rights it might have in court. Franchisee knowingly and voluntarily waives any right to litigate any dispute relating to this Agreement (except as otherwise provided in this Agreement). Franchisee further knowingly and voluntarily waives any right to arbitrate any dispute relating to this Agreement outside of ten (10) miles of where Franchisor has its principal business address when the arbitration demand is filed.

With understanding of the provisions of the above paragraph, Franchisee agrees that Franchisor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction to restrain any conduct by Franchisee in the development or operation of the Franchised Restaurant that could materially damage the goodwill associated with the Marks, provided that if Franchisee counters by initiating AAA arbitration in the required forum, Franchisor agrees to arbitrate the entire dispute from that point on, except preliminary injunctive relief (and permanent injunctive relief also, if Franchisee will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. Franchisee agrees Franchisor will not be required to post a bond to obtain any injunctive relief with respect to use of the Marks or use of Franchisor Non-Mark Proprietary IP, including, but not limited to, recipes and/or food preparation techniques.

FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS) IRREVOCABLY WAIVE THE RIGHT TO TRIAL BY JURY AND THE RIGHT TO PARTICIPATE IN ANY CLASS ACTION, WHETHER AT LAW OR IN EQUITY, BROUGHT BY FRANCHISOR AND/OR FRANCHISEE. FRANCHISOR AND FRANCHISEE (AND FRANCHISEE'S OWNERS AND GUARANTORS) ACKNOWLEDGE THAT THEY MAKE THIS WAIVER KNOWINGLY, VOLUNTARILY, WITHOUT DURESS, AND ONLY AFTER CONSIDERING THIS WAIVER'S RAMIFICATIONS.

27. **Consent to Jurisdiction.** Subject to the arbitration obligations in Section 26, Franchisee and its owners agree that all judicial actions brought by Franchisor against Franchisee or its owners, or by

Franchisee or its owners against Franchisor, its affiliates, or their respective owners, officers, directors, agents, or employees, must be brought exclusively in the state or federal court of general jurisdiction located closest to where Franchisor has its principal business address when the action is commenced. Franchisee and each of its owners irrevocably submit to the jurisdiction of such courts and waive any objection they might have to either jurisdiction or venue. Despite the foregoing, Franchisor may bring an action seeking a temporary restraining order or temporary or preliminary injunctive relief, or to enforce an arbitration award, in any federal or state court in the state in which Franchisee resides or the Franchised Restaurant is located.

28. **Limitations on Recovery.** Franchisee agrees that the only person or entity from which it may seek damages or any remedy for any dispute arising under this Agreement, including the breach of this Agreement, is the Franchisor, its successors or assigns. Franchisee agrees that it will not name Franchisor's shareholders, directors, officers, employees or agents in any arbitration or legal action. Franchisee acknowledges that Franchisor has relied on Franchisee's agreement to the provisions of this Section 28 in signing this Agreement.

29. **Indemnification.** As used in this Section, the phrase "Losses and Expenses" shall include, all losses, compensatory, exemplary or punitive damages, fines, charges, costs, lost profits, attorneys' fees, accountants' fees, expert witness fees, expenses, court costs, settlement amounts, judgments, compensation for damages to Franchisor's reputation and goodwill, costs of or resulting from delays, financing, costs of advertising material and media time/space and costs of changing, substituting or replacing the same, and any and all expenses of recall, refunds, compensation, public notices and other such amounts incurred in connection with the matters described. Franchisor shall not be liable by reason of any act or omission of Franchisee in its conduct of the operation of its Franchised Restaurant or for any claim, cause of action or judgment arising therefrom against Franchisee or Franchisor. Franchisee agrees to hold harmless, defend and indemnify Franchisor and its owners, officers, directors, agents and employees ("Indemnitees") from and against any and all Losses and Expenses arising out of or in connection with any claim or cause of action in which Franchisor shall be a named defendant and which arises, directly or indirectly, out of the operation of, or in connection with, the Franchised Restaurant or Franchisee's activities under this Agreement, other than a claim resulting directly from Franchisor's gross negligence.

29.1 Franchisee shall promptly pay to Franchisor an amount equal to all taxes levied or assessed, including unemployment taxes, sales taxes, use taxes, withholding taxes, excise taxes, personal property taxes, intangible property taxes, gross receipt taxes, taxes on royalties or any similar taxes or levies, imposed upon or required to be collected or paid by Franchisor or Franchisor's affiliates by reason of the furnishing of products, intangible property (including trademarks and trade names) or services by Franchisor to Franchisee through the sale, license or lease of property or property rights provided by this Agreement.

29.2 Franchisee shall promptly notify Franchisor of any action, suit, proceeding, claim, demand, inquiry or investigation as described in Section 29.1. If Franchisor is or may be named as a party in any such action, Franchisor may elect (but under no circumstances will be obligated) to undertake the defense and/or settlement thereof. No such undertaking by Franchisor shall, in any manner or form, diminish Franchisee's obligation to indemnify the Indemnitees and to hold them harmless.

29.3 With respect to any action, suit, proceeding, claim, demand, inquiry or investigation, Franchisor may, at any time and without notice, in order to protect persons or property or the reputation or goodwill of Franchisor or others, order, consent or agree to any settlement or take any remedial or corrective action as Franchisor deems expedient, if, in Franchisor's sole judgment, there are reasonable grounds to believe that:

(a) any of the acts or circumstances enumerated in Section 29.1 have occurred; or

(b) any act, error or omission of Franchisee may result directly or indirectly in damage, injury or harm to any person or any property.

29.4 All Losses and Expenses incurred under this Section 29 shall be chargeable to and paid by Franchisee based on its obligations of indemnity hereunder, regardless of any actions, activity or defense undertaken by Franchisor or the subsequent success or failure of such actions, activity or defense.

29.5 Under no circumstances shall the Indemnities be required or obligated to seek recovery from third parties or otherwise mitigate their losses to maintain a claim against Franchisee. Franchisee agrees that the failure to pursue such recovery or mitigate loss will in no way reduce the amounts recoverable by the Indemnitees from Franchisee.

29.6 The Indemnitees assume no liability whatsoever for any acts, errors or omissions of any persons with whom Franchisee may contract, regardless of the purpose. Franchisee shall hold harmless and indemnify the Indemnitees and each of them for all Losses and Expenses that may arise out of any acts, errors or omissions of such third parties with whom Franchisee may contract.

30. **Set-off Rights**. At all times, Franchisor may set off any amounts Franchisee or its owners owe Franchisor or its affiliates against any amounts that Franchisor or its affiliates owe Franchisee or its owners, whether in connection with this Agreement or otherwise. Franchisor and its affiliates have no obligation to pay Franchisee or its owners any monies until Franchisor's and its affiliates' set-off rights have been fully quantified.

31. **Notices**. All acceptances, approvals, requests, notices, and reports required or permitted under this Agreement will not be effective unless in writing and delivered to the party entitled to receive the notice in accordance with this Section 31. All such acceptances, approvals, requests, notices, and reports will be deemed delivered at the time delivered by hand; or one (1) business day after deposit with a nationally-recognized commercial courier service for next business day delivery; or three (3) business days after placement in the United States Mail by Registered or Certified Mail, Return Receipt Requested, postage prepaid; and must be addressed to the party to be notified as follows: Franchisor will address notices to Franchisee at the location of the Franchised Restaurant that Franchisee is operating, or to the address at the start of this Agreement (until Franchisee designates a different address), or to the Managing Owner's address, at Franchisor's option. All notices to Franchisor shall be addressed to Capriotti's Sandwich Shop, Inc., 6056 S. Durango Drive, Suite 100, Las Vegas, NV 89113. Payments and certain information and reports Franchisee must send Franchisor under this Agreement will be deemed delivered on any of the applicable dates described above or, if earlier, when Franchisor actually receives them electronically (all payments, information, and reports must be received on or before their due dates in the form and manner specified in this Agreement). Notices will be addressed to the addresses above unless and until a different address has been designated by written notice to the other party.

32. **Independent Contractors**. This Agreement does not create a fiduciary relationship between Franchisee and Franchisor (or any of its affiliates). Franchisee has no authority, express or implied, to act as an agent for Franchisor or its affiliates for any purpose. Franchisee is, and will remain, an independent contractor responsible for all obligations and liabilities of, and for all losses or damages to, the Franchised Restaurant and its assets, including any personal property, equipment, fixtures, or real property,

and for all claims or demands based on damage to or destruction of property or based on injury, illness, or death of any person resulting directly or indirectly from the Franchised Restaurant's operation.

Franchisor and Franchisee are entering this Agreement with the intent and expectation that they are and will be independent contractors. Further, Franchisor and Franchisee are not and do not intend to be partners, joint venturers, associates, or employees of the other in any way, and Franchisor (and its affiliates) will not be construed to be jointly liable for any of Franchisee's acts or omissions under any circumstances. Franchisor (and its affiliates) are not the employer or joint employer of the Franchised Restaurant's employees. Franchisee's Managing Owner is solely responsible for managing and operating the Franchised Restaurant and supervising its employees. Franchisee agrees to identify itself conspicuously in all dealings with customers, suppliers, public officials, Franchised Restaurant personnel, and others as the Franchised Restaurant's owner, operator, and manager under a franchise Franchisor has granted and to place notices of independent ownership at the Franchised Restaurant and on the forms, business cards, stationery, advertising, e-mails, and other materials Franchisor requires from time to time.

Franchisor (and its affiliates) will not exercise direct or indirect control over the working conditions of Franchised Restaurant personnel, except to the extent such indirect control is related to Franchisor's legitimate interest in protecting the quality of its products, services, or brand. Franchisor (and its affiliates) does not share or codetermine the employment terms and conditions of the Franchised Restaurant's employees and does not affect matters relating to the employment relationship between Franchisee and the Franchised Restaurant's employees, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. To that end, Franchisee must notify Franchised Restaurant personnel that Franchisee is their employer and that Franchisor, as the franchisor of CAPRIOTTI'S SANDWICH SHOP Restaurants, and its affiliates are not their employer or joint employer and do not engage in any employer-type activities for which only franchisees are responsible, such as employee selection, promotion, termination, hours worked, rates of pay, other benefits, work assigned, discipline, adjustment of grievances and complaints, and working conditions. Franchisee also must obtain an acknowledgment (in the form Franchisor specifies or approves) from all Franchised Restaurant employees that Franchisee (and not Franchisor or its affiliates) are their employer.

33. **Franchisee Representations**.

33.1 FRANCHISEE ACCEPTS THE TERMS, CONDITIONS AND COVENANTS CONTAINED IN THIS AGREEMENT AS BEING REASONABLE AND NECESSARY TO MAINTAIN FRANCHISOR'S STANDARDS OF QUALITY, SERVICE AND UNIFORMITY AND TO PROTECT AND PRESERVE THE GOODWILL OF THE MARKS. FRANCHISEE ACKNOWLEDGES THAT OTHER FRANCHISEES OF FRANCHISOR HAVE BEEN OR WILL BE GRANTED FRANCHISES AT DIFFERENT TIMES AND IN DIFFERENT SITUATIONS. FRANCHISEE FURTHER ACKNOWLEDGES THAT THE PROVISIONS OF THE FRANCHISE AGREEMENTS BASED ON WHICH SUCH FRANCHISES WERE GRANTED MAY VARY MATERIALLY FROM THOSE CONTAINED IN THIS AGREEMENT AND THAT FRANCHISEE'S OBLIGATION ARISING HEREUNDER MAY DIFFER SUBSTANTIALLY FROM OTHER FRANCHISEES.

33.2 EVEN THOUGH THIS AGREEMENT CONTAINS PROVISIONS REQUIRING FRANCHISEE TO OPERATE THE FRANCHISED RESTAURANT IN COMPLIANCE WITH FRANCHISOR'S SYSTEM, FRANCHISOR DOES NOT HAVE ACTUAL OR APPARENT AUTHORITY TO CONTROL, DIRECTLY OR INDIRECTLY, THE DAY-TO-DAY CONDUCT AND OPERATION OF FRANCHISEE'S BUSINESS OR EMPLOYMENT DECISIONS.

33.3 FRANCHISEE UNDERSTANDS FRANCHISOR RETAINS THE ABSOLUTE RIGHT TO ENTER INTO AGREEMENTS WITH OTHER FRANCHISEES THAT MAY CONTAIN DIFFERENT TERMS THAN THOSE CONTAINED HEREIN OR TO FORGIVE, ABATE OR REDUCE FRANCHISE FEES AND MARKETING FUND OR LOCAL ADVERTISING COOPERATIVE CONTRIBUTIONS IN SUCH MANNER AS FRANCHISOR DEEMS IN FRANCHISOR'S BUSINESS JUDGMENT TO BE THE PROPER WAY TO PROCEED.

33.4 FRANCHISEE ACKNOWLEDGES THAT THE PRESIDENT OF THE UNITED STATES OF AMERICA HAS ISSUED EXECUTIVE ORDER 13224 (THE "EXECUTIVE ORDER") PROHIBITING TRANSACTIONS WITH TERRORISTS AND TERRORIST ORGANIZATIONS AND THAT THE GOVERNMENT OF THE UNITED STATES HAS ADOPTED AND MAY IN THE FUTURE ADOPT OTHER ANTI-TERRORISM MEASURES (THE "ANTI-TERRORISM MEASURES"). FRANCHISOR THEREFORE REQUIRES CERTAIN REPRESENTATIONS AND WARRANTIES THAT THE PARTIES WITH WHOM IT DEALS ARE NOT DIRECTLY OR INDIRECTLY INVOLVED IN TERRORISM. THEREFORE, FRANCHISEE HEREBY REPRESENTS AND WARRANTS THAT NEITHER FRANCHISEE NOR ANY OF ITS EMPLOYEES, AGENTS, REPRESENTATIVES OR, AS APPLICABLE, ITS PRINCIPALS, MEMBERS, OFFICERS OR DIRECTORS, NOR ANY OTHER PERSON OR ENTITY ASSOCIATED WITH FRANCHISEE (EACH, INDIVIDUALLY, A "FRANCHISEE PARTY" AND COLLECTIVELY, THE "FRANCHISEE PARTIES") IS:

(a) A PERSON OR ENTITY LISTED IN THE ANNEX TO THE EXECUTIVE ORDER;

(b) A PERSON OR ENTITY OTHERWISE DETERMINED ACCORDING TO THE EXECUTIVE ORDER TO HAVE COMMITTED ACTS OF TERRORISM OR TO POSE A SIGNIFICANT RISK OF COMMITTING ACTS OF TERRORISM (SUCH A PERSON OR ENTITY AND THOSE PERSONS AND ENTITIES LISTED IN THE ANNEX TO THE EXECUTIVE ORDER ARE REFERRED TO IN THIS AGREEMENT AS "TERRORISTS");

(c) A PERSON OR ENTITY WHO ASSISTS, SPONSORS OR WHO SUPPORTS TERRORISTS OR ACTS OF TERRORISM ("SPONSORS OF TERRORISM"); OR

(d) OWNED OR CONTROLLED BY TERRORISTS OR SPONSORS OF TERRORISM.

FURTHERMORE, FRANCHISEE REPRESENTS AND WARRANTS THAT NEITHER FRANCHISEE NOR ANY FRANCHISEE PARTY WILL, DURING THE TERM OF THIS AGREEMENT, BECOME A PERSON OR ENTITY DESCRIBED IN CLAUSES (a)–(d) ABOVE.

THE ACKNOWLEDGMENTS IN SECTIONS 33.5 THROUGH 33.7 BELOW APPLY TO ALL FRANCHISEES AND FRANCHISES EXCEPT NOT TO ANY FRANCHISEES AND FRANCHISES THAT ARE SUBJECT TO THE STATE FRANCHISE REGISTRATION/ DISCLOSURE LAWS IN CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, AND WISCONSIN.

33.5 FRANCHISEE ACKNOWLEDGES THAT IT HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE PROPOSED FRANCHISE AND RECOGNIZES THAT THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT INVOLVES BUSINESS RISKS AND THAT ITS SUCCESS WILL BE LARGELY DEPENDENT UPON THE ABILITY OF FRANCHISEE AS AN INDEPENDENT BUSINESSPERSON OR BUSINESS. FRANCHISOR EXPRESSLY DISCLAIMS THE MAKING OF, AND FRANCHISEE ACKNOWLEDGES THAT IT HAS NOT RECEIVED, ANY WARRANTY, GUARANTEE OR REPRESENTATION OTHER THAN THOSE DESCRIBED IN THE FRANCHISE DISCLOSURE DOCUMENT, EXPRESS OR IMPLIED, FROM ANY EMPLOYEE OR AGENT OF FRANCHISOR AS TO THE POTENTIAL SALES VOLUMES, PROFITS OR LEVEL OF SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY THIS AGREEMENT OR THE SUITABILITY OF THE ACCEPTED LOCATION OF THE FRANCHISED RESTAURANT. FRANCHISOR HAS NOT REPRESENTED THAT: (I) FRANCHISEE WILL EARN, CAN EARN OR IS LIKELY TO EARN A GROSS OR NET PROFIT; (II) FRANCHISOR HAS KNOWLEDGE OF THE RELEVANT MARKET; OR (III) THE MARKET DEMAND WILL ENABLE FRANCHISEE TO EARN A PROFIT FROM THE FRANCHISED RESTAURANT.

33.6 FRANCHISEE ACKNOWLEDGES THAT IT RECEIVED A COPY OF THE FRANCHISE DISCLOSURE DOCUMENT, THE ATTACHMENTS TO IT AND THE AGREEMENTS RELATED TO IT, IF ANY, AT LEAST FIFTEEN (15) CALENDAR DAYS (AND, IN TRANSACTIONS INVOLVING IOWA, MICHIGAN, AND NEW YORK, AT LEAST TEN (10) BUSINESS DAYS) BEFORE THE DATE ON WHICH THIS AGREEMENT WAS SIGNED.

33.7 FRANCHISEE RECOGNIZES THAT THE SYSTEM MAY EVOLVE AND CHANGE OVER TIME AND THAT THE LICENSE AND OPERATION OF THE FRANCHISED RESTAURANT INVOLVE SUBSTANTIAL RISK AND ITS SUCCESS IS DEPENDENT PRIMARILY UPON THE BUSINESS ACUMEN AND EFFORTS OF FRANCHISEE AND OTHER FACTORS BEYOND FRANCHISOR’S CONTROL. FRANCHISEE HAS CONDUCTED AN INDEPENDENT INVESTIGATION OF THE FRANCHISE AND HAD AMPLE TIME AND OPPORTUNITY TO CONSULT WITH INDEPENDENT PROFESSIONAL ADVISORS, INCLUDING LAWYERS AND ACCOUNTANTS, AND HAS NOT RELIED UPON ANY EXPRESS OR IMPLIED GUARANTEE AS TO POTENTIAL VOLUMES, REVENUES, PROFITS OR SUCCESS OF THE BUSINESS VENTURE CONTEMPLATED BY FRANCHISEE. FRANCHISEE AND FRANCHISOR DO NOT INTEND FOR FRANCHISOR OR FRANCHISOR’S AFFILIATES TO INCUR ANY LIABILITY IN CONNECTION WITH OR ARISING FROM ANY ASPECT OF FRANCHISOR’S SYSTEM OR FRANCHISEE’S USE OF THE SYSTEM OR THE OPERATION OF THE FRANCHISED RESTAURANT, WHETHER OR NOT IN ACCORDANCE WITH THE REQUIREMENTS OF THE MANUAL.

34. **No Waiver or Disclaimer of Reliance in Certain States.**

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by 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 Franchisor, any franchise seller, or any other person acting on Franchisor’s behalf. This provision supersedes any other term of any document executed in connection with the franchise.

IN WITNESS WHEREOF, the parties have hereunto set their hands and seals the day and year first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.:

By: ___________________________________

Name: David Bloom

Title: CDO

Date: _________________________________

FRANCHISEE:

By: ___________________________________

Name: _________________________________

Title: _________________________________

Date: _________________________________

EXHIBIT A – to the Franchise Agreement

SITE SELECTION ADDENDUM

CAPRIOTTI'S SANDWICH SHOP, INC. ("Franchisor") and ___________________ ("Franchisee") have this day entered into a CAPRIOTTI'S Franchise Agreement ("Franchise Agreement") and desire to supplement its terms as set out below in this Site Selection Addendum ("Addendum"). The parties agree as follows:

AGREEMENT

1. **Time to Locate Site**: Within ninety (90) days after the Effective Date of the Franchise Agreement (as defined in this Agreement), Franchisee shall acquire or lease, at Franchisee's expense, commercial real estate that is properly zoned for the use of the business to be conducted by Franchisee under the Franchise Agreement (a "Franchised Restaurant") at a site approved by Franchisor as provided for in this Agreement. Failure by Franchisor to acquire or lease a site for the Franchised Restaurant within the time required in Section 1 hereof shall constitute a default under Section 10.1 of the Franchise Agreement and under this Addendum, and Franchisor, in its sole discretion, may terminate the Franchise Agreement and this Addendum according to the terms of Section 10.1 of the Franchise Agreement.

2. **Site Selection Assistance**: Franchisor shall provide Franchisee with leasing guidelines ("Leasing Guidelines") to assist Franchisee in its site selection. Franchisee must follow the Leasing Guidelines.

3. **Site Selection Package Submission and Approval**: Franchisee shall submit to Franchisor, in the form specified by Franchisor, a copy of the site plan and such other information or materials as Franchisor may reasonably require, together with an option contract, letter of intent or other evidence satisfactory to Franchisor which confirms Franchisee's favorable prospects for obtaining the site. Franchisor shall have thirty (30) days after receipt of such information and materials from Franchisee to accept or reject, as it deems best, the proposed site as the location for the Franchised Restaurant. In the event Franchisor does not reject a proposed site by written notice to Franchisee within said thirty (30) days such site shall be deemed accepted by Franchisor.

4. **Lease Responsibilities**: Within thirty (30) days of site acceptance by Franchisor, Franchisee shall sign a lease which shall be coterminous with the Franchise Agreement, or a binding agreement to purchase the site. Franchisor's acceptance of any lease is conditioned upon inclusion in the lease of Franchisor's standard Franchised Restaurant Lease Rider attached as Exhibit 1 to this Addendum. However, Franchisor shall not be responsible for review of the Lease for any terms other than those contained in the Franchised Restaurant Lease Rider.

5. **Site Evaluation Services**: Franchisor shall have the right, but not the obligation, to perform any on-site evaluation, as Franchisor may deem advisable. If on-site evaluation is deemed necessary and appropriate by Franchisor (on its own initiative or at Franchisee's request) for any Franchised Restaurant to be established, Franchisee shall reimburse Franchisor for all reasonable expenses incurred by Franchisor in connection with such on-site evaluation, including the cost of travel, lodging and meals.

6. **Accepted Location**: After the location for the Franchised Restaurant is accepted by Franchisor according to Sections 1 and 3 of this Agreement, and leased or acquired by Franchisee according to Section 4 hereof, the location shall constitute the Accepted Location described in Section 3.1 of the

Franchise Agreement. The Accepted Location shall be specified on a separate piece of paper and be attached as Exhibit 2, which shall become a part of the Franchise Agreement.

This Site Selection Addendum shall be considered an integral part of the Franchise Agreement between the parties and the terms of this Addendum shall be controlling with respect to the subject matter hereof. Except as modified or supplemented by this Addendum, the terms of the Franchise Agreement are hereby ratified and confirmed.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to duly sign and deliver this Addendum on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By: ___________________________________	By: ___________________________________
Name: _________________________________	Name: _________________________________
Title: __________________________________	Title: __________________________________
Date: __________________________________	Date: __________________________________

Exhibit 1 – to the Site Selection Addendum

CAPRIOTTI'S SANDWICH SHOP, INC.

RIDER

TO THAT CERTAIN LEASE

DATED ___________, 20___

(THE "FORM LEASE")

BETWEEN

_____________________ A(N) _____________________
AS LANDLORD

AND

_____________________ A(N) _____________________
AS TENANT

FOR THE PREMISES ("PREMISES") KNOWN AS: _____________________

In the event of a conflict between the terms and conditions set forth within this Rider and the terms and conditions set forth in the Form Lease to which this Rider is attached, the terms and conditions set forth within this Rider shall govern and control.

1. **Permitted Use**. The Premises are leased to Tenant for the operation of a franchised restaurant which sells submarine sandwiches and associated food products. The Tenant may also use the Premises for promotions, celebrations, meetings, and other group functions where Tenant's services and products will be offered or sold.

2. **Signage**. Despite anything contained within the Form Lease to the contrary, Tenant shall, subject to the requirements of local law, have the right to utilize its standard signage and other proprietary marks and identification on both the exterior and within the interior of the Premises as approved by CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation and franchisor of the Capriotti's concept ("Franchisor").

3. **Assignment and Subletting**. Landlord's consent to an assignment of the Form Lease or subletting of the Premises shall not be required in connection with an assignment or subletting as a part of a merger, reorganization or sale of all or substantially all of Tenant's assets or business permitted by Franchisor under its Franchise Agreement with Tenant or an assignment or sublet to the Franchisor, any parent, subsidiary or permitted affiliated corporation of Tenant or Franchisor, or another CAPRIOTTI'S SANDWICH SHOP franchisee. Landlord shall approve as an assignee or sublessee any tenant who has become a transferee of the Franchise Agreement as a result of a permitted merger, reorganization or sale of all or substantially all of Tenant's assets. Tenant shall also have the right, without the consent of Landlord, to assign this Lease to a company incorporated or to be incorporated by Tenant or a partnership formed or to be formed by Tenant, provided that Tenant owns or beneficially controls a majority of the issued and outstanding shares of capital stock of the company or is the managing general partner of the partnership

and such company or partnership operates a CAPRIOTTI'S SANDWICH SHOP under a Franchise Agreement with Franchisor.

4. **Notices; Opportunity to Cure**. Copies of any demand letters, default notices or other similar notices of non-compliance ("Notice") sent by Landlord to Tenant shall also be sent to Franchisor at the following address:

Ashley Morris
CAPRIOTTI'S SANDWICH SHOP, INC.
6056 S. Durango Drive, Suite 100
Las Vegas, NV 89113

In the event Tenant fails to cure or otherwise remedy the subject matter of the Notice, Landlord shall grant Franchisor the identical period of time in which to cure same (said cure period to commence immediately upon written notice from Landlord to Franchisor (at the address set forth in this Agreement) that Tenant has failed to cure in a timely manner) and Landlord agrees to accept the performance of Franchisor within said period of time as performance by Tenant according to the terms of the Form Lease.

5. **Option to Lease**. Landlord hereby agrees that, in the event of (a) the termination or expiration of the Franchise Agreement by and between Tenant and Franchisor; (b) the termination of the Form Lease for any cause whatsoever including, without limitation, a default by Tenant under the Form Lease after expiration of any applicable notice and cure periods; or (c) Tenant's failure to exercise any extension option contained in the Form Lease, Franchisor shall have the option to lease the Premises according to the same terms and conditions as are contained in the Form Lease, in accordance with the following:

(a) Landlord agrees to promptly give written notice to Franchisor (at the address set forth in this Agreement) in the event the Form Lease is terminated as the result of a default by Tenant or in the event Tenant fails to exercise any remaining options to extend the term of the Form Lease;

(b) If Franchisor elects to lease the Premises, Franchisor shall notify Landlord in writing of its election to exercise this option to lease within 30 days after (1) termination or expiration of the Franchise Agreement; (2) Franchisor's receipt of notice from Landlord that the Form Lease has been terminated; or (3) receipt of notice from Landlord that Tenant has failed to exercise an option to extend the term of the Form Lease;

(c) If Franchisor elects to lease the Premises, Franchisor shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Lease) as are contained in the Lease; provided, however, that Franchisor's leasehold interest shall not be subject to any defaults or claims that may exist between Landlord and Tenant and any lease shall permit Franchisor to assign the lease or sublease the Premises to a franchisee of Franchisor for use as a CAPRIOTTI'S SANDWICH SHOP franchised location; at which point, the new franchisee shall sign and deliver to Landlord a lease containing all of the same terms and conditions (including rental rates, terms and remaining options to extend the term of the Lease) as are contained in the Lease, and Franchisor shall be released from any and all liability under the lease; and

(d) Nothing contained in this Agreement shall affect Landlord's right to recover any and all amounts due under the Form Lease from Tenant or to exercise any right of Landlord against Tenant as provided under the Form Lease.

Landlord acknowledges that it may not, without Franchisor's approval, allow Tenant to effect any disposition of the Premises as a result of which Tenant relinquishes the right to possess the Premises, including a proposed lease assignment, sublet of the Premises, sale or other conveyance of possessory rights to the Premises (whether or not with a formal lease assignment or sublet), or negotiated termination of the lease with Landlord or other event that enables another party to take over possession of the premises other than for the operation of a CAPRIOTTI'S SANDWICH SHOP location.

6. **De-identification**. Landlord and Tenant hereby acknowledge that in the event the Franchise Agreement expires or is terminated, Tenant is obligated under the Franchise Agreement to take certain steps to de-identify the location as a CAPRIOTTI'S SANDWICH SHOP Franchised Restaurant operated by Tenant. Landlord agrees to cooperate fully with Franchisor in enforcing the provisions of the Franchise Agreement against Tenant, including allowing Franchisor, its employees and agents to enter and remove signs, decor and materials bearing or displaying any marks, designs or logos of Franchisor; provided, however, that Landlord shall not be required to bear any expense thereof. Tenant agrees that if Tenant fails to de-identify the Premises promptly upon termination or expiration as required under the Franchise Agreement, Franchisor may cause all required de -identification to be completed at Tenant's sole cost and expense.

7. **Assignment of Interest**. This Rider is binding and shall inure to the benefit of Landlord, Tenant and Franchisor, their assigns and successors-in-interest. The Franchisor is an intended beneficiary of this Rider with the full right to enforce its terms against both Tenant and Landlord.

LANDLORD:	**TENANT:**
By: ___________________________________	By: ___________________________________
Its: ___________________________________	Its: ___________________________________
Date: _________________________________	Date: _________________________________

Agreed to:

FRANCHISOR:

CAPRIOTTI'S SANDWICH SHOP, INC.

By: ___________________________________
Name: _________________________________
Title: _________________________________
Date: _________________________________

INITIALS: ______: ______

Exhibit 2 – to the Site Selection Addendum

ACCEPTED LOCATION

The Accepted Location will be at:

____
____
____

AGREED TO BY:

FRANCHISEE:

____

By: ______________________________________

Title: ____________________________________

Date: ____________________________________

FRANCHISOR:

CAPRIOTTI'S SANDWICH SHOP, INC.

By: ______________________________________

Title: ____________________________________

Date: ____________________________________

EXHIBIT B – to the Franchise Agreement

FRANCHISE GUARANTY AGREEMENT

THIS FRANCHISE GUARANTY AGREEMENT is given this date _______________, by each of the undersigned parties.

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

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

Each of the undersigned waives: (i) all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty, for the express purpose that none of the undersigned will be deemed a "creditor" of Franchisee under any applicable bankruptcy law with respect to Franchisee's obligations to Franchisor; and (ii) acceptance and notice of acceptance by Franchisor of his or her undertakings under this Guaranty, all presentments, demands, and notices of demand for payment of any indebtedness or non-performance of any obligations hereby guaranteed, protest, notices of dishonor, and notice of default to any party with respect to the indebtedness or nonperformance of any obligations hereby guaranteed, and any other notices and legal or equitable defenses to which he or she may be entitled.

Franchisor has no present or future duty to the undersigned under this Guaranty, and each of the undersigned waives any right to claim or assert any such duty or obligation and to discover from Franchisor or require Franchisor to disclose to the undersigned any financial or other information concerning Franchisee, any other guarantor, or any collateral securing any of Franchisee's obligations to Franchisor.

If Franchisor is required to enforce this Guaranty in a judicial or arbitration proceeding, and prevails in such proceeding, Franchisor is entitled to reimbursement of its costs and expenses, including, but not limited to, reasonable accountants', attorneys', attorneys' assistants', arbitrators', and expert witness fees, costs of investigation and proof of facts, court costs, other litigation expenses, and travel and living expenses, whether incurred prior to, in preparation for, or in contemplation of the filing of any such proceeding. If Franchisor is required to engage legal counsel in connection with any failure by the undersigned to comply with this Guaranty, the undersigned must reimburse Franchisor for any of the above-listed costs and expenses Franchisor incurs even if Franchisor does not commence a judicial or arbitration proceeding.

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

GUARANTOR(S)

____
[Signature of Guarantor]

____
[Print Name and Date]

____
[Signature of Guarantor]

____
[Print Name and Date]

____
[Signature of Guarantor]

____
[Print Name and Date]

INITIALS: ______: ______

EXHIBIT C – to the Franchise Agreement

SPOUSAL CONSENT

NOTE: THE SPOUSE OF EACH OWNER OF FRANCHISEE MUST SIGN THIS SPOUSAL CONSENT.

The individual(s) listed below represents to Capriotti's Sandwich Shop, Inc. ("Company") that each is the spouse of the individual(s) who is an owner of the franchisee entity ("Franchisee") that has signed a Franchise Agreement with the Company dated ___________, 20__.

In consideration of the Company's grant to Franchisee of the rights under the Franchise Agreement, each of the individual spouses listed below agrees, in consideration of benefits received and to be received by each of them, jointly and severally, and for themselves and their heirs, legal representatives, and assigns, that they and each of them:

1. must be firmly bound by all of the terms, provisions, and conditions in the Franchise Agreement;

2. unconditionally guarantee the full and timely performance by Franchisee of all of Franchisee's obligations under the Franchise Agreement, including, without limitation, any of Franchisee's indebtedness arising under or by virtue of the Franchise Agreement; and

3. agree to be bound by the confidentiality and non-competition covenants in the Franchise Agreement.

____

____

EXHIBIT C

DEVELOPMENT RIGHTS AGREEMENT

CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT

This Development Rights Agreement (the "DRA") is made by and between **Capriotti's Sandwich Shop, Inc.**, a Nevada corporation whose principal business address is 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and __________________, a(n) ____ ("you" or "your"). This DRA is effective as of the date we sign it, which is set forth next to our signature on the Signature Page at the end (the "Effective Date").

RECITALS

A. We have created, designed, and developed a restaurant concept that prepares and serves various submarine, deli sandwiches and related items in a casual sit-down and/or take-out format.

B. We currently use, promote, and license certain trademarks, service marks, and other commercial symbols for this restaurant concept, including "CAPRIOTTI'S SANDWICH SHOP®," and from time to time may create, use, and license new trademarks, service marks, and commercial symbols (collectively, the "Marks").

C. We offer and grant franchises to operate a "CAPRIOTTI'S SANDWICH SHOP" Restaurant ("CAPRIOTTI'S Restaurant") using the CAPRIOTTI'S SANDWICH SHOP business system, business formats, methods, procedures, designs, layouts, trade dress, standards, specifications, and Marks, all of which we periodically may improve, further develop, and otherwise modify.

D. Simultaneously with signing this DRA, we and you (or your Approved Affiliate, as defined in Section 2 below) also are signing as of the Effective Date a franchise agreement (the "First Franchise Agreement") for the construction, development, and operation of the first CAPRIOTTI'S Restaurant to be developed within the Territory (defined below). We and you are signing this DRA because you want the right to construct, develop, and operate multiple CAPRIOTTI'S Restaurants within the Territory over a certain time period (besides the CAPRIOTTI'S Restaurant covered by the First Franchise Agreement), and we are willing to grant you those development rights if you comply with this DRA's terms.

Now, therefore, in consideration of the mutual covenants, agreements, and obligations set forth in this DRA, we and you agree as follows:

1. **Grant of Development Rights**.

(a) Subject to your strict compliance with this DRA, we grant you the right (directly or through your Approved Affiliates) to construct, develop, and operate ________ (___) new CAPRIOTTI'S Restaurants (including the CAPRIOTTI'S Restaurant covered by the First Franchise Agreement), according to the mandatory development schedule described in Exhibit A to this DRA (the "Schedule"), within the geographic area described in Exhibit B (the "Territory").

(b) If you (and your Approved Affiliates, as applicable) are fully complying with all of your (and their) obligations under this DRA, the First Franchise Agreement, and all other franchise agreements then in effect between us and you (and your Approved Affiliates, as applicable) for the construction, development, and operation of CAPRIOTTI'S Restaurants, then during this DRA's term only, we (and our affiliates) will not—except with respect to CAPRIOTTI'S Restaurants proposed to be located at or within Non-Traditional Venues or Restricted Venues (both defined below)—establish and operate, or grant to others the right to establish and operate, CAPRIOTTI'S Restaurants that have their physical locations within the Territory. We (and our affiliates) reserve the right without any restrictions whatsoever to pursue and establish, or franchise or license others to pursue and establish, CAPRIOTTI'S Restaurants to be located at or within Non-Traditional Venues and Restricted Venues having their physical locations within the Territory but only if you (or your Approved Affiliates) cannot or choose not to pursue the opportunity when it becomes available, no matter the reason for your (or your Approved Affiliate's) decision not to pursue the opportunity.

A "Non-Traditional Venue" is defined in this DRA to mean:

(i) a captive-venue location, including, without limitation, airports, hospitals or medical centers, limited-access highway food facilities, bus or train locations, entertainment and sports complexes, convention centers, military facilities, schools, colleges, and universities, office facilities, department and retail super-stores, off-site sales accounts, convenience stores, supermarkets, shopping malls, and home-improvement retailers; and

(ii) any type of location known colloquially as a "virtual kitchen," a "ghost kitchen," a "ghost operation," or a similar type of location that operates on a delivery and/or pick-up-only basis.

A "Restricted Venue" is a physical location within Territory (which need not be a Non-Traditional Venue) for which that location's owner or manager sets financial, experience, or organizational standards for an acceptable operator that you (or your Approved Affiliate) do not and cannot satisfy when the opportunity becomes available.

Our, our affiliate's, or another franchisee's or licensee's establishment and operation of a CAPRIOTTI'S Restaurant at or within a Non-Traditional Venue or a Restricted Venue physically located in the Territory will not count toward your compliance with the Schedule. However, CAPRIOTTI'S Restaurants that you (or your Approved Affiliates) establish and operate at or within a Non-Traditional Venue physically located in the Territory will count toward your compliance with the Schedule.

(c) The location exclusivity described in clause (b) above (with the noted exceptions for Non-Traditional Venues and Restricted Venues) is the only restriction on our (and our affiliates') activities within the Territory during this DRA's term. You acknowledge and agree that we and our affiliates have the right to engage, and grant to others the right to engage, in any other activities of any nature whatsoever within and throughout the Territory, including, without limitation, the types of activities in which we and our affiliates reserve the right to engage under Section 3.2 of the First Franchise Agreement. After this DRA expires or is terminated (regardless of the reason for termination), we and our affiliates have the right, without any restrictions whatsoever, to:

(i) establish and operate, and grant to others the right to establish and operate, CAPRIOTTI'S Restaurants having their physical locations within the Territory; and

(ii) continue to engage, and grant to others the right to engage, in any other activities we (and our affiliates) desire within and throughout the Territory.

YOU ACKNOWLEDGE AND AGREE THAT TIME IS OF THE ESSENCE UNDER THIS DRA, AND YOUR RIGHTS UNDER THIS DRA ARE SUBJECT TO TERMINATION (WITHOUT ANY CURE OPPORTUNITY) IF YOU DO NOT COMPLY STRICTLY WITH THE DEVELOPMENT OBLIGATIONS PROVIDED IN THE SCHEDULE. WE HAVE THE RIGHT TO ENFORCE THIS DRA STRICTLY.

2. **Development Obligations**.

(a) To maintain your rights under this DRA, you (and/or your Approved Affiliates) must, by the deadlines specified in the Schedule, (i) find an acceptable site for each CAPRIOTTI'S Restaurant required to be developed within the Territory pursuant to this DRA, (ii) sign a separate franchise agreement (and related documents) with us for each such CAPRIOTTI'S Restaurant and pay us the fees due under that franchise agreement (see Section 4 below), (iii) sign an acceptable lease for each such CAPRIOTTI'S Restaurant, and then (iv) construct, develop, and open for business each such CAPRIOTTI'S Restaurant.

(b) If you or your owners establish a new legal entity to construct, develop, and operate one or more of the CAPRIOTTI'S Restaurants required to be developed pursuant to this DRA, and either (i) you own 100% of that legal entity or (ii) that legal entity's ownership is completely identical to your ownership, that legal entity automatically will be considered an "Approved Affiliate" under this DRA. However, if you do not own 100% of that new legal entity or that legal entity's ownership is not completely identical to your ownership, you first must seek our approval for that new entity to be permitted to construct, develop, and operate the proposed CAPRIOTTI'S Restaurant as an Approved Affiliate. We have the right to refuse any such request if you and/or your owners do not (1) own and control at least seventy-five percent (75%) of the new entity's ownership interests and (2) have the authority to exercise voting and management control of the CAPRIOTTI'S Restaurant proposed to be owned by the new entity.

(c) You (and/or your Approved Affiliates) will operate each CAPRIOTTI'S Restaurant under a separate franchise agreement (and related documents) with us. The franchise agreement (and related documents, including Guaranty and Assumption of Obligations) that you and your owners (or your Approved Affiliate and its owners) must sign for each CAPRIOTTI'S Restaurant to be constructed and developed pursuant to this DRA will be our then-current form of franchise agreement (and related documents, including Guaranty and Assumption of Obligations), any or all terms of which may differ substantially and materially from any or all terms contained in the First Franchise Agreement, provided that the Royalty Fee due for each CAPRIOTTI'S Restaurant to be developed under this DRA will be six percent (6%) of the CAPRIOTTI'S Restaurant's "Gross Sales" (as defined in Section 4.2 of the First Franchise Agreement). If you fail to construct and develop at least three (3) CAPRIOTTI'S Restaurants under this DRA according to the Schedule, the Royalty Fee on all of your (and your Approved Affiliates') operating CAPRIOTTI'S Restaurants will immediately rise to seven percent (7%) of Gross Sales for the remainder of their franchise terms.

(d) Despite any contrary provision contained in the First Franchise Agreement or newly-signed franchise agreements, your (and your Approved Affiliates') CAPRIOTTI'S Restaurants within the Territory must be open and operating by the dates specified in the Schedule. To retain your rights under this DRA, each CAPRIOTTI'S Restaurant constructed, developed, and opened pursuant to this DRA must operate continuously throughout this DRA's term in full compliance with its franchise agreement.

3. **Subfranchising and Sublicensing Rights**. This DRA does not give you any right to franchise, license, subfranchise, or sublicense others to construct, develop, and operate CAPRIOTTI'S Restaurants. Only you (and/or your Approved Affiliates) have the right to construct, develop, open, and operate CAPRIOTTI'S Restaurants pursuant to this DRA. This DRA also does not give you (or your Approved Affiliates) any independent right to use the CAPRIOTTI'S SANDWICH SHOP® trademark or the other Marks. The right to use the Marks is granted only under a franchise agreement signed directly with us. This DRA only grants you potential development rights if you fully comply with its terms.

4. **Development Fee**. As consideration for the development rights we grant you under this DRA, you must pay us a total of ___________________________________ Dollars ($__________) (the "Development Fee") when you sign this DRA. The Development Fee consists of (a) the Thirty-Thousand Dollar ($30,000) initial franchise fee due under the First Franchise Agreement, plus (b) the Ten-Thousand Dollar ($10,000) Development Services Fee due under the First Franchise Agreement, plus (c) deposits equaling Ten-Thousand Dollars ($10,000) toward the initial franchise fee due for each additional CAPRIOTTI'S Restaurant you have committed under this DRA to construct, develop, and operate after the first CAPRIOTTI'S Restaurant. This DRA will not be effective, and you will have no development rights, until we receive the Development Fee. The Development Fee is:

(i) consideration for the rights we grant you in this DRA and for reserving the Territory for you to the exclusion of others (except with respect to Non-Traditional Venues and Restricted Venues) while you are in compliance with this DRA;

(ii) fully earned by us when we and you sign this DRA; and

(iii) not refundable under any circumstances, even if you do not comply or attempt to comply with the Schedule and we then terminate this DRA for that reason.

However, each time you (or your Approved Affiliate) sign a franchise agreement for the next CAPRIOTTI'S Restaurant to be constructed and developed within the Territory, we will apply the deposit related to that CAPRIOTTI'S Restaurant (which is part of the Development Fee) toward the initial franchise fee due for that CAPRIOTTI'S Restaurant (leaving only the Twenty-Thousand Dollar ($20,000) balance of the initial franchise fee due at signing). The initial franchise fee for each CAPRIOTTI'S Restaurant to be constructed and developed under this DRA is Thirty

Thousand Dollars ($30,000). In addition, each time you (or your Approved Affiliate) sign a franchise agreement for the next CAPRIOTTI'S Restaurant to be constructed and developed within the Territory, you must pay us the Ten-Thousand Dollar ($10,000) Development Services Fee due under that franchise agreement.

5. **Grant of Franchises**.

(a) You must send us a separate application for each CAPRIOTTI'S Restaurant that you (or your Approved Affiliate) desire to construct and develop within the Territory. You must locate, evaluate, and select the Restaurant's site. You must give us all information and materials we request to assess each proposed Restaurant site. We will not search for or select the site for you. In granting you development rights under this DRA, we are relying on your knowledge of the real estate market in the Territory and your ability to locate and access sites. We have the right (but no obligation) to recommend to you a vendor for site-selection services.

(b) We will give you our then-current criteria for CAPRIOTTI'S Restaurant sites (including, without limitation, population density and other demographic characteristics, visibility, traffic flow, competition, accessibility, parking, ingress and egress, size, and other physical and commercial characteristics) to help in the site-selection process. We will not unreasonably withhold site acceptance if, in our and our affiliates' experience and based on the factors identified above, the proposed site is not inconsistent with sites that we and our affiliates regard as favorable or that otherwise have been successful sites in the past for CAPRIOTTI'S Restaurants. However, we have the absolute right to reject any site not meeting our criteria or to require you to acknowledge in writing that a site you have chosen, while acceptable to us, is not recommended due to its incompatibility with certain factors bearing on a site's suitability as a location for a CAPRIOTTI'S Restaurant.

We will review potential Restaurant sites that you identify within the Territory and have the right, but no obligation, to visit the Territory as we deem necessary to review potential sites for each CAPRIOTTI'S Restaurant to be constructed and developed under this DRA. We have the right to condition our acceptance of a proposed site, or a proposed site visit, on your first sending us complete site reports and other materials (including, without limitation, photographs and digital recordings) we request. We agree to use reasonable efforts to review and accept (or not accept) sites you propose within thirty (30) days after we receive all requested information and materials. You have no right to proceed with a site that we have not accepted.

(c) You also must send us for our written acceptance, which we will not unreasonably withhold, any lease or sublease that will govern your occupancy and lawful possession of each CAPRIOTTI'S Restaurant site before you sign it. You have no right to sign any lease or sublease that we have not accepted in writing. We have the right (but no obligation) to guide you in the leasing process but will not negotiate the lease or sublease for you or provide any legal advice.

(d) If we accept the proposed site but you (or your Approved Affiliate) have not yet signed a separate franchise agreement (and related documents, including Guaranty and Assumption of Obligations) for that CAPRIOTTI'S Restaurant, you (or your Approved Affiliate) must do so on or before the date specified on the Schedule. If you (or your Approved Affiliate) fail to do so, or cannot obtain lawful possession of the proposed site, we have the right to withdraw our acceptance of the proposed site and exercise any of our other rights under this DRA. After you and your owners (or your Approved Affiliate and its owners) sign the franchise agreement (and related documents), its terms and conditions will control the construction, development, and operation of the CAPRIOTTI'S Restaurant (except that the required opening date is governed exclusively by the Schedule in this DRA, as provided in Section 2(d) above).

(e) In addition to our rights with respect to proposed CAPRIOTTI'S Restaurant sites, we have the right to delay your (and your Approved Affiliates') construction, development, and/or opening of additional CAPRIOTTI'S Restaurants within the Territory for the time period we deem best if at any time we believe that such delay is in the best interests of the CAPRIOTTI'S Restaurant brand, including for reasons related to lack of sites meeting our criteria, supply-chain issues, or our assessment in our sole judgment that you (or your Approved Affiliate) are not yet operationally, managerially, or otherwise prepared (no matter the reason) to construct, develop, open, and/or operate the additional CAPRIOTTI'S Restaurant in full compliance with our standards and specifications. We have the right to delay additional development and/or a CAPRIOTTI'S Restaurant's opening for the time period we deem best as long as the delay will not in our reasonable opinion cause you to breach your development obligations under the Schedule (unless we are willing to extend the Schedule proportionately to account for the delay).

6. **Term**. This DRA's term begins on the Effective Date and ends on the date when (a) you (or your Approved Affiliate) open for business the final CAPRIOTTI'S Restaurant to be constructed and developed under the Schedule, or (b) this DRA otherwise is terminated, but in any event this DRA's term will end no later than *<insert date>*.

7. **Termination**. We have the right at any time to terminate this DRA and your rights under this DRA to develop CAPRIOTTI'S Restaurants within the Territory, such termination to be effective upon our delivery to you of written notice of termination, if:

(a) you fail to satisfy either your development obligations under the Schedule or any other obligation under this DRA, which defaults you have no right to cure; or

(b) the First Franchise Agreement or another franchise agreement between us and you (or your Approved Affiliate) for a CAPRIOTTI'S Restaurant is terminated by us in compliance with its terms or by you (or your Approved Affiliate) for any (or no) reason; or

(c) we have delivered a formal written notice of default to you (or your Approved Affiliate) under the First Franchise Agreement or another franchise agreement between us and you (or your Approved Affiliate) for a CAPRIOTTI'S Restaurant, and you (or your Approved Affiliate) fail to cure that default within the required timeframe; or

(d) you (or your Approved Affiliate), without our prior written approval, cease operating any CAPRIOTTI'S Restaurant.

No portion of the Development Fee is refundable upon termination of this DRA or under any other circumstances. If we terminate this DRA solely because you fail to satisfy your development obligations under the Schedule, we will keep the full Development Fee but otherwise will not seek to recover damages from you due solely to such failures.

Termination of this DRA under any of clauses (a), (b), (c), or (d) above is not deemed to be the termination of any franchise rights because this DRA grants you no separate franchise rights. Franchise rights arise only under franchise agreements signed directly with us. While you will lose all further rights to develop CAPRIOTTI'S Restaurants within the Territory if this DRA is terminated, termination of this DRA does not affect any franchise rights previously granted under any then-effective individual franchise agreements.

8. **Assignment**.

(a) Your development rights under this DRA are not assignable at all. This means we will not under any circumstances allow the development rights to be transferred. A transfer of the development rights would be deemed to occur (and would be prohibited) if there is an assignment of this DRA, a transfer of a controlling ownership interest in you or in an entity with a controlling ownership interest in you, or any other event attempting to assign the development rights. An assignment (direct or indirect) of only a non-controlling ownership interest in you is permitted (and would not be deemed to be a transfer of your development rights). References to a "controlling ownership interest" in you or one of your owners (if an entity) mean the percent of voting shares or other voting rights resulting from dividing one hundred percent (100%) of the ownership interests by the number of owners. In the case of a proposed transfer of an ownership interest in you or one of your owners, whether a "controlling ownership interest" is involved must be determined both immediately before and immediately after the proposed transfer to see if a "controlling ownership interest" will be transferred (because of the number of owners before the proposed transfer) or will be deemed to have been transferred (because of the number of owners after the proposed transfer).

(b) We have the right to change our ownership or form and/or assign this DRA to a third party without restriction. Specifically and without limiting the foregoing, you agree that we have the right to sell our assets (including this DRA), the Marks, or the CAPRIOTTI'S SANDWICH SHOP® Restaurant franchise system to a third party; offer our ownership interests privately or publicly; merge, acquire other business entities, or be acquired by another business entity; and/or undertake a refinancing, recapitalization, leveraged buyout, securitization, or other economic or financial restructuring.

9. **Representations and Warranties**. You and your owners, jointly and severally, represent, warrant, and covenant to us that your execution and delivery of, and performance of your obligations under, this DRA have not violated and will not violate (a) any other agreement or commitment to which you or they are a party or by which you or they are otherwise bound, or (b) the rights of, or duties owed to, any third party.

10. **Indemnity**. To the maximum extent permitted by law, you and your owners, jointly and severally, agree to indemnify, defend, and forever hold harmless us and our parent and other affiliated entities, and our and their respective officers, directors, owners, principals, employees, agents, representatives, successors, and assigns (collectively, the "**Capriotti's Parties**"), against, and to reimburse the Capriotti's Parties for, any losses, liabilities, expenses, or damages (actual or consequential), including, without limitation, reasonable attorneys', attorney assistants', accountants', and expert witness fees, collection costs, costs of investigation and proof of facts, court costs, and other litigation and travel and living expenses, which the Capriotti's Parties suffer

directly or indirectly arising from or with respect to (a) any breach or alleged breach by you or your owners of any representation or warranty set forth in this DRA, or (b) any claim or allegation by any third party that our signing this DRA with you or granting you the development rights, or any related activities, violate any law or any rights of, or duty owed to, such third party. This indemnification obligation is in addition to the indemnification obligations currently referenced in Section 11 below.

11. **Incorporation of Other Terms**. Sections 5.7 and 5.8, 6, 21, 23, 25, 26, 27, 28, 29, 31, and 33 of the First Franchise Agreement, entitled "Confidential Information," "Restrictive Covenant," "Governing Law," "Legal Counsel," "Waiver of Obligations and Force Majeure," "Arbitration of Disputes," "Consent to Jurisdiction," "Limitations on Recovery," "Indemnification," "Notices," and "Franchisee Representations," respectively, are incorporated by reference in this DRA and will govern all aspects of this DRA and our and your relationship as if fully restated within the text of this DRA (whether or not the First Franchise Agreement is terminated before this DRA expires or is terminated).

This DRA and all exhibits to this DRA constitute the entire agreement between the parties with respect to its subject matter and supersede any and all prior negotiations, understandings, representations, and agreements with respect to its subject matter. Nothing in this or in any related agreement, however, is intended to disclaim the representations we made in the franchise disclosure document that we furnished to you.

12. **No Waiver or Disclaimer of Reliance in Certain States.** The following provision applies only to developers and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

[Signature Page Follows]

In Witness Whereof, we and you have signed and delivered this DRA, to be effective as of the Effective Date set forth next to our signature below.

CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation

By:__________________________________

Name:____________________________

Title:_____________________________

Date: ____________________, 20__**

**Effective Date

DEVELOPER

____

[Name]

By:__________________________________

Name:____________________________

Title:_____________________________

Date: ____________________, 20__

EXHIBIT A

<u>TO CAPRIOTTI'S SANDWICH SHOP, INC.</u>
<u>DEVELOPMENT RIGHTS AGREEMENT</u>

DEVELOPMENT SCHEDULE

You agree to construct, develop, and open <_____ (__)> CAPRIOTTI'S Restaurants in the Territory, including the CAPRIOTTI'S Restaurant that is the subject of the First Franchise Agreement, according to the following Schedule:

Restaurant Number	Date by which You Must Identify an Acceptable Restaurant Site (Deadline)	Date by which You Must Sign Franchise Agreement for the Acceptable Restaurant Site and Pay Related Fees (Deadline)	Date by which You Must Sign Lease for the Acceptable Restaurant Site (Deadline)	Date by which Restaurant Must Open for Business at Acceptable Site (Opening Deadline)	Minimum Cumulative Number of Franchised CAPRIOTTI'S Restaurants to be Open and Operating in Territory No Later Than the Opening Deadline
1		20 days after date in previous column			1
2		20 days after date in previous column			2
3		20 days after date in previous column			3
4		20 days after date in previous column			4

Restaurant Number	Date by which You Must Identify an Acceptable Restaurant Site (Deadline)	Date by which You Must Sign Franchise Agreement for the Acceptable Restaurant Site and Pay Related Fees (Deadline)	Date by which You Must Sign Lease for the Acceptable Restaurant Site (Deadline)	Date by which Restaurant Must Open for Business at Acceptable Site (Opening Deadline)	Minimum Cumulative Number of Franchised CAPRIOTTI'S Restaurants to be Open and Operating in Territory No Later Than the Opening Deadline
5		20 days after date in previous column			5

CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation

By:________________________________
Name:___________________________
Title:____________________________
Date: ___________________, 20__

DEVELOPER

____
[Name]

By:________________________________
Name:___________________________
Title:____________________________
Date: ___________________, 20__

EXHIBIT B

TO CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT

DESCRIPTION AND MAP OF TERRITORY (attached, if applicable)

(If there is any inconsistency between a narrative description and a pictorial identification of the Territory, the narrative description of the Territory will prevail.)

CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation

By:______________________________
Name:___________________________
Title:____________________________
Date: __________________, 20__

DEVELOPER

____
[Name]

By:______________________________
Name:___________________________
Title:____________________________
Date: __________________, 20__

EXHIBIT C

TO CAPRIOTTI'S SANDWICH SHOP, INC. DEVELOPMENT RIGHTS AGREEMENT

DEVELOPER AND ITS OWNERS

Effective Date: This Exhibit C is current and complete as of _____________, 20__

Form. Developer was incorporated or formed on ________________, 20__, under the laws of the State of __________. Developer has not conducted business under any name other than its corporate, limited liability company, or partnership name and (if applicable) __________. The following lists Developer's directors or managers (if applicable) and officers as of the effective date shown above:

Name	Position(s) Held
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

Owners. The following lists the full name of every person who or entity that is, as of the effective date shown above, one of Developer's direct or indirect owners and fully describes the nature of each owner's interest (attach additional pages if necessary):

Owner's Name	Description of Interest
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________
______________________________	______________________________

[Signature Page Follows]

CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation

By:______________________________
Name:_________________________
Title:__________________________
Date: _________________, 20__

DEVELOPER

____
[Name]

By:______________________________
Name:_________________________
Title:__________________________
Date: _________________, 20__

EXHIBIT D

STATE-SPECIFIC INFORMATION

NO WAIVER OR DISCLAIMER OF RELIANCE IN CERTAIN STATES

The following provision applies only to franchisees and franchises that are subject to the state franchise registration/disclosure laws in California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

ADDENDUM TO
CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE DISCLOSURE DOCUMENT

The following are additional disclosures for the Capriotti's Sandwich Shop, Inc. Franchise Disclosure Document required by various state franchise laws. Each provision of these additional disclosures will not apply unless, with respect to that provision, the jurisdictional requirements of the applicable state franchise registration and disclosure law are met independently without reference to these additional disclosures.

CALIFORNIA

The registration of this franchise offering by the California Department of Financial Protection and Innovation does not constitute approval, recommendation, or endorsement by the commissioner.

1. THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT 14 DAYS PRIOR TO THE EXECUTION OF ANY AGREEMENT.

2. Neither the franchisor nor any person in Item 2 of the Disclosure Document is subject to any currently-effective order of any national securities association or exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such person from membership in such association or exchange.

3. OUR WEBSITE, www.capriottis.com, HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION. ANY COMPLAINTS CONCERNING THE CONTENT OF THE WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF FINANCIAL PROTECTION & INNOVATION AT www.dfpi.ca.gov.

4. California's Franchise Investment Law (Corporations Code sections 31512 and 31512.1) states that any provision of a franchise agreement or related document requiring the franchisee to waive specific provisions of the law is contrary to public policy and is void and unenforceable. The law also prohibits a franchisor from disclaiming or denying (i) representations it, its employees, or its agents make to you, (ii) your ability to rely on any representations it makes to you, or (iii) any violation of the law.

5. The following language is added to the end of Item 1 of the Franchise Disclosure Document:

> Franchisees located in California are required to comply with all applicable California labor laws, including labor laws that may apply to certain fast food restaurant industry employees. Specifically, California franchisees operating certain fast food restaurants must comply with Part 4.5.5 (commencing with Section 1474) of Division 2 of the California Labor Code (codifying Assembly Bill

No. 1228) which established the California Fast Food Council ("CFFC") which has the authority to increase the hourly minimum wage subject to certain limitations, and to set forth requirements, limitations, and procedures for adopting and reviewing fast food restaurant health, safety, and employment standards in California.

6. The following language is added to the "Remarks" column of the line-item titled "Interest" in Item 6 of the Franchise Disclosure Document:

The highest interest rate allowed under California law is 10% annually.

7. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and your Restaurant is open for business. For California franchisees who sign a Development Rights Agreement, the payment of the development and initial fees attributable to a specific Restaurant is deferred until that Restaurant is open.

8. The following language is added to the end of Item 7 of the Franchise Disclosure Document:

Compliance with Part 4.5.5 (commencing with Section 1474) of Division 2 of the California Labor Code (codifying Assembly Bill No. 1228) may increase your expenses (including increased wages) and the amount of your initial investment. You may review the Department of Industrial Relations website at Fast Food Minimum Wage Frequently Asked Questions (ca.gov) for further information and consult with an attorney specializing in labor law in determining any additional costs.

9. The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

California Law Regarding Termination and Nonrenewal. California Business and Professions Code Sections 20000 through 20043 provide rights to franchisees concerning transfer, termination, or non-renewal of a franchise. If the Franchise Agreement contains a provision that is inconsistent with the law, then the law will control.

Post-Termination Noncompetition Covenants. The Franchise Agreement and Development Rights Agreement contain a covenant not to compete that extends beyond termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is to that extent void under California Business and Professions Code Section 16600.

Applicable Law. The Franchise Agreement and Development Rights Agreement require application of the laws of the State of Nevada. This provision might not be enforceable under California law.

The Franchise Agreement and Development Rights Agreement provide for termination upon insolvency, bankruptcy, or re-organization. This provision might not be enforceable under federal bankruptcy law (11 U.S.C.A. Sections 101 et seq.).

Material Modification. Before the franchisor can ask you to materially modify your existing franchise agreement, Section 31125 of the California Corporations Code requires the franchisor to file a material modification application with the Department that includes a disclosure document showing the existing terms and the proposed new terms of your franchise agreement. Once the application is registered, the franchisor must provide you with that disclosure document with an explanation that the changes are voluntary.

Release. You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

The Franchise Agreement and Development Rights Agreement require binding arbitration. Arbitration will occur where we have our principal business address when the arbitration demand is filed (it currently is in Las Vegas, Nevada), with each party bearing its own costs. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

Any interest rate charged to a California franchisee shall comply with the California Constitution. The interest rate shall not exceed either (a) 10% annually or (b) 5% annually plus the prevailing interest rate charged to banks by the Federal Reserve Bank of San Francisco, whichever is higher.

Under California law, an agreement between a seller and a buyer regarding the price at which the buyer can resell a product (known as vertical price-fixing or resale price maintenance) is illegal. Therefore, requirements on franchisees to sell goods or services at specific prices set by the franchisor may be unenforceable."

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

10. The following language is added to the end of Item 19 of the Franchise Disclosure Document:

> Some of the financial performance representation figures do not reflect the costs of sales or operating expenses (including labor expenses, which are subject to Part 4.5.5 [commencing with Section 1474] of Division 2 of the California Labor Code (codifying Assembly Bill No. 1228) that created the CFFC which may increase minimum wages annually, subject to certain limitations) that must be deducted from the gross revenue or gross sales figures to obtain your net income or profit. The best source of cost and expense data may be from franchisees and former franchisees, some of whom may be listed in Item 20.

HAWAII

THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF REGULATORY AGENCIES OR A FINDING BY THE DIRECTOR OF REGULATORY AGENCIES THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUBFRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUBFRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE OFFERING CIRCULAR, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE. THIS OFFERING CIRCULAR CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS, CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

> Despite the payment provisions above, we will defer your payment of the initial franchise fee due under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have opened your Restaurant for business. You must pay us the initial franchise fee on the day you open your Restaurant for business.

Despite the payment provisions above, we will defer your payment of the development fee due under the Development Rights Agreement until we have fulfilled all of our initial obligations to you and you have opened your first CAPRIOTTI'S Restaurant for business. You must pay us the full development fee due under the Development Rights Agreement on the day you open your first CAPRIOTTI'S Restaurant for business.

2. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

3. Exhibit J (Franchise Disclosure Questionnaire) to the Franchise Disclosure Document is hereby deleted in its entirety.

ILLINOIS

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

Despite the payment provisions above, we will defer your payment of the initial franchise fee due under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have opened your Restaurant for business. You must pay us the initial franchise fee on the day you open your Restaurant for business.

Despite the payment provisions above, we will defer your payment of the development fee due under the Development Rights Agreement until we have fulfilled all of our initial obligations to you and you have opened your first CAPRIOTTI'S Restaurant for business. You must pay us the full development fee due under the Development Rights Agreement on the day you open your first CAPRIOTTI'S Restaurant for business.

2. The following statements are added to the end of Item 17 of the Franchise Disclosure Document:

Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Franchise Agreement and Development Rights 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.
During the term of your franchise, the Franchisor may determine that retraining is necessary and require you to complete an extensive (up to 6 weeks) onsite retraining program and pay $10,000 for it.

If you sign a Development Agreement to establish multiple restaurants within a designated territory, the Franchisor can delay construction, development, and opening of your additional CAPRIOTTI'S Restaurants at any time it believes that the delay is in the best interest of the CAPRIOTTI'S Restaurant brand.

MARYLAND

1. The following risk factor is added to the page of the Franchise Disclosure Document titled "Special Risks to Consider About *This* Franchise":

Pricing. We may regulate the minimum, maximum, and other prices for products and services your Restaurant offers, including requirements for promotions, special offers, and discounts in which some or all CAPRIOTTI'S Restaurants participate.

2. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

Based upon our financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by you shall be deferred until we complete our pre-opening obligations under the Franchise Agreement and you have opened your Restaurant for business. You must pay us the initial franchise fee on the day you open your Restaurant for business.

In addition, all development fees and initial payments by area developers shall be deferred until you have opened your first CAPRIOTTI'S Restaurant for business. You must pay us the full development fee due under the Development Rights Agreement on the day you open your first CAPRIOTTI'S Restaurant for business.

3. The "Summary" sections of Items 17(c) and (m) in the Franchise Agreement chart in the Franchise Disclosure Document, captioned "Requirements for you to renew or extend" and "Conditions for our approval of transfer," are amended by adding the following:

Any release required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. The "Summary" section of Item 17(h) in both the Franchise Agreement and Development Rights Agreement charts in the Franchise Disclosure Document, captioned "'Cause' defined – non-curable defaults," is amended by adding the following:

Termination upon insolvency might not be enforceable under federal bankruptcy law (11 U.S.C. Section 101 *et seq.*), but we will enforce it to the extent enforceable.

5. The "Summary" section of Item 17(v) in both the Franchise Agreement and Development Rights Agreement charts in the Franchise Disclosure Document, captioned "Choice of forum," is amended to read as follows:

Subject to arbitration requirements, litigation generally must be in courts located closest to where we have our principal business address when the action is commenced (it currently is in Las Vegas, Nevada), although you may, subject to your arbitration obligations, commence a lawsuit against us in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law.

6. The "Summary" section of Item 17(w) in both the Franchise Agreement and Development Rights Agreement charts in the Franchise Disclosure Document, captioned "Choice of law," is amended to read as follows:

Except for federal law and claims arising under the Maryland Franchise Registration and Disclosure Law, Nevada law applies.

7. The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

You must bring any claims arising under the Maryland Franchise Registration and Disclosure Law within 3 years after the grant of the franchise.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

MINNESOTA

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF

COMMERCE OF MINNESOTA OR A FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.

THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 CALENDAR DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 CALENDAR DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

1. The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document:

> Despite the payment provisions above, we will defer your payment of the initial franchise fee due under the Franchise Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have opened your Restaurant for business. You must pay us the initial franchise fee on the day you open your Restaurant for business.
>
> Despite the payment provisions above, we will defer your payment of the development fee due under the Development Rights Agreement until we have fulfilled all of our initial obligations to you and you have opened your first CAPRIOTTI'S Restaurant for business. You must pay us the full development fee due under the Development Rights Agreement on the day you open your first CAPRIOTTI'S Restaurant for business.

2. The following language is added to the "Remarks" column for the line item titled "Administrative/Late Fee" in Item 6:

> NSF checks are governed by Minnesota Statute 604.113, which puts a cap of $30 on service charges.

3. The following paragraphs are added to the end of Item 17 of the Franchise Disclosure Document:

> Minn. Stat. Sec. 80C.12 Subd. 1(G) considers it unfair to not protect your right to use the trademarks. We will protect your rights to use the trademarks, service

marks, trade names, logotypes, or other commercial symbols or indemnify you from any loss, costs, or expenses arising out of any claim, suit, or demand regarding the use of the name.

With respect to franchises governed by Minnesota law, we will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4, and 5 which require, except in certain specified cases, that you be given 90 days' notice of termination (with 60 days to cure) of the Franchise Agreement and 180 days' notice for non-renewal of the Franchise Agreement and that consent to a transfer of the franchise will not be unreasonably withheld.

Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

Minn. Stat. Sec. 80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota, requiring waiver of a jury trial, or requiring you to consent to liquidated damages, termination penalties or judgment notes. In addition, nothing in the disclosure document or Franchise Agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes 1984, Chapter 80C, or your rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction. In addition, Minn. Rule 2860.4400(J) prohibits us from requiring you to consent to our obtaining injunctive relief. We may seek injunctive relief. A court will determine if a bond is required.

Any release required as a condition of renewal, sale and/or transfer/assignment will not apply to the extent prohibited by applicable law with respect to claims arising under Minn. Rule 2860.4400D.

No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

NEW YORK

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

INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT A OR YOUR PUBLIC LIBRARY FOR RESOURCES OR INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE

DOCUMENT. IF YOU LEARN ANYTHING IN THIS FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND THE APPROPRIATE STATE OR PROVINCIAL AUTHORITY.

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

2. The following language is added to the end of Item 3 of the Franchise Disclosure Document:

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

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

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

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

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

3. The following is added to the end of Item 5 of the Franchise Disclosure Document:

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

4. The following language is added to the end of the “Summary” sections of Item 17(c), titled “Requirements for a franchisee to renew or extend”, and Item 17(m), titled “Conditions for franchisor approval of transfer”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; this proviso intends that the non-waiver provisions of General Business Law Sections 687(4) and 687(5) be satisfied.

5. The following language replaces the “Summary” section of Item 17(d) IN THE Franchise Agreement chart in the Franchise Disclosure Document, titled “Termination by franchisee”:

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

6. The following language is added to the end of the “Summary” sections of Item 17(v), titled “Choice of forum”, and Item 17(w), titled “Choice of law” in both the Franchise Agreement and Development Rights Agreement charts in the Franchise Disclosure Document:

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

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

8. Receipts. Any sale made must be in compliance with § 683(8) of the Franchise Sale Act (N.Y. Gen. Bus. L. § 680 et seq.), which describes the time period a Franchise Disclosure Document (offering prospectus) must be provided to a prospective franchisee before a sale may be made. New York law requires a franchisor to provide the Franchise Disclosure Document at

the earliest of the first personal meeting or ten (10) business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

RHODE ISLAND

1. The "Summary" section of Item 17(v) in both the Franchise Agreement and Development Rights Agreement charts in the Franchise Disclosure Document is amended to read as follows:

> Subject to arbitration requirements, litigation generally must be in courts closest to where we have our principal business address when the action is commenced (it currently is in Las Vegas, Nevada), except that, to the extent required by applicable law, but subject to your arbitration obligations, you may bring an action in Rhode Island for claims arising under the Rhode Island Franchise Investment Act.

2. The "Summary" section of Item 17(w) in both the Franchise Agreement and Development Rights Agreement charts in the Franchise Disclosure Document is deleted in its entirety and replaced with the following:

> Except for Federal Arbitration Act and other federal law, and except as otherwise required by the Rhode Island Franchise Investment Act, Nevada law applies.

VIRGINIA

1. The following language is added as the last paragraph of Items 5 and 7 of the Franchise Disclosure Document:

> Despite the payment provisions above, we will defer your payment of the initial franchise fee due under the Franchise Agreement and, when applicable, the development fee due under the Development Rights Agreement until we have fulfilled all of our initial obligations to you under the Franchise Agreement and you have commenced doing business. You must pay us the full initial franchise fee on the day you open your CAPRIOTTI'S Restaurant for business. You must pay us the full development fee, if applicable, on the day you open your first CAPRIOTTI'S Restaurant for business.

2. The "Summary" section of Item 17(h) in the Franchise Agreement chart of the Franchise Disclosure Document, captioned "'Cause' defined—non-curable defaults" is amended by adding the following:

> Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to use undue influence to induce a franchisee to surrender any rights given to him under the franchise. If any provision of the franchise agreement involves the use of undue influence by the franchisor to induce a franchisee to surrender any rights given to him under the franchise, that provision may not be

enforceable. Pursuant to Section 13.1-564 of the Virginia Retail Franchising Act, it is unlawful for a franchisor to cancel a franchise without reasonable cause. If any ground for default or termination stated in the Franchise Agreement does not constitute "reasonable cause," as that term may be defined in the Virginia Retail Franchising Act or the laws of Virginia, that provision may not be enforceable.

3. The following language is added to the end of the "Summary" section of Item 17(r) in the Franchise Agreement chart of the Franchise Disclosure Document, captioned "Non-competition covenants after the franchise is terminated or expires":

> Effective July 1, 2026, under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.

4. The following language is added to the end of the "Summary" section of Item 17(w) in the Franchise Agreement chart of the Franchise Disclosure Document, captioned "Choice of Law":

> Effective July 1, 2026, under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

5. The following paragraph is added to the end of Item 17 of the Franchise Disclosure Document:

> No statement, questionnaire, or acknowledgement signed or agreed to by you 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 us, any franchise seller, or any other person acting on our behalf. This provision supersedes any other term of any document executed in connection with the franchise.

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE FRANCHISE AGREEMENT

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN CALIFORNIA

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and _________________________, a _____________ corporation having its principal place of business at _____________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in California, and Franchisee is a California resident, or (b) the CAPRIOTTI'S Restaurant will be located in California.

2. INITIAL FRANCHISE FEE. The following language is added to the end of Section 4.1 of the Franchise Agreement:

> The Department of Financial Protection and Innovation requires that Franchisor defer the collection of all initial fees from California franchisees until it has completed all of its pre-opening obligations and the Franchised Restaurant is open for business. Franchisee must pay Franchisor the full initial franchise fee on the day Franchisee opens the Franchised Restaurant for business.

3. RESTRICTIVE COVENANT. The following language is added to the end of Section 6 of the Franchise Agreement:

> This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is void to the extent provided under California Business and Professions Code Section 16600.

4. GOVERNING LAW. The following language is added to the end of Section 21 of the Franchise Agreement:

> For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in this Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:__________________________________	By:__________________________
Name:________________________________	Name: David Bloom
Title:_________________________________	Title: CDO
Date:_________________________________	Date:_________________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN HAWAII

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and ________________________, a ____________ corporation having its principal place of business at ____________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity relating to the Franchise Agreement occurred in Hawaii, or (c) Franchisee is a resident of Hawaii.

2. FEES. Section 4 of the Franchise Agreement is amended by adding the following:

> Despite the payment provisions above, Franchisor will defer Franchisee's payment of the initial franchise fee due under this Agreement until it has fulfilled all of its initial obligations to Franchisee under this Agreement and Franchisee has commenced doing business. Franchisee must pay Franchisor the full initial franchise fee on the day Franchisee opens its Franchised Restaurant for business.

3. REPRESENTATIONS. Sections 33.5 through 33.7 of the Franchise Agreement are hereby deleted.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:_________________________	By:_________________________
Name:_______________________	Name: David Bloom
Title:________________________	Title: CDO
Date:________________________	Date:________________________

**RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN ILLINOIS**

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and ________________________, a ____________ corporation having its principal place of business at ____________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in Illinois and the Franchised Restaurant that Franchisee will operate under the Franchise Agreement will be located in Illinois, and/or (b) Franchisee is a resident of Illinois.

2. FEES. Section 4 of the Franchise Agreement is amended by adding the following:

> Despite the payment provisions above, Franchisor will defer Franchisee's payment of the initial franchise fee due under this Agreement until it has fulfilled all of its initial obligations to Franchisee under this Agreement and Franchisee has commenced doing business. Franchisee must pay Franchisor the full initial franchise fee on the day Franchisee opens the CAPRIOTTI'S SANDWICH SHOP for business.

3. WAIVER OF PUNITIVE DAMAGES AND JURY TRIAL. The following language is added to the end of Sections 18 and 26 of the Franchise Agreement:

> However, this Section shall not act as a condition, stipulation, or provision purporting to bind any person acquiring any franchisee to waive compliance with any provision of the Illinois Franchise Disclosure Act at Section 705/41 or Illinois Regulations at Section 200.609.

4. GOVERNING LAW. Section 21 of the Franchise Agreement is deleted and replaced with the following:

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

5. CONSENT TO JURISDICTION. Section 27 of the Franchise Agreement is deleted in its entirety and replaced with the following language:

> 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.

6. <u>ILLINOIS FRANCHISE DISCLOSURE ACT</u>. The following language is added as new Section 34 of the Franchise Agreement.

> 34. **<u>Illinois Franchise Disclosure Act</u>.** 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.
>
> During the term of your franchise, the Franchisor may determine that retraining is necessary and require you to complete an extensive (up to 6 weeks) onsite retraining program and pay $10,000 for it.
>
> If you sign a Development Agreement to establish multiple restaurants within a designated territory, the Franchisor can delay construction, development, and opening of your additional CAPRIOTTI'S Restaurants at any time it believes that the delay is in the best interest of the CAPRIOTTI'S Restaurant brand.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:______________________________	By:________________________
Name:____________________________	Name: David Bloom
Title:_____________________________	Title: CDO
Date:_____________________________	Date:_____________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN MARYLAND

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and _________________________, a _____________ corporation having its principal place of business at ______________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is a resident of the State of Maryland, and/or (b) Franchisee's Franchised Restaurant will be located or operated in Maryland.

2. RELEASES. Sections 2, 3, 12, and 14 of the Franchise Agreement are amended by adding the following:

> The general release required as a condition of renewal, sale, and/or assignment/transfer will not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. FEES. Section 4 of the Franchise Agreement is amended by adding the following:

> Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all initial fees and payments owed by Franchisee shall be deferred until Franchisor has completed its pre-opening obligations under the Franchise Agreement and Franchisee has opened its Franchised Restaurant for business. Franchisee must pay Franchisor the initial franchise fee on the day Franchisee opens its Franchised Restaurant for business.

4. TERMINATION. Section 10.1(l) of the Franchise Agreement is amended by adding the following:

> Termination upon bankruptcy might not be enforceable under federal bankruptcy law (11 U.S.C. Sections 101 et seq.), but Franchisor intends to enforce this provision to the extent enforceable.

5. GOVERNING LAW. Section 21 of the Franchise Agreement is amended by adding the following language:

> Despite anything to the contrary stated above, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

6. CONSENT TO JURISDICTION. Section 27 of the Franchise Agreement is amended by adding the following language:

> However, subject to Franchisee's arbitration obligations, nothing in this Section affects Franchisee's right under the Maryland Franchise Registration and Disclosure Law to bring a lawsuit in Maryland for claims arising under that law.

7. LIMITATION OF CLAIMS. Section 28 of the Franchise Agreement is amended by adding the following language:

> Any limitation of claims will not act to reduce the three (3) year statute of limitations afforded Franchisee for bringing a claim under the Maryland Franchise Registration and Disclosure Law.

8. REPRESENTATIONS. Sections 33.5 through 33.7 of the Franchise Agreement are hereby deleted.

9. NON-WAIVER. The following language is added to the end of Section 33 of the Franchise Agreement:

> Such representations are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:______________________________	By:________________________
Name:____________________________	Name: David Bloom
Title:____________________________	Title: CDO
Date:____________________________	Date:____________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN MINNESOTA

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and _________________________, a _____________ corporation having its principal place of business at ______________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the Franchised Restaurant that Franchisee will operate under the Franchise Agreement will be located in Minnesota, and/or (b) any of the franchise offer or sales activity occurred in Minnesota.

2. RELEASES. The following is added to the end of Sections 2, 3, 12, and 14 of the Franchise Agreement:

> Any release required as a condition of renewal, sale and/or assignment/transfer will not apply to the extent prohibited by the Minnesota Franchises Law.

3. TERMINATION. The following is added to the end of Sections 2 and 10 of the Franchise Agreement:

> However, with respect to franchises governed by Minnesota law, Franchisor will comply with Minn. Stat. Sec. 80C.14, Subds. 3, 4 and 5 which require, except in certain specified cases, that Franchisee be given 90 days' notice of termination (with 60 days to cure) and 180 days' notice of non-renewal of this Agreement.

4. FEES. Section 4 of the Franchise Agreement is amended by adding the following:

> Despite the payment provisions above, Franchisor will defer Franchisee's payment of the initial franchise fee due under this Agreement until it has fulfilled all of its initial obligations to Franchisee under this Agreement and Franchisee has commenced doing business. Franchisee must pay Franchisor the full initial franchise fee on the day Franchisee opens its Franchised Restaurant for business.

5. INDEMNIFICATION FOR USE OF MARKS. The following sentence is added to the end of Section 5 of the Franchise Agreement:

> Provided Franchisee has complied with all provisions of this Agreement applicable to the Marks, Franchisor will protect Franchisee's right to use the Marks and will indemnify Franchisee from any loss, costs, or expenses arising out of any claims, suits, or demands regarding Franchisee's use of the Marks in accordance with Minn. Stat. Sec. 80C 12, Subd. 1(g).

6. WAIVER OF PUNITIVE DAMAGES. If and then only to the extent required by the Minnesota Franchises Law, Section 18 of the Franchise Agreement is deleted.

7. GOVERNING LAW. The following statement is added to the end of Section 21 of the Franchise Agreement:

> Nothing in this Agreement will abrogate or reduce any of Franchisee's rights under Minnesota Statutes Chapter 80c or Franchisee's right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

8. WAIVER OF JURY TRIAL. If and then only to the extent required by the Minnesota Franchises Law, the last paragraph of Section 26 of the Franchise Agreement is deleted.

9. INJUNCTIVE RELIEF. The second to the last paragraph of Section 26 of the Franchise Agreement is deleted and replaced with the following:

> With understanding of the provisions of the above paragraph, Franchisee agrees that Franchisor, at its option, will have the right to seek preliminary injunctive relief from a court of competent jurisdiction to restrain any conduct by Franchisee in the development or operation of the Franchised Restaurant that could materially damage the goodwill associated with the Marks, provided that if Franchisee counters, by initiating AAA arbitration in the required forum, Franchisor agrees to arbitrate the entire dispute from that point on, except preliminary injunctive relief (and permanent injunctive relief also, if Franchisee will not agree that the preliminary injunction shall remain effective indefinitely until the arbitrator shall dissolve it), leaving the court action pending, if it chooses, to facilitate enforcement. A court will determine if a bond is required to obtain any injunctive relief with respect to use of the Marks or use of Franchisor Non-Mark Proprietary IP, including, but not limited to, recipes and/or food preparation techniques.

10. CONSENT TO JURISDICTION. The following language is added to the end of Section 27 of the Franchise Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80c.21 and Minn. Rule 2860.4400j prohibit Franchisor, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this agreement will abrogate or reduce any of Franchisee's rights under Minnesota Statutes Chapter 80c or Franchisee's rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

11. LIMITATION OF CLAIMS; NO IMPLIED COVENANT. The following is added to the end of Section 28 of the Franchise Agreement:

> Minnesota law provides that no action may be commenced under Minn. Stat. Sec. 80C.17 more than 3 years after the cause of action accrues.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:________________________________	By:________________________
Name:______________________________	Name: David Bloom
Title:_______________________________	Title: CDO
Date:_______________________________	Date:_______________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN NEW YORK

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and _________________________, a ____________ corporation having its principal place of business at ______________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) the offer or sale of the franchise for the Franchised Restaurant that Franchisee will operate under the Franchise Agreement was made in New York, and/or (b) the Franchisee is a resident of New York and the Franchised Restaurant will be located in New York.

2. RELEASES. The following is added to the end of Sections 2, 3, 12, and 14 of the Franchise Agreement:

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

3. TERMINATION. The following is added to the end of Sections 2 and 10 of the Franchise Agreement:

> You may terminate the Franchise Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

4. GOVERNING LAW/CONSENT TO JURISDICTION. The following statement is added to the end of Sections 21 and 27 of the Franchise Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

5. LIMITATION OF CLAIMS; NO IMPLIED COVENANT. The following is added to the end of Section 28 of the Franchise Agreement:

> To the extent required by Article 33 of the General Business Law of the State of New York, all rights and any causes of action arising in your favor from the

provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this provision that the non-waiver provisions of GBL Sections 687.4 and 687.5 be satisfied.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:______________________________	By:________________________
Name:____________________________	Name: David Bloom
Title:_____________________________	Title: CDO
Date:_____________________________	Date:_____________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN RHODE ISLAND

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and _________________________, a _____________ corporation having its principal place of business at ______________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because (a) Franchisee is domiciled in Rhode Island and the Franchised Business that Franchisee will operate under the Franchise Agreement will be located in Rhode Island, and/or (b) any of the franchise offer or sales activity occurred in Rhode Island.

2. GOVERNING LAW. Section 21 of the Franchise Agreement is deleted and replaced with the following:

> Except to the extent governed by the United States Trademark Act of 1946 (Lanham Act, 15 U.S.C. sections 1051 et seq.) or other federal law, this Agreement and all claims arising from the relationship between Franchisor and Franchisee will be governed by the laws of the state of Nevada, without regard to its conflict of laws principles, except that: (1) any Nevada law regulating franchise offers and sales or governing the Franchisor-Franchisee relationship will not apply unless its jurisdictional requirements are met independently without reference to this section; and (2) to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

3. CONSENT TO JURISDICTION. The following language is added to the end of Section 27 of the Franchise Agreement:

> Nonetheless, subject to Franchisee's arbitration obligations, Franchisee has the right under the Rhode Island Franchise Investment Act to sue in Rhode Island for claims arising under that law.

[Signature Page Follows]

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:________________________________	By:________________________
Name:______________________________	Name: David Bloom
Title:_______________________________	Title: CDO
Date:_______________________________	Date:_______________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT FOR USE IN VIRGINIA

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("Franchisor"), and _________________________, a _____________ corporation having its principal place of business at ______________________________________ ("Franchisee").

1. BACKGROUND. Franchisor and Franchisee 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 is annexed to and forms part of the Franchise Agreement. This Rider is being signed because the Franchised Restaurant that Franchisee will operate under the Franchise Agreement will be located or operated in Virginia.

2. FEES. Section 4 of the Franchise Agreement is amended by adding the following:

> Despite the payment provisions above, Franchisor will defer Franchisee's payment of the initial franchise fee due under this Agreement until it has fulfilled all of its initial obligations to Franchisee under this Agreement and Franchisee has commenced doing business. Franchisee must pay Franchisor the full initial franchise fee on the day Franchisee opens its Franchised Restaurant for business.

3. Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

> Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.
>
> Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

To the extent the Franchise Agreement includes any provision that is wholly or partially unlawful under Virginia law, the unlawful portions of the provision will be deemed to be severed from, and not to be a part of, the Franchise Agreement to the extent they are unlawful. However, any remaining lawful portions of the provision may be fully enforced.

[Signature page follows]

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

FRANCHISEE:	CAPRIOTTI’S SANDWICH SHOP, INC.
By:__________________________________	By:__________________________
Name:________________________________	Name: David Bloom
Title:_________________________________	Title: CDO
Date:_________________________________	Date:_________________________________

WASHINGTON ADDENDUM TO THE FRANCHISE DISCLOSURE DOCUMENT, THE FRANCHISE AGREEMENT, THE DEVELOPMENT RIGHTS AGREEMENT, AND ALL RELATED AGREEMENTS

The provisions of this Addendum form an integral part of, are incorporated into, and modify the Franchise Disclosure Document, the franchise agreement, and all related agreements regardless of anything to the contrary contained therein. This Addendum applies if: (a) the offer to sell a franchise is accepted in Washington; (b) the purchaser of the franchise is a resident of Washington; and/or (c) the franchised business that is the subject of the sale is to be located or operated, wholly or partly, in Washington.

1. **Conflict of Laws.** In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, chapter 19.100 RCW will prevail.

2. **Franchisee Bill of Rights.** RCW 19.100.180 may supersede provisions in the franchise agreement or related agreements concerning your relationship with the franchisor, including in the areas of termination and renewal of your franchise. There may also be court decisions that supersede the franchise agreement or related agreements concerning your relationship with the franchisor. Franchise agreement provisions, including those summarized in Item 17 of the Franchise Disclosure Document, are subject to state law.

3. **Site of Arbitration, Mediation, and/or Litigation.** In any arbitration or mediation involving a franchise purchased in Washington, the arbitration or mediation site will be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration or mediation, or as determined by the arbitrator or mediator at the time of arbitration or mediation. In addition, if litigation is not precluded by the franchise agreement, a franchisee may bring an action or proceeding arising out of or in connection with the sale of franchises, or a violation of the Washington Franchise Investment Protection Act, in Washington.

4. **General Release.** A release or waiver of rights in the franchise agreement or related agreements purporting to bind the franchisee to waive compliance with any provision under the Washington Franchise Investment Protection Act or any rules or orders thereunder is void except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2). In addition, any such release or waiver executed in connection with a renewal or transfer of a franchise is likewise void except as provided for in RCW 19.100.220(2).

5. **Statute of Limitations and Waiver of Jury Trial.** Provisions contained in the franchise agreement or related agreements that unreasonably restrict or limit the statute of limitations period for claims under the Washington Franchise Investment Protection Act, or rights or remedies under the Act such as a right to a jury trial, may not be enforceable.

6. **Transfer Fees.** Transfer fees are collectable only to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

7. **Termination by Franchisee.** The franchisee may terminate the franchise agreement under any grounds permitted under state law.

8. **Certain Buy-Back Provisions.** Provisions in franchise agreements or related agreements that permit the franchisor to repurchase the franchisee's business for any reason during the term of the franchise agreement without the franchisee's consent are unlawful pursuant to RCW 19.100.180(2)(j), unless the franchise is terminated for good cause.

9. **Fair and Reasonable Pricing.** Any provision in the franchise agreement or related agreements that requires the franchisee to purchase or rent any product or service for more than a fair and reasonable price is unlawful under RCW 19.100.180(2)(d).

10. **Waiver of Exemplary & Punitive Damages.** RCW 19.100.190 permits franchisees to seek treble damages under certain circumstances. Accordingly, provisions contained in the franchise agreement or elsewhere requiring franchisees to waive exemplary, punitive, or similar damages are void, except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel, in accordance with RCW 19.100.220(2).

11. **Franchisor's Business Judgement.** Provisions in the franchise agreement or related agreements stating that the franchisor may exercise its discretion on the basis of its reasonable business judgment may be limited or superseded by RCW 19.100.180(1), which requires the parties to deal with each other in good faith.

12. **Indemnification.** Any provision in the franchise agreement or related agreements requiring the franchisee to indemnify, reimburse, defend, or hold harmless the franchisor or other parties is hereby modified such that the franchisee has no obligation to indemnify, reimburse, defend, or hold harmless the franchisor or any other indemnified party for losses or liabilities to the extent that they are caused by the indemnified party's negligence, willful misconduct, strict liability, or fraud.

13. **Attorneys' Fees.** If the franchise agreement or related agreements require a franchisee to reimburse the franchisor for court costs or expenses, including attorneys' fees, such provision applies only if the franchisor is the prevailing party in any judicial or arbitration proceeding.

14. **Noncompetition Covenants.** Pursuant to RCW 49.62.020, a noncompetition covenant is void and unenforceable against an employee, including an employee of a franchisee, unless the employee's earnings from the party seeking enforcement, when annualized, exceed $100,000 per year (an amount that will be adjusted annually for inflation). In addition, a noncompetition covenant is void and unenforceable against an independent contractor of a franchisee under RCW 49.62.030 unless the independent contractor's earnings from the party seeking enforcement, when annualized, exceed $250,000 per year (an amount that will be adjusted annually for inflation). As a result, any provision contained in the franchise agreement or elsewhere that conflicts with these limitations is void and unenforceable in Washington.

15. **Nonsolicitation Agreements.** RCW 49.62.060 prohibits a franchisor from restricting, restraining, or prohibiting a franchisee from (i) soliciting or hiring any employee of a franchisee of the same franchisor or (ii) soliciting or hiring any employee of the franchisor. As a result, any such provisions contained in the franchise agreement or elsewhere are void and unenforceable in Washington.

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

17. **Prohibitions on Communicating with Regulators.** Any provision in the franchise agreement or related agreements that prohibits the franchisee from communicating with or complaining to regulators is inconsistent with the express instructions in the Franchise Disclosure Document and is unlawful under RCW 19.100.180(2)(h).

18. **Advisory Regarding Franchise Brokers.** Under the Washington Franchise Investment Protection Act, a "franchise broker" is defined as a person that engages in the business of the offer or sale of franchises. A franchise broker represents the franchisor and is paid a fee for referring prospects to the franchisor and/or selling the franchise. If a franchisee is working with a franchise broker, franchisees are advised to carefully evaluate any information provided by the franchise broker about a franchise.

19. The following paragraph is added to the end of Item 5 of the Franchise Disclosure Document:

    Franchisees who receive financial incentives to refer franchise prospects to the Franchisor might be required to register as franchise brokers under the laws of Washington State.

20. **Fees.** The following language is added as the last paragraphs of Items 5 and 7 of the Franchise Disclosure Document, Section 4 of the Franchise Agreement, and Section 4 of the Development Rights Agreement:

    In lieu of an impound of franchise fees, the Franchisor will not require or accept the payment of any initial franchise fees until the franchisee (a) has received all pre-opening and initial training obligations that it is entitled to under the franchise agreement or franchise disclosure document, and (b) is open for business. Because the Franchisor has material pre-opening obligations with respect to each franchised business that the Franchisee opens under the Development Rights Agreement, payment of the franchise fee will be released proportionally with respect to each franchise outlet opened and until the Franchisor has met all its pre-opening obligations under the Agreement and Franchisee is open for business with respect to each such location.

The undersigned parties do hereby acknowledge receipt of this Addendum.

FRANCHISEE:	CAPRIOTTI'S SANDWICH SHOP, INC.
By:______________________	By:______________________
Name:______________________	Name: David Bloom
Title:______________________	Title: CDO
Date:______________________	Date:______________________

CAPRIOTTI'S SANDWICH SHOP, INC.

By:______________________
Name: David Bloom
Title: CDO
Date:______________________

DEVELOPER:

(entity)

By:______________________
Name:______________________
Title:______________________
Date:______________________

THE FOLLOWING PAGES IN THIS EXHIBIT ARE STATE-SPECIFIC RIDERS TO THE DEVELOPMENT RIGHTS AGREEMENT

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN CALIFORNIA

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and __________________________, a ____________ having its principal place of business at _______________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated ____________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated ____________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in California and you are a resident of California, or (b) the CAPRIOTTI'S Restaurants that you will develop and operate under the Development Rights Agreement will be located in California.

2. DEVELOPMENT FEE. Section 4 of the Development Rights Agreement is amended by adding the following:

> The Department of Financial Protection and Innovation requires that we defer the collection of all initial fees from California franchisees until we have completed all of our pre-opening obligations and the CAPRIOTTI'S Restaurants are open for business. The payment of the Development Fee and initial franchise fee attributable to a specific CAPRIOTTI'S Restaurant is deferred until that Restaurant is open.

3. INCORPORATION OF OTHER TERMS. The following language is added to the end of Section 11 of the Development Rights Agreement:

> This Agreement contains a covenant not to compete which extends beyond the termination of the franchise. A contract that restrains a former franchisee from engaging in a lawful trade or business is void to the extent provided under California Business and Professions Code Section 16600.
>
> For franchisees operating outlets located in California, the California Franchise Investment Law and the California Franchise Relations Act will apply regardless of the choice of law or dispute resolution venue stated elsewhere. Any language in this Agreement or any amendment thereto or any agreement to the contrary is superseded by this condition.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:_________________________
Name: David Bloom
Title: CDO
Date:________________________

DEVELOPER:

(entity)

By:_________________________
Name:_______________________
Title:________________________
Date:________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN HAWAII

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and _________________________, a ____________ having its principal place of business at _____________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated ___________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated ___________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity occurred in Hawaii, or (c) you are a resident of Hawaii.

2. FEES. Section 4 of the Development Rights Agreement is amended by adding the following:

> Despite the payment provisions above, we will defer your payment of the development fee due under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the full development fee on the day you open your first CAPRIOTTI'S Restaurant for business.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:_________________________
Name: David Bloom
Title: CDO
Date:________________________

DEVELOPER:

(entity)

By:_________________________
Name:_______________________
Title:________________________
Date:________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN ILLINOIS

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and _________________________, a _____________ having its principal place of business at ______________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated ___________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated ___________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in Illinois and the CAPRIOTTI'S Restaurants that you will develop under the Development Rights Agreement will be located in Illinois, and/or (b) you are a resident of Illinois.

2. FEES. Section 4 of the Development Rights Agreement is amended by adding the following:

> Despite the payment provisions above, we will defer your payment of the development fee due under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the full development fee on the day you open your first CAPRIOTTI'S Restaurant for business.

3. WAIVER OF PUNITIVE AND EXEMPLARY DAMAGES AND JURY TRIAL. The following language is added to the end of Section 25 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> However, any waiver 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.

4. GOVERNING LAW. The following language is added to the end of Section 21 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> Except for the Federal Arbitration Act that applies to arbitration, Illinois law governs the Development Rights Agreement.

5. CONSENT TO JURISDICTION. The following language is added to the end of Section 27 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

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

6. ILLINOIS FRANCHISE DISCLOSURE ACT. The following language is added as new Section 13 of the Development Rights Agreement.

13 **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.

Your rights upon Termination and Non-Renewal of an agreement are set forth in Section 19 and 20 of the Illinois Franchise Disclosure Act.

During the term of your franchise, the Franchisor may determine that retraining is necessary and require you to complete an extensive (up to 6 weeks) onsite retraining program and pay $10,000 for it.

If you sign a Development Agreement to establish multiple restaurants within a designated territory, the Franchisor can delay construction, development, and opening of your additional CAPRIOTTI'S Restaurants at any time it believes that the delay is in the best interest of the CAPRIOTTI'S Restaurant brand.

[Signature page follows]

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:_________________________
Name: David Bloom
Title: CDO
Date:________________________

DEVELOPER:

____________________________(entity)

By:_________________________
Name:_______________________
Title:________________________
Date:________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN MARYLAND

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and _________________________, a _____________ having its principal place of business at ______________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated ___________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated ___________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are a resident of the State of Maryland, and/or (b) the CAPRIOTTI'S Restaurants that you will develop under the Development Rights Agreement will be located or operated in Maryland.

2. FEES. Section 4 of the Development Rights Agreement is amended by adding the following:

> Based upon Franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all development fees and initial payments owed by you shall be deferred until the first CAPRIOTTI'S Restaurant under the Development Rights Agreement opens for business.

3. GOVERNING LAW. The following language is added to the end of Section 21 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> Despite anything to the contrary stated above, Maryland law will apply to claims arising under the Maryland Franchise Registration and Disclosure Law.

4. NON-WAIVER. The following language is added to the end of Section 33 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> Such representations are not intended to nor shall they act as a release, estoppel, or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

5. CONSENT TO JURISDICTION. The following language is added to the end of Section 27 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> However, subject to your arbitration obligations, nothing in this Section affects your right under the Maryland Franchise Registration and Disclosure Law to bring a lawsuit in Maryland for claims arising under that law.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:_________________________
Name: David Bloom
Title: CDO
Date:_______________________

DEVELOPER:

____________________________(entity)

By:_________________________
Name:_______________________
Title:_______________________
Date:_______________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN MINNESOTA

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and _________________________, a ____________ having its principal place of business at ______________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated ___________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated ___________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) the CAPRIOTTI'S Restaurants that you will develop and operate under the Development Rights Agreement will be located in Minnesota, and/or (b) any of the franchise offer or sales activity occurred in Minnesota.

2. FEES. Section 4 of the Development Rights Agreement is amended by adding the following:

> Despite the payment provisions above, we will defer your payment of the development fee due under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the full development fee on the day you open your first CAPRIOTTI'S Restaurant for business.

3. GOVERNING LAW. The following language is added to the end of Section 21 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80c or your right to any procedure, forum, or remedies that the laws of the jurisdiction provide.

4. CONSENT TO JURISDICTION. The following language is added to the end of Section 27 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> Notwithstanding the foregoing, Minn. Stat. Sec. 80c.21 and Minn. Rule 2860.4400j prohibit us, except in certain specified cases, from requiring litigation to be conducted outside of Minnesota. Nothing in this Agreement will abrogate or reduce any of your rights under Minnesota Statutes Chapter 80c or your rights to any procedure, forum, or remedies that the laws of the jurisdiction provide.

5. WAIVER OF JURY TRIAL. If and then only to the extent required by the Minnesota Franchises Law, the last paragraph of Section 26 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement, is deleted.

6. REMEDIES. The following language is added to the end of Section 11 of the Development Rights Agreement

WE AND YOU ACKNOWLEDGE THAT CERTAIN PARTS OF THIS SECTION MIGHT NOT BE ENFORCEABLE UNDER MINN. RULE PART 2860.4400J. HOWEVER, WE AND YOU AGREE TO ENFORCE THE PROVISION TO THE EXTENT THE LAW ALLOWS.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:________________________
Name: David Bloom
Title: CDO
Date:_______________________

DEVELOPER:

(entity)

By:________________________
Name:______________________
Title:_______________________
Date:_______________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN NEW YORK

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and _________________________, a ____________ having its principal place of business at _______________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated ___________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated ___________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) any of the franchise offer or sales activity relating to the Development Rights Agreement occurred in New York, and/or (b) you are a resident of New York and the CAPRIOTTI'S Restaurants that you will develop and operate under the Development Rights Agreement will be located in New York.

2. TERMINATION. The following language is added to the end of Section 7 of the Development Rights Agreement:

> You may terminate this Agreement on any grounds available by law under the provisions of Article 33 of the General Business Law of the State of New York.

3. GOVERNING LAW/CONSENT TO JURISDICTION. The following language is added to the end of Sections 21 and 27 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> However, to the extent required by Article 33 of the General Business Law of the State of New York, this Section shall not be considered a waiver of any right conferred upon you by the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder.

[Signature Page Follows]

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:_________________________
Name: David Bloom
Title: CDO
Date:_______________________

DEVELOPER:

____________________________(entity)

By:_________________________
Name:_______________________
Title:_______________________
Date:_______________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN RHODE ISLAND

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and ________________________, a ____________ having its principal place of business at ____________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated __________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated __________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because (a) you are domiciled in Rhode Island and the CAPRIOTTI'S Restaurants that you will develop and operate under the Development Rights Agreement will be located in Rhode Island, and/or (b) any of the franchise offer or sales activity occurred in Rhode Island.

2. GOVERNING LAW. The following language is added to the end of Section 21 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> Except to the extent governed by the United States Trademark Act of 1946 (Lanham act, 15 U.S.C. sections 1051 et seq.) or other federal law, this Agreement and all claims arising from the relationship between us and you will be governed by the laws of the state of Nevada, without regard to its conflict of laws principles, except that: (1) any Nevada law regulating franchise offers and sales or governing the franchisor-franchisee relationship will not apply unless its jurisdictional requirements are met independently without reference to this section; and (2) to the extent required by applicable law, Rhode Island law will apply to claims arising under the Rhode Island Franchise Investment Act.

3. CONSENT TO JURISDICTION. The following language is added to the end of Section 27 of the Franchise Agreement, as incorporated by reference in Section 11 of the Development Rights Agreement:

> Nonetheless, subject to your arbitration obligations, you have the right under the Rhode Island Franchise Investment Act to sue in Rhode Island for claims arising under that law.

[Signature Page Follows]

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:_________________________
Name: David Bloom
Title: CDO
Date:________________________

DEVELOPER:

____________________________(entity)

By:_________________________
Name:_______________________
Title:________________________
Date:________________________

RIDER TO THE CAPRIOTTI'S SANDWICH SHOP, INC.
DEVELOPMENT RIGHTS AGREEMENT FOR USE IN VIRGINIA

This Rider (the "Rider") is made this ________________, 20__, by and between CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation having its principal place of business at 6056 South Durango Drive, Suite 100, Las Vegas, Nevada 89113 ("we," "us," or "our"), and __________________________, a _____________ having its principal place of business at ______________________________________ ("you" or "your").

1. BACKGROUND. We and you are parties to that certain Development Rights Agreement dated ___________________________, 20__ (the "Development Rights Agreement"). We and you (or your affiliate) also are parties to that certain Franchise Agreement dated ___________________________, 20__ (the "Franchise Agreement") that is being signed concurrently with the Development Rights Agreement. This Rider is annexed to and forms part of the Development Rights Agreement. This Rider is being signed because the CAPRIOTTI'S Restaurants that you will develop under the Development Rights Agreement will be located or operated in Virginia.

2. FEES. Section 4 of the Development Rights Agreement is amended by adding the following:

> Despite the payment provisions above, we will defer your payment of the development fee due under this Agreement until we have fulfilled all of our initial obligations to you under this Agreement and you have commenced doing business. You must pay us the full development fee on the day you open your first CAPRIOTTI'S Restaurant for business.

3. Effective July 1, 2026, the Virginia Retail Franchising Act provides as follows:

> Under subdivision A 4 of § 13.1-563 of the Virginia Retail Franchising Act ("Act"), it is unlawful to offer or enter into a franchise agreement that restricts the right of a franchisee to engage in the business of offering, selling, or distributing goods or services at retail after termination or expiration of the franchise agreement. However, subsection B of § 13.1-563 of the Act provides that if a franchisee sells a franchise at a mutually agreed upon price to a third party or back to the franchisor, such sale may include a term restricting the right of such franchisee to engage in the business of offering, selling, or distributing goods or services at retail for a period of no more than two years after such sale.
>
> Under subsection D of § 13.1-559 of the Virginia Retail Franchising Act, for all franchises located in Virginia, the franchise contract or agreement offered or entered into pursuant to terms of this chapter shall be governed by the laws of the Commonwealth of Virginia.

To the extent the Development Rights Agreement includes any provision that is wholly or partially unlawful under Virginia law, the unlawful portions of the provision will be deemed to be severed from, and not to be a part of, the Development Rights Agreement to the extent they are unlawful. However, any remaining lawful portions of the provision may be fully enforced.

IN WITNESS WHEREOF, each party has caused its duly authorized representative to sign and deliver this Rider on the date first above written.

CAPRIOTTI'S SANDWICH SHOP, INC.

By:_________________________
Name: David Bloom
Title: CDO
Date:________________________

DEVELOPER:

____________________________(entity)

By:_________________________
Name:_______________________
Title:________________________
Date:________________________

EXHIBIT E

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EXHIBIT F

INFORMATION REGARDING CURRENT AND PAST FRANCHISEES

LIST OF FRANCHISEES AS OF DECEMBER 31, 2025

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
Alabama								
AL100438	King Preston Group, LLC	Shana King**	Kenneth King	3835 W Main St	Dothan	AL	36305	
AL100482	ALACAPS 237, LLC	Jennifer Ashcraft*	Kenny Ashcraft	2003 Whitesburg Dr	Huntsville	AL	35801	256-678-0237
AL100443	ALACAPS 137, LLC	Jennifer Ashcraft*	Kenny Ashcraft	461 John Henry Way	Madison	AL	35758	256-644-9937
AL100529	ALACAPS 337, LLC	Jennifer Ashcraft**	Kenny Ashcraft	143 Stadium Way	Madison	AL	35758	
Arizona								
AZ100492	Entity TBD	Ajaz Ramzan**		TBD Mojave Hwy	Bullhead City	AZ		
AZ071	RooBella, LLC	Rick Bocanegra		3510 E Baseline Rd	Mesa	AZ	85204	480-497-0308
AZ100388	Entity TBD	Anthony Austin**		2415 Camelback Rd	Phoenix	AZ	85383	623-693-0139
AZ081	NS CAPS, LLC	Warren Ruttenberg		15227 N 87th St	Scottsdale	AZ	85260	480-948-7827
AZ104	DS CAPS, LLC	Warren Ruttenberg		4017 N Scottsdale Rd	Scottsdale	AZ	85251	480-946-7827
Arkansas								
AR196	CapNWA, INC.	Matthew Matt*		1406 S Walton Blvd	Bentonville	AR	72712	479-326-8999
AR100408	CapNWA, INC.	Matthew Matt**		601 N Thompson St	Springdale	AR	72764	479-334-5696
AR100479	CapNWA, INC.	Matthew Matt**		710 Walnut St	Rogers	AR	72756	
California								
CA164	2-ADEP Ventures, LLC	Cesar Torres*	Brenda Torres	9171 Desoto Ave	Chatsworth	CA	91311	818-681-1881
CA084	2-ADEP Ventures, LLC	Cesar Torres*	Brenda Torres	5495 S Sepulveda Blvd	Culver City	CA	90230	310-391-1600
CA215	Capritune Corporation	Tim Robison*		14063 Limonite Ave	Eastvale	CA	91752	909-930-5967
CA100403	D'Lish Us Sandwiches Group, Inc.	Scott Crouch*		3230 E Bidwell St	Folsom	CA	95630	916-790-8151
CA197	Gomez Restaurants, Inc.	Javier Gomez*		5058 N. Palm Ave	Fresno	CA	93704	559-228-3225
CA100221	Gomez Restaurants, Inc.	Javier Gomez*		7685 N Blackstone Ave	Fresno	CA	93270	559-293-4609
CA100321	Gomez Restaurants, Inc.	Javier Gomez*		N Riverside Ave	Fresno	CA	93722	
CA171	Gomez Restaurants, Inc.	Javier Gomez*		4060 Douglas Blvd	Granite Bay	CA	95746	916-742-7688
CA100265	Capritune 2 Corporation	Tim Robison*		12831 Moreno Beach Dr	Moreno Valley	CA	92555	951-485-0444
CA100336	Cipher Sandwich Corp	Laili Malikyar		40469 Murrieta Hot Springs Rd	Murrieta	CA	92563	951-417-8003
CA100425	Capritune 1 Corporation	Tim Robison*		920 Haven Ave	Ontario	CA	91764	909-966-8770

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
CA100377	D'Lish Us Sandwiches Group, Inc.	Scott Crouch*		4045 Sunrise Blvd	Rancho Cordova	CA	95742	916-790-8422
CA100451	CAPS KS, LLC	Camille Steele*		36101 Bob Hope Dr	Rancho Mirage	CA	92270	760-459-3511
CA100453	W n Foods, Inc.	Wahid Karas*		9867 Magnolia Ave	Riverside	CA	92503	951-373-8099
CA200	Gomez Restaurants, Inc.	Javier Gomez*		791 Foothill Blvd	San Luis Obispo	CA	93405	805-439-1816
CA100205	2-ADEP Ventures, LLC	Cesar Torres*	Brenda Torres	27624 The Old Road, C	Valencia	CA	91355	661-383-9394
CA100455	Adept Endeavors, LLC	Cesar Torres*	Brenda Torres	26889 Sierra Highway	Santa Clarita	CA	91321	661-542-7023
CA100512	CAPS LQ, LLC	Camille Steele**		41155 Jefferson St	La Quinta	CA	92253	
Colorado								
CO100236	CAPS Castle Rock, LLC	Terrence Kane		5715 Atrium Dr	Castle Rock	CO	80104	303-558-0145
CO100245	TEN10 INVESTMENTS, LLC	Terrence Kane		7939 East Arapahoe Rd	Greenwood Village	CO	80112	720-381-0396
CO229	CAPS Highland Ranch, LLC	Terrence Kane		1100 Sgt. Jon Stiles Drive	Highlands Ranch	CO	80129	303-284-0970
CO100326	CAPS Parker, LLC	Terrence Kane		11153 S Parker Rd, Parke	Parker	CO	80134	720-630-7646
CO231	Grumpy & CAS Limited	Ron Sanders		140 E Cheyenne Rd	Colorado Springs	CO	80906	719-354-4137
CO100389	Grumpy & CAS Limited	Ron Sanders		1286 Interquest Pkwy	Colorado Springs	CO	80921	719-698-7123
CO100410	Cas & Grumpy Limited II	Ron Sanders		5856 Barnes Rd	Colorado Springs	CO	80922	719-358-7142
Connecticut								
CT116501	Draz Subs, LLC	James Drazdowsky	Nicole Drazdowsky	190 Elm St	Enfield	CT	06082	860-763-1176
Delaware								
DE001	Gobblers Union, LLC	David Carpenter		510 N Union St	Wilmington	DE	19805	302-571-8929
DE002	Gobblers Basin, LLC	David Carpenter		708 W Basin Rd	New Castle	DE	19720	302-322-6797
DE003	Gobblers Newark, LLC	David Carpenter		614 Newark Shopping Center	Newark	DE	19711	302-454-0200
DE004	Justico, Inc.	Kimberly Schneese		2124 Silverside Rd N	Wilmington	DE	19810	302-479-9818
DE007	Capriotti's of Dover, Inc.	Virginia Rodriguez		321-F Independence Blvd	Dover	DE	19904	302-678-2808
DE009	BON, Inc	Louis Bondoc	Suzanne Bondoc	430 Eden Square Shopping Center	Bear	DE	19701	302-832-8132
DE010	Gobblers Middletown, LLC	David Carpenter		743 N Broad St	Middletown	DE	19709	302-376-7827
DE018	Gobblers Kirkwood, LLC	David Carpenter		4522 Kirkwood Hwy	Wilmington	DE	19808	302-998-0096
DE025	Gobblers Smyrna, LLC	David Carpenter		458 West Glenwood Ave	Smyrna	DE	19977	302-659-1388
DE027	K & P, Inc.	George Buchwald		1604 Savannah Rd	Lewes	DE	19958	302-644-8998

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
DE094	BON, Inc.	Louis Bondoc	Suzanne Bondoc	614 Newark Shopping Center	Newark	DE	19711	302-533-5132
DE130	Gobblers Hockessin, LLC	David Carpenter		120 Lantana Square	Hockessin	DE	19707	302-257-5222
DE100158	Justico, Inc.	Kimberly Schneese		5600 Concord Pike	Wilmington	DE	19803	302-751-3402
DE100320	Lewes Bottom Line, LLC	Tom Donovan*		25938 Plaza Dr	Millsboro	DE	19996	302-945-9500
DE100514	TBD	Louis Bondoc**		2675 Pulaski Hwy	Newark	DE	19702	
Florida								
FL100404	Edible Concepts, LLC	Jason Cooper*		7480 Cortez Rd West	Bradenton	FL	34210	941-900-4622
FL100449	J3D3 Foods, LLC	Jennifer Cairns**		1019-1027 SW Pine Island Rd	Cape Coral	FL	33991	239-471-0469
FL100238	CAPS TAMPA, LLC	Scott Crawford		Lutz Collier Pkwy	Lutz	FL	33549	813-553-3745
FL100429	Edible Concepts, LLC	Jason Cooper**		6320 S Tamiami Trail	Sarasota	FL	34231	
FL100383	CAPS Carrolwood, LLC	Scott Crawford		3813 Northdale Blvd	Tampa	FL	33624	813-922-2773
FL193	Capriotti's Starkey Ranch, LLC	Scott Crawford		12267 State Rd 54	Odessa	FL	33556	727-476-1836
Georgia								
GA141	EPS Restaurants, LLC	Bill Byrd		777 Townpark Lane NW	Keneswaw	GA	30144	470-558-2277
Hawaii								
HI100392	Heu Hawaii, LLC	Soo Heu*	Soo Heu	4210-4230 Waialae Ave	Honolulu	HI	96816	808-739-0960
HI100480	Heu Hawaii, LLC	Soo Heu**	Soo Heu	890 Kamokila Blvd	Kapolei	HI	96707	808-312-3202
Idaho								
ID100290	Angle Subs, LLC	Jameson Angle*	Aimee Angle	305 W Appleway	Coeur d'Alene	ID	83814	208-771-7105
ID100423	Simply Super Sammies, LLC	Ruffin Baird		2565 E 17th St	Ammon	ID	83406	208-710-7774
ID100461	Raeco Subs, LLC	Jameson Angle*	Aimee Angle	264 S Beck Rd	Post Falls	ID	83854	208-981-0010
ID100488	TGC Investments Corporation	Brian Robertson*		200 N Highbrook Way	Star	ID	83669	208-908-7638
ID100490	Entity TBD	Brian Robertson**		320 S Ten Mile Rd	Meridian	ID	83642	
Illinois								
IL100206	JTC Business, LLC	Jaison Chacko	Justin Thomas	1730 W Fullerton Ave #12	Chicago	IL	60647	872-243-5700
IL110507	JTC Business, LLC	Jaison Chacko	Justin Thomas	850 W Superior Street	Chicago	IL	60642	872-243-1549
Indiana								
IN144	Red27, LLC	Ryan Bonnell		5320 E 82nd St	Castleton	IN	46250	317-813-4663

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
Iowa								
IA069	KJ Gimbel Industries, LLC	James Gimbel		3016 E 53rd Street	Davenport	IA	52807	563-359-8500
IA090	CAP CR, LLC	James Gimbel		4640 1st Ave NE	Cedar Rapids	IA	52402	319-393-2900
IA190	KRICAPRI, LLC	Rachana Doppalapudi		13101 University Ave	Clive	IA	50235	515-316-9444
Kansas								
KS207	OPKS Sandwich Shop, LLC	Sankey Rathod Patel		11902 W 119th St	Overland Park	KS	66210	913-912-1320
Maryland								
MD118	Arundel Caps, LLC	Bill Byrd		2285-B Forest Drive	Annapolis	MD	21401	443-949-8011
MD100322	ACSDB ENTERPRISES, LLC	Dan Berlin		18B Bel Air S Pkwy	Bel Air	MD	21015	410-688-1250
MD070	Kenmare Enterprises, LLC	Bill Byrd		500 Abruzzi Dr	Chester	MD	21619	410-643-9993
MD086	Kenmare Enterprises, LLC	Bill Byrd		106 Marlboro Rd	Easton	MD	21601	410-770-4546
MD013	H.P.L, Inc.	Henry Markiewicz	Pamela Markiewicz	202-A S Bridge St	Elkton	MD	21921	410-620-3522
MD100332	Waugh Chapel Caps, LLC	Bill Byrd		887 MD Rt 3 North	Gambrills	MD	21054	443-292-8080
MD100298	Pasadena Caps, LLC	Bill Byrd		8036 Governor Ritchie Hwy	Pasadena	MD	21122	410-684-5009
Minnesota								
MN10047	Subsensation, LLC	Michael Jamieson*		601 E Main St	Anoka	MN	55303	763-999-5332
Mississippi								
MS100495	New Vision Quickserve Holdings, LLC	Vishal Barot*	Pete Patel	190 Riverwind E Dr	Pearl	MS	39208	601-203-2612
Missouri								
MO100450	STL Caps, LLC	Jonathan Heslop**		12536 Olive Blvd	Creve Coeur	MO	63141	314-628-1980
MO246	Et Vero, LLC	Michael Brooks		NEQ 96th St & Hwy 291	Liberty	MO	60648	816-429-6400
MO100412	STL Caps, LLC	Jonathan Heslop*		9532 Manchester Rd	St. Louis	MO	63119	314-716-3160
MO100523	CAPS-1 of SGF, LLC	James Jacobsen**	Larry Graham	1318 E Battlefield Rd	Springfield	MO	65804	
Nevada								
NV019	Hot Crust Pizza, LLC	Susan Liu		6340 W Charleston Blvd	Las Vegas	NV	89107	702-838-8659
NV021	Be Amazed Sandwich Co, Inc	Michael Solomon		7440 W Cheyenne	Las Vegas	NV	89128	702-656-7779

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
NV022	Indie Subs, LLC	Jeff Klein		8450 W Sahara	Las Vegas	NV	89117	702-562-0440
NV023	CAPSAND, LLC	Joseph Haley		4983 W Flamingo Rd	Las Vegas	NV	89103	702-222-3331
NV024	JSAN SUBS, LLC	Jeff Klein		3830 E Flamingo Rd	Las Vegas	NV	89121	702-454-2430
NV026	Buddy Boy	Francis Allen		7291 S Eastern Ave	Las Vegas	NV	89119	702-260-4334
NV028	Got Subs, LLC	Jeff Klein		4480 Paradise Rd	Las Vegas	NV	89169	702-736-6166
NV031	Be Amazed Sandwich Co, Inc	Michael Solomon		1311 W Craig Rd	North Las Vegas	NV	89030	702-633-0234
NV034	VEGAS CAP 1, LLC	Corey Melendrez	Thomas Gourley	11155 S Eastern Ave	Henderson	NV	89052	702-257-3354
NV035	Stallion Foods NV, LLC	Jeff Klein		4835 S Fort Apache	Las Vegas	NV	89147	702-873-4682
NV037	VEGAS CAP 5, LLC	Corey Melendrez	Thomas Gourley	1146 W Sunset Rd	Henderson	NV	89014	702-558-9111
NV040	VEGAS CAP 3, LLC	Corey Melendrez	Thomas Gourley	90 S Stephanie St	Henderson	NV	89012	702-531-3354
NV041	Buckeye Subs Inc.	Jeff Klein		1200 N Town Center Dr	Las Vegas	NV	89114	702-304-8001
NV043	CAPSAND, LLC	James Armistead	Joseph Haley	7240 W Azure Dr	Las Vegas	NV	89130	702-655-1234
NV044	JSAN SUBS, INC.	Jeff Klein		10973 W Charleston Blvd	Las Vegas	NV	89135	702-257-3337
NV048	Boulder CAP 1, LLC	Corey Melendrez	Thomas Gourley	1010 Nevada Hwy	Boulder City	NV	89005	702-294-7827
NV049	JSAN SUBS, INC.	Jeff Klein		6965 S Rainbow Blvd	Las Vegas	NV	89118	702-269-9959
NV055	Be Amazed Sandwich Co, Inc	Michael Solomon		7300 Aliante Pkwy	North Las Vegas	NV	89084	702-639-9759
NV056	Stallion Foods NV, LLC	Jeff Klein		325 N Nellis Blvd	Las Vegas	NV	89110	702-437-2100
NV058	VEGAS CAP 2, LLC	Corey Melendrez	Thomas Gourley	8090 Blue Diamond	Las Vegas	NV	89178	702-240-3354
NV059	H & M Partners, LLC	Tim Haney		11350 Southern Highlands Pkwy	Las Vegas	NV	89141	702-363-2277
NV062	Stallion foods NV, LLC	Jeff Klein		2300 S Green Valley Pkwy	Henderson	NV	89052	702-794-3030
NV075	JSAN SUBS, INC.	Jeff Klein		4949 N Rancho Dr	Las Vegas	NV	89130	702-331-6134
NV077	Courthouse CAPS, LLC	James Lessnick	Paula Lessnick	200 Lewis Ave	Las Vegas	NV	89101	702-631-1112
NV110	Golden Entertainment, Inc.	David Morris		Edgewater Casino, 2020 S Casino Dr	Laughlin	NV	89029	702-299-1398
NV139	Be Amazed Sandwich Co, Inc	Michael Solomon		7540 Oso Blanca Rd	Las Vegas	NV	89149	702-645-5558
NV142	VEGAS CAP 7, LLC	Corey Melendrez	Thomas Gourley	Blue Diamond Ranch Shopping Center	Las Vegas	NV	89105	702-434-3354

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
NV147	Be Amazed Sandwich Co, LLC	Michael Solomon		3555 E Novat St	Las Vegas	NV	89129	702-328-2946
NV168	VEGAS CAPS 9, LLC	Corey Melendrez	Thomas Gourley	3455 St Rose Pkwy	Las Vegas	NV	89052	702-708-1102
NV109300	Addiboy Subs, LLC	Jeff Klein		4111 Boulder Hwy	Las Vegas	NV	89121	725-258-2600
NV109399	Bonanno Food Courts II, LLC	Robb Bonanno		3790 S Las Vegas Blvd	Las Vegas	NV	89109	702-740-6969
NV100486	CAPS Vegas 10, LLC	Corey Melendrez	Thomas Gourley	3720 E Sunset Rd	Las Vegas	NV	89120	701-780-5176
NV100489	Entity TBD	James Lessnick**	Paula Lessnick	Rancho & Lake Mead	Las Vegas	NV		
New Jersey								
NJ100478	ANSH Hospitality Marlton, LLC	Jimit Dharia*		1053 Route 73	Marlton	NJ	08540	856-334-8143
NJ100472	ANSH Hospitality Montgomery, LLC	Jimit Dharia**			Montgomery	NJ		
NJ100463	ANSH Hospitality Princeton, LLC	Jimit Dharia*		301 Harrison St	Princeton	NJ	08540	609-356-0845
NJ100483	ANSH Hospitality Warren, LLC	Jimit Dharia*		64 Mountain Blvd	Warren	NJ	07059	908-834-8011
North Carolina								
NC100201	Madison Place Two, LLC	David Froman	Todd Guear	2040 Freedom Park Dr	Charlotte	NC	28173	704-714-1247
NC100407	Park Road Three, LLC	David Froman	Todd Guear	4323 Park Rd	Charlotte	NC	28209	704-910-8988
Ohio								
OH100419	GK Property Holdings, LLC	Amber Walley*		6442 S Raccoon Rd	Canfield	OH	44406	330-967-4343
OH100468	GK Property Holdings of Niles, LLC	Amber Walley*		2484 Niles Cortland Rd SE	Warren	OH	44484	330-349-4124
OH100469	Entity TBD	Amber Walley**		5205 Mahoning Ave	Youngstown	OH	44515	
Oklahoma								
OK100213	Bawcum & Swyden Ventures, LLC	Stan Swyden*	Glen Bawcum	915 Kenosha St	Broken Arrow	OK	74012	918-893-3826
OK100234	Bawcum & Swyden Ventures, LLC	Stan Swyden*	Glen Bawcum	8115 Olympia Ave W	Tulsa	OK	74132	918-576-7007
Oregon								
OR100230	Franco, LLC	Connie Campbell*	Dale Campbell	13140 SE 172nd Ave	Happy Valley	OR	97086	503-482-5323
Pennsylvania								
PA014	PA CAPS 014, LLC	Chris Shimer*		301 Byers Dr.	Glen Mills	PA	19342	610-361-0300

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
PA016	JP Cap, LLC	Joseph Gutosky	Philip Harris	607 E. Market St.	West Chester	PA	19380	610-719-0270
PA032	CAPSTORM, LLC	James Armistead	Karl Storm	827 W. Baltimore Pike	West Grove	PA	19390	610-345-1050
PA080	PA CAPS 080, LLC	Chris Shimer*		141 S. State Rd.	Springfield	PA	19064	484-472-6257
PA100176	SEIBERT SANDWICHES, LLC	Mike Seibert*		5591 Hamilton Blvd	Allentown	PA	18106	610-871-0100
PA220	PA CAPS, LLC	Chris Shimer*		1814 Royersferd Pike	Royersford	PA	19468	484-902-8946
PA100251	PA CAPS 251, LLC	Chris Shimer*		475 N Sumneytown Pike	North Wales	PA	10454	267-655-4230
PA100330	Murray Springs, LLC	Brian Murray*	Merridith Murray	20012 Rte 19	Cranberry Township	PA	16066	878-208-7327
PA100448	Spott, Inc.	Matthew Spott**	DeAnna Spott	1131 Northern Blvd	Clarks Summit	PA	18411	
PA100452	3's Company Food & Bev. Inc.	Corey Wolff**		2547 Brindle Dr	Harrisburg	PA	17110	717-303-4549
PA100466	TBD	Mike Seibert**		2221 MacArthur Rd	Whitehall	PA	18052	
PA100505	PA Caps 505, LLC	Chris Shimer*		1086 E Lancaster Ave	Downingtown	PA	19335	610-332-3303
PA141536	3's Company Food & Bev. Inc.	Corey Wolff**		100 W Hershey Park Dr	Hershey	PA	17033	
South Carolina								
SC237	Bradenton Village One, LLC	David Froman	Todd Guear	2395 Len Patterson Rd	Fort Mill	SC	29708	803-228-7328
South Dakota								
SD162	Good Mood Food, LLC	Tonya Niewald	Aaron Niewald	2504 Marion Rd	Sioux Falls	SD	57106	605-271-7303
SD187	Good Mood Food, LLC	Tonya Niewald	Aaron Niewald	3617 W Avera Dr	Sioux Falls	SD	57109	605-271-9891
Texas								
TX100233	CAPS McKinney, LLC	Frank Frazier		3194 W. University St.	McKinney	TX	75071	972-521-9944
TX100327	Capriotti's Lakeside, LLC	Frank Frazier		811 International Pkwy	Flower Mound	TX	75022	925-537-5089
TX100379	CAPS Frisco, LLC	Frank Frazier		1612 FM 423	Frisco	TX	75036	469-200-5555
TX100444	Far 5 Subs, LLC	Matthew Farler*		3655 Catclaw Dr	Abilene	TX	79606	325-704-1179
TX100477	Synergic Reverie Travel Center, LLC	Ganesh Ramachandrula**			Waxahachie	TX		
Utah								
UT108	Utah Cap 1, LLC	Jordan Blackburn		250 Red Cliff Dr.	St George	UT	84790	435-628-9006
UT132	Valley West Subs, LLC	Jeff Klein*		2569 S 5600 West	West Valley City	UT	84120	801-456-4144
UT154	Murray's Subs, LLC	Jeff Klein*		6042 S State St	Murray	UT	84107	385-425-3111

Store Number	Franchisee	Principal	Principal	Address	City	State	Zip Code	Store Phone
UT155	Utah Cap 2, LLC	Jordan Blackburn		3602 Digital Drive, 210	Lehi	UT	84043	801-341-8340
UT156	Three Rivers Subs, LLC	Jeff Klein*		13400 South @ Mountain View Corridor	Riverton	UT	84096	801-446-8707
UT160	Utah Cap 3, LLC	Jordan Blackburn		3540 Pioneer Pkwy	Santa Clara	UT	84765	435-216-1800
Virginia								
VA100355	PRILLA2, LLC	Krunal Patel	Ankit Patel	2203 Plank Rd	Fredericksburg	VA	22401	
VA100390	Dough Management, LLC	Kris Waldoch		3951 Brambleton Ave	Roanoke	VA	24018	540-566-3955
VA100496	ADM Holdings, LLC	James Kimball**		35 Le Gordon Dr	Midlothian	VA	23114	

* *Denotes franchisee granted multi-unit development rights*
** *Denotes Franchise Agreement signed but not yet open as of 12/31/2025*

LIST OF FRANCHISEES WHO LEFT THE SYSTEM AS OF DECEMBER 31, 2025

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

CALIFORNIA

Ronald Strayhorne & Paul Garcia
CAP-Moreno Valley, LLC
Moreno Valley, CA 92555
(253) 229-3084
Transferred, left the system

DELAWARE

Louis Bondoc
CAPSDE94, LLC
Bear, DE 19703
(302) 547-3606
Ceased Operations, remains in system

Virginia Rodriguez
Capriotti's of Millford, LLC
Millford, DE 19963
(302) 922-1282
Termination, remains in system

Jillian Watkins
JSW4, LLC
Dover, DE 19901
(302) 222-3134
Ceased Operations, left system

FLORIDA

Marco Roca
Caps Plantation, LLC
Plantation, FL 33324
(678) 975-0555
Ceased Operations, left the system

Marco Roca
Caps SE Florida, Inc
North Miami Beach, FL 33179
(678) 975-0555
Ceased Operations, left the system

IDAHO

Steve Holdeman
Pastrami Boys, LLC
Twin Falls, IF 83301
(208) 371-4525
Ceased Operations, left the system

ILLINOIS

Andy Poch
Sandwich Kings, LLC
Chicago, IL 60601
(773) 915-3008
Non-Renewal, left the system

INDIANA

Casey McGaughey
Larry's Sandwich Shop, LLC
Carmel, IN 46077
(317) 471-8572
Ceased Operations, left the system

Casey McGaughey
Larry's Sandwich Shop, LLC
Hammond, IN 46320
(317) 471-8572
Ceased Operations, left the system

Ryan Bonnell
RED27, LLC
Indianapolis, IN 46227
(317) 506-5678
Ceased Operations, remains in system

IOWA

Sophia Joseph
CAP CR, LLC
Cedar Rapids, IA 52042
(319) 310-8202
Transfer, left the system

NEVADA

Ben Engler
Indie Subs, LLC
Las Vegas, NV 89135
(563) 343-8211
Reacquired by Franchisor, left the system

NEW YORK

William Denslow
JDWW Happauge, LLC
Happauge, NY 11788
(917) 821-4427
Ceased Operations, left the system

TEXAS

Roman Cohea
BYCODE, LLC
College Station, TX 77840
(702) 843-8288
Ceased Operations, left the system

Tessie Rodriguez
TR0078, LLC
El Paso, TX 79902
(468) 733-5266
Ceased Operations, left the system

VIRGINIA

Krunal Patel
RIYA ENTERPRISES C1, LLC
Stafford, VA 22554
(302) 528-3951
Ceased Operations, remains in system

LIST OF FRANCHISEES WHO LEFT THE SYSTEM *AFTER* DECEMBER 31, 2025

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

COLORADO

Ron Sanders
Grumpy & Cas Limited, LLC
Colorado Springs, CO 80921
(613) 422-8113
Terminated 2026, left the system

Ron Sanders
Cas & Grumpy Limited II, LLC
Colorado Springs, CO 80922
(613) 422-8113
Terminated 2026, left the system

Ron Sanders
Grumpy & Cas Limited, LLC
Colorado Springs, CO 80906
(613) 422-8113
Terminated 2026, left the system

IOWA

Blake Lorber
Brucas, Inc.
Clive, IA 50325
(515) 777-5182
Transfer 2026, left the system

KANSAS

Blake Lorber
Brucas, Inc.
Overland Park, KS 66213
(515) 777-5182
Transfer 2026, left the system

EXHIBIT G

FINANCIAL STATEMENTS

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information
Years Ended December 28, 2025
and December 29, 2024

BDO

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Financial Statements and Supplementary Information
Years Ended December 28, 2025 and December 29, 2024

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Contents

Tel: 214-969-7007
Fax: 214-953-0722
www.bdo.com

600 North Pearl, Suite 1700
Dallas, TX 75201

Independent Auditor's Report

Board of Directors
Capriotti's Sandwich Shop, Inc. and Subsidiaries
Las Vegas, Nevada

Opinion

We have audited the consolidated financial statements of Capriotti's Sandwich Shop, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 28, 2025 and December 29, 2024, and the related consolidated statements of operations, changes in stockholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 28, 2025 and December 29, 2024, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

Supplementary Information

Our audits were performed for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for the purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

BDO USA, P.C.

May 27, 2026

Capriotti’s Sandwich Shop, Inc. and Subsidiaries

Consolidated Balance Sheets

	December 28, 2025	December 29, 2024
Assets		
Current Assets		
Cash	**$ 1,534,456**	$ 1,049,392
Royalties’ receivable, net	**1,557,852**	1,573,011
Accounts and other receivables, net	**1,106,850**	839,208
Inventory	**188,478**	200,874
Prepaid expenses and other current assets	**190,131**	1,927,840
Total Current Assets	**4,577,767**	5,590,325
Other Assets		
Property and equipment, net	**1,206,055**	1,751,455
Trademarks and franchise contracts, net	**4,922,464**	5,572,039
Goodwill, net	**1,221,331**	1,448,764
Operating lease right-of-use asset, net	**5,025,719**	6,357,175
Loans and other finance receivables	**241,604**	238,541
Deposits	**53,323**	51,832
Total Other Assets	**12,670,496**	15,419,806
Total Assets	**$ 17,248,263**	$ 21,010,131

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Balance Sheets

	December 28, 2025	December 29, 2024
Liabilities and Stockholders' Deficit		
Current Liabilities		
Accounts payable	**$ 1,501,091**	$ 2,215,530
Accrued expenses and other current liabilities	**4,793,214**	5,777,722
Current portion of operating lease obligations	**743,393**	707,855
Deferred revenue	**1,528,278**	1,812,247
Current maturities of long-term debt	**1,976,219**	4,528,871
Total Current Liabilities	**10,542,195**	15,042,225
Long-Term Liabilities		
Long-term debt, less current maturities	**10,985,386**	9,498,943
Operating lease obligations, net of current	**4,461,196**	5,774,405
Total Liabilities	**25,988,777**	30,315,573
Commitments and Contingencies		
Stockholders' Deficit		
Voting common stock:		
Authorized 45,000,000 shares ($0.001 par value), 7,130,000 shares issued and outstanding	**7,130**	7,130
Nonvoting common stock:		
Authorized 30,000,000 shares ($0.001 par value), 7,920,691 shares issued and outstanding	**7,920**	7,920
Additional paid-in capital	**22,695,112**	21,131,767
Less: 373,325 shares of treasury stock at cost	**(823,845)**	(823,845)
Accumulated deficit	**(29,903,668)**	(29,159,105)
Total Capriotti's Sandwich Shop, Inc.'s Deficit	**(8,017,351)**	(8,836,133)
Noncontrolling interest	**(723,163)**	(469,309)
Total Stockholders' Deficit	**(8,740,514)**	(9,305,442)
Total Liabilities and Stockholders' Deficit	**$ 17,248,263**	$ 21,010,131

See accompanying notes to consolidated financial statements.

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Statements of Operations

Year ended	**December 28, 2025**	December 29, 2024
Revenues		
Franchise royalties and advertising contributions	**$ 11,430,057**	$ 11,952,734
Sales by Company-owned restaurants	**15,781,275**	14,277,787
Franchise fees	**684,000**	1,329,000
Other revenues	**3,195,808**	155,728
Total Revenues	**31,091,140**	27,715,249
Expenses		
Cost of sales by Company-owned restaurants	**5,086,743**	4,731,124
General and administrative expenses	**23,633,173**	25,452,423
Total Expenses	**28,719,916**	30,183,547
Income (Loss), before depreciation and amortization expense	**2,371,224**	(2,468,298)
Depreciation and Amortization Expense	**1,234,699**	1,353,564
Operating Income (Loss)	**1,136,525**	(3,821,862)
Other Income (Expense)		
Interest expense	**(2,131,344)**	(1,565,997)
Loss on disposal of Company-owned restaurants, net	**(351,815)**	(191,707)
Other income (expense)	**348,217**	(23,716)
Total Other Expense	**(2,134,942)**	(1,781,420)
Net Loss	**(998,417)**	(5,603,282)
Net Income Attribute to Noncontrolling Interest	**253,854**	737,952
Net Loss Attributable to Capriotti's Sandwich Shop, Inc.	**$ (744,563)**	$ (4,865,330)

See accompanying notes to consolidated financial statements.

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Deficit

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Noncontrolling Interest	Total
Balance, December 31, 2023	$ 15,050	$ 21,131,767	$ (823,845)	$ (24,293,775)	$ 268,643	$ (3,702,160)
Net loss	-	-	-	(4,865,330)	(737,952)	(5,603,282)
Balance, December 29, 2024	15,050	21,131,767	(823,845)	(29,159,105)	(469,309)	(9,305,442)
Net loss	-	-	-	(744,563)	(253,854)	(998,417)
Contribution	-	1,065,000	-	-	-	1,065,000
Debt-to-equity conversion	-	498,345	-	-	-	498,345
Balance, December 28, 2025	$ 15,050	$ 22,695,112	$ (823,845)	$ (29,903,668)	$ (723,163)	$ (8,740,514)

See accompanying notes to consolidated financial statements.

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Year ended	**December 28, 2025**	December 29, 2024
Cash Flows from Operating Activities		
Net loss	**$ (998,417)**	$ (5,603,282)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization	**1,234,699**	1,353,564
Loss on disposal of assets	**359,946**	191,705
Note payable discount amortization	**-**	64,000
Amortization of right-of-use asset	**755,444**	687,153
Changes in working capital components:		
Accounts receivable, net	**(267,642)**	(147,179)
Royalties' receivable, net	**15,159**	297,632
Inventory	**12,396**	(77,402)
Prepaid expenses and other assets	**1,737,709**	501,350
Accounts payable	**(714,439)**	287,798
Deferred revenue	**(283,969)**	(730,918)
Operating lease obligation	**(701,658)**	(728,493)
Deposits	**(1,492)**	(25,365)
Accrued expenses and other current liabilities	**(984,505)**	1,684,090
Net Cash Provided by (Used in) Operating Activities	**163,231**	(2,245,347)
Cash Flows from Investing Activities		
Purchases of equipment and leasehold improvements	**(209,228)**	(620,057)
Increase in non-current receivables	**(3,063)**	(3,063)
Acquisition	**-**	(1,319,733)
Proceeds from sale of property and equipment	**36,988**	-
Net Cash Used in Investing Activities	**(175,303)**	(1,942,853)
Cash Flows from Financing Activities		
Capital contribution	**1,065,000**	-
Proceeds from long-term borrowings	**2,453,210**	4,263,600
Payments on long-term borrowings	**(3,021,074)**	(260,566)
Net Cash Provided by Financing Activities	**497,136**	4,003,034
Net Increase (Decrease) in Cash	**485,064**	(185,166)
Cash, beginning of year	**1,049,392**	1,234,558
Cash, end of year	**$ 1,534,456**	$ 1,049,392
Supplemental Disclosure of Cash Flow Information		
Cash paid for interest	**$ 2,084,384**	$ 1,438,024
Supplemental Schedules of Noncash Investing and Financing Activities		
Right-of-use assets exchanged for lease liabilities	**$ -**	$ 1,867,813
Non-cash impact of lease modifications	**(576,012)**	409,537
Non-cash impact of debt-to-equity conversion	**498,345**	-

See accompanying notes to consolidated financial statements.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Capriotti's Sandwich Shop, Inc. and Subsidiaries (Capriotti's) develops, operates, and franchises quick-service restaurants that serve various submarine and deli sandwiches and related items in a casual sit-down and/or take-out format under the names Capriotti's Sandwich Shop, Capriotti's, and other service marks. Capriotti's Sandwich Shop, Inc. was organized in December 2007 as the successor to a limited liability company that was formed in August 2007. Its wholly owned subsidiaries include Capriotti's Sahara Store, LLC; Capriotti's Horizon Store, LLC; Capriotti's Arizona, LLC; Capriotti's Silverado, LLC; Capriotti's BH, LLC; Best Subs LM, LLC; Capriotti's Craig, LLC; Capriotti's Aliante, LLC; Capriotti's DC, LLC; Capriotti's Meadows, LLC; Capriotti's Sierra, LLC; Capriotti's Sparks, LLC; Capriotti's Huntridge, LLC; Capriotti's Los Altos, LLC; Capriotti's Kennett 2, LLC; Capriotti's Tucson LLC; Capriotti's Plumb, LLC; Capriotti's Carson City, LLC; Ghost Caps, LLC; and MV CAPS, LLC, a national marketing fund and advertising cooperative.

On December 16, 2020, Capriotti's formed a subsidiary, Wing Zone Holdings, LLC (Wing Zone), a Delaware limited liability company. On December 28, 2020, Wing Zone purchased 100% of equity interests of WZ Franchise Corporation, WZ International Corp., Wing Enterprises Inc., and Zone 203 Holdings LLC, which operates a global quick-service restaurant company that develops and manages brand locations that serve various chicken wing-related items in a casual sit-down and/or take-out format under the name Wing Zone.

Capriotti's Sandwich Shop, Inc. and its wholly owned subsidiaries, along with Wing Zone and its subsidiaries, are collectively referred to as the Company. At December 28, 2025, there are a total of 175 franchises operated in Arizona, California, Delaware, Georgia, Illinois, Indiana, Iowa, Massachusetts, Maryland, Minnesota, Nebraska, Nevada, South Dakota, Tennessee, Utah, Wisconsin, and Virginia. In addition to the franchises, the Company owned and operated 16 restaurants at December 28, 2025.

A summary of the Company's significant accounting policies follows:

Basis of Consolidation

The consolidated financial statements include the accounts of Capriotti's Sandwich Shop, Inc.; its wholly owned subsidiaries; and its 86% owned subsidiary, Wing Zone. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Fiscal Year

The Company has a 52/53-week fiscal year that ends on the last Sunday in December. The 2025 fiscal year and the 2024 fiscal year each consisted of 52 weeks.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Accounts and Royalties Receivable

The Company's accounts receivable mainly consist of a rebate receivable from a supplier, marketing fees, and management fees receivable from franchisees. Accounts and royalties receivable are recorded at original invoice amounts less estimated losses resulting from the inability of its customers to make required payments. Management determines the allowance for credit losses by assessing individual accounts receivable over a specific aging and amount. All other balances are pooled based on historical collection experience. The estimate of expected credit losses is based on information about past events, historical loss experience, balances past due by aging category, prior payment history with affected customers, geographic conditions, current economic conditions, and forecasts of future economic conditions that affect the collectability. Accounts and royalties receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for credit losses for royalties receivable and accounts receivable was approximately $1,377,000 and $0 as of December 28, 2025, respectively. The allowance for credit losses for royalties receivable and accounts receivable was approximately $995,000 and $0 as of December 29, 2024, respectively.

Inventory

Inventory is comprised of groceries, food stocks, and saleable paper products and is recorded at the lower of cost or net realizable value using the first-in, first-out costing method. Unsold perishables are discarded or donated daily and charged to cost of goods sold or selling expenses as appropriate.

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost. Major expenditures for additional property and those that substantially increase the useful lives or values of existing assets are capitalized. Costs incurred to repair and maintain the Company's operations and equipment are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related reserves for depreciation are removed from the accounts, and any gain or loss on retirements is reflected in the consolidated statements of operations in the year of disposition.

After the asset has been placed into service, depreciation is based on the estimated useful life of the asset using the straight-line method. Computers and equipment, as well as furniture and fixtures, are depreciated over their useful lives from five to ten years. Leasehold improvements are depreciated over the lesser of the life of the lease or life of the improvements. Lease terms begin on the date the Company takes possession under the lease and include option periods where failure to exercise such options would result in an economic penalty.

In accordance with accounting standards, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

The Company recorded no impairment charges for the years ended December 28, 2025 and December 29, 2024.

Goodwill and Other Intangible Assets

The Company has elected the accounting alternatives provided by accounting standards. Pursuant to these elections, the Company (a) subsumed into goodwill (i.e., did not separately recognize) noncompete agreements and customer-related intangible assets acquired in the business combination that were not capable of being sold or licensed independently from other assets of the business and (b) adopted the method of accounting for goodwill as described below.

Under the goodwill accounting alternative, goodwill is amortized on a straight-line basis over a period not to exceed ten years. The Company only tests its recorded goodwill for impairment if indicators of potential impairment exist and goodwill is evaluated at the entity level versus the reporting-unit level. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the Company's overall business, and significant negative industry or economic trends. If events or circumstances are present that may indicate the fair value of the Company is less than its carrying value, the estimated fair value of the Company is compared to its carrying amount and an impairment loss is recorded for any excess of the carrying amount over fair value up to the recorded value of goodwill. The Company recorded no goodwill impairment for the years ended December 28, 2025 and December 29, 2024.

Intangible assets other than goodwill include a purchased trademark and franchise contracts stated at cost and amortized over 25 years using a method that is consistent with the assumptions used in estimating the fair values of the trademark and franchise contracts. In 2021, the Company also recognized the Wing Zone trade name and franchise agreements stated at the acquisition-date fair value and amortized over 15 years using a method that is consistent with the assumptions used in estimating the fair values of the trademark and franchise contracts as part of the business acquisition. This method results in proportionately more of the assets being amortized earlier in the life of the assets. The Company recorded no impairment for intangible assets for the years ended December 28, 2025 and December 29, 2024.

Revenue Recognition

The Company's revenue consists of sales at Company-owned restaurants, gift cards, and franchise revenue, which includes franchise royalties, advertising fund contributions, initial and renewal franchise fees, and upfront fees from development agreements. The results of operations are substantially affected by economic conditions, which can vary significantly by market and can be impacted by consumer disposable income levels and spending habits.

Sales at Company-Owned Restaurants

The Company records food and beverage revenue from Company-owned stores upon delivery of the food or beverage to the customer (the consumer), which is when the performance obligation is satisfied. The Company collects and remits sales, food and beverage, and hospitality taxes on transactions with customers and reports such amounts under the net method in the consolidated statements of operations. Accordingly, these taxes are not included in gross revenue.

Franchise Agreements

The Company's franchise agreements include (a) the right to use the Company's symbolic intellectual property over the term of each franchise agreement (Franchise Right); (b) pre-opening services, such as training; and (c) ongoing services, such as management of the advertising fund contributions, development of training materials and menu items, and restaurant monitoring.

The accounting standards created a practical expedient that simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. If the practical expedient is elected, the pre-opening services provided by a franchisor to a franchisee can be accounted for as a single performance obligation, distinct from the franchise license. Pre-opening services per accounting standards are defined as follows:

1. Assistance in the selection of a site.
2. Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.
3. Training of the franchisee's personnel or the franchisee.
4. Preparation and distribution of manuals and similar material concerning operations, administration, and recordkeeping.
5. Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business.
6. Inspection, testing, and other quality control programs.

The Company elected to apply the practical expedient allowed by the accounting standards and has elected to account for all qualifying pre-opening activities as a single performance obligation.

Recognition of initial franchise fees is deferred and recognized at a point in time when the pre-opening services have been provided to the franchisees and upon the store opening. In the event a franchise agreement is terminated, any remaining deferred fees are recognized in the period of termination. The Company also records sales of gift certificates as deferred revenue.

The components of the change in deferred franchise fee revenue are as follows:

Year ended	**December 28, 2025**	December 29, 2024
Balance, beginning of year	**$ 1,271,000**	$ 2,081,000
Fees received from franchise owners	**365,500**	472,500
Terminations	**(358,500)**	(603,500)
Franchise fee revenue recognized	**(290,500)**	(679,000)
Balance, end of year	**$ 987,500**	$ 1,271,000

Year ended		**December 28, 2025**		December 29, 2024
Deferred revenue, franchise sales	**$**	**987,500**	$	1,271,000
Deferred revenue, gift certificates		**540,778**		541,247
Total Deferred Revenue	**$**	**1,528,278**	$	1,812,247

Royalty Fees and Advertising Fund Contributions

Royalty fees and advertising fund contribution revenues represent sales-based royalties that are related entirely to performance obligations under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to performance obligations to franchise owners to maintain the intellectual property being licensed. The Company collects these fees from existing franchise owners.

Area Development Agreements

Development agreements generally grant development rights for a specified number of restaurants in a defined area over a stated term. For each location opened, a separate franchise agreement is executed. The Company believes that the development rights are not distinct from franchise agreements.

Rebates

The Company receives rebates from various vendors for activity across the franchise system. Historically, due to certain terms included in the rebate agreements, these amounts were capitalized to offset the costs of future conventions. During 2025, the Company received amended agreements from several vendors which removed these terms and $1,323,322 of rebates capitalized in prior periods were recognized in other revenues for the year ended December 28, 2025. Rebates received in the current year related to these vendors of $1,476,735 were also recognized in other revenues as of December 28, 2025.

Gift Cards

Sales by Company-owned restaurants include the amortization of gift card breakage and fees associated with third-party gift card sales. The Company records a liability in the period in which a gift card is sold. As gift cards are redeemed at Company-owned restaurants, the Company recognizes restaurant sales and related administrative costs and reduces the liability. When gift cards are redeemed at a franchisee-operated restaurant, the Company reimburses the franchisee for the gift card value net of any administrative costs and derecognizes the related liability. The gift card breakage is immaterial to the consolidated financial statements as of December 28, 2025 and December 29, 2024.

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Revenue from restaurant sales, gift cards, and pre-opening services is recognized at a point in time, whereas substantially all other types of revenue are recognized over time. Total revenue recognized at a point in time and over time is as follows:

Year ended	**December 28, 2025**	December 29, 2024
Revenue recognized at a point in time	**$ 15,781,275**	$ 14,277,787
Revenue recognized over time	**15,309,865**	13,437,462
Total Revenue	**$ 31,091,140**	$ 27,715,249

Impact of Payment Terms

The Company believes its franchising and area development agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

Contract Balances

The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is recorded. The Company does not recognize revenue in advance of the right to invoice and, therefore, has not recorded a contract asset.

Advertising Costs

All advertising expenditures are charged to selling, general, and administrative expenses as incurred. Advertising costs were $3,196,493 and $3,498,781 for the years ended December 28, 2025 and December 29, 2024, respectively.

Acquisitions

The Company allocates the total purchase price to the fair value of assets and liabilities acquired under the acquisition method with goodwill representing the excess of purchase price over the fair value of net assets acquired. Transaction costs related to acquisitions are expensed as incurred. Any adjustments to the preliminary purchase price allocation that are identified during the measurement period are recorded in the period in which the adjustment amounts are determined as if the accounting had been completed at the acquisition date.

Operating Lease Right-of-Use Assets and Lease Liabilities

Accounting Standards Codification (ASC) Topic 842 requires entities that lease assets—referred to as "lessees"—to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective-interest method.

When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all leases.

Share-Based Payment

As described in Note 7, the Company grants stock options to its employees. The Company's results of operations reflect compensation expense for all stock-based compensation. The Company accounts for stock-based compensation awards granted, modified, or settled using the fair value method for recognizing stock-based compensation in which compensation expense is measured at the grant date based on the fair value of the award and is recognized over the requisite service period, which is usually the vesting period, for those stock options that are expected to ultimately vest. Awards under the Company's plan generally vest over a period of five years from date of issue.

Income Taxes

The Company has elected to be treated as an S corporation for U.S. federal income tax purposes. As such, items of income, loss, deduction, and credits flow through to the shareholders of the Company.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that required adjustment to the consolidated financial statements.

Recently Adopted Accounting Pronouncements

The Company has evaluated recent accounting pronouncements issued by the Financial Accounting Standards Board (FASB) and other authoritative bodies through the date of the issuance of these consolidated financial statements. Based on this evaluation, the Company has determined that there are no new accounting pronouncements that are applicable to its consolidated financial statements for the current reporting period.

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2. Business Combinations

Throughout 2024, the Company acquired assets of three franchisees and converted them into corporate-owned stores. These acquisitions are accounted for as business combination. The following table summarizes the considerations paid, types of assets acquired, and goodwill recorded:

	Reno Plumb	Carson City	Kennet Square	Total
Acquisition date	February 2024	February 2024	August 2024	
Operates in	Yerington, Nevada	Carson City, Nevada	Kennet Square, Pennsylvania	
Acquisition Purchase Price	$ 562,341	$ 709,191	$ 50,000	$ 1,321,532
Cash	$ 800	$ 1,000	$ -	$ 1,800
Leasehold improvement	13,379	17,015	-	30,394
Furniture and equipment	54,191	96,238	-	150,429
Other assets	12,541	9,816	-	22,357
Goodwill	481,430	585,122	50,000	1,116,552
Total Net Assets	$ 562,341	$ 709,191	$ 50,000	$ 1,321,532

3. Goodwill and Intangible Assets

The following table summarizes the balances of intangible assets:

	December 28, 2025	December 29, 2024
Franchise contracts	**$ 7,310,000**	$ 7,310,000
Less: franchise contracts accumulated amortization	**(4,854,029)**	(4,469,014)
Franchise Contracts, Net	**$ 2,455,971**	$ 2,840,986
Trade name	**$ 4,158,000**	$ 4,158,000
Less: trade name accumulated amortization	**(1,691,507)**	(1,426,947)
Trade Name, Net	**$ 2,466,493**	$ 2,731,053

Goodwill consists of the following:

	December 28, 2025	December 29, 2024
Goodwill	**$ 7,637,846**	$ 6,521,294
Additions	**-**	1,116,552
Less: goodwill accumulated amortization	**(6,416,515)**	(6,189,082)
Goodwill	**$ 1,221,331**	$ 1,448,764

The following table aggregates amortization expense of the Company's intangible assets:

Year ended	**December 28, 2025**	December 29, 2024
Goodwill assets amortization	**$ 219,301**	$ 223,904
Franchise contracts amortization	**385,015**	385,013
Trade name amortization	**264,560**	264,560
Total Amortization Expense	**$ 868,876**	$ 873,477

The weighted-average remaining useful lives are as follows:

	Years
Goodwill	6
Franchise contracts	10
Trademarks	10

Estimated amortization expense of goodwill and intangible assets for each of the next five years and thereafter is as follows:

Year ending	
2026	$ 884,374
2027	884,373
2028	884,372
2029	775,343
2030	615,939
Thereafter	2,099,394
	$ 6,143,795

4. Property and Equipment, Net

Property and equipment are comprised of the following:

	December 28, 2025	December 29, 2024
Computers and software	**$ 547,188**	$ 547,188
Furniture and fixtures	**2,082,846**	2,045,920
Leasehold Improvements	**954,852**	880,128
Machinery and equipment	**551,649**	565,281
Automobiles	**24,705**	24,704
Construction-in-process	**45,057**	542,086
Total Cost	**4,206,297**	4,605,307
Less: accumulated depreciation and amortization	**(3,000,242)**	(2,853,852)
Property and Equipment, Net	**$ 1,206,055**	$ 1,751,455

Property and equipment depreciation and amortization expense totaled $365,823 and $480,085 for the years ended December 28, 2025 and December 29, 2024, respectively.

5. Commitments and Contingencies

Litigation

The Company is subject to lawsuits and claims that arise out of the normal course of business. It is the opinion of management, based on consultation with legal counsel, the disposition of any actions of which they are aware will not have a material effect on the financial position, results of operations, or liquidity of the Company.

Future Sale Contingency

Under the terms of an agreement entered between Capriotti's Sandwich Shop, Inc. and Wing Zone on December 28, 2020, Capriotti's Sandwich Shop, Inc. will pay Wing Zone $1,393,250 and any accrued interest, which is de minimis at year-end, on the unpaid amount upon the sale of Wing Zone. Interest shall accrue on the unpaid principal amount of this note at the then-applicable long-term adjusted federal rate per annum.

Consulting Agreements

During 2016, the Company entered into agreements for consulting services from three members of its Board of Directors (the Board). The Company incurred $ 394,065 and $394,065 in consulting fees for the years ended December 28, 2025 and December 29, 2024, respectively. These expenses are included in general and administrative expenses in the consolidated statements of operations. These agreements expire when the parties sell a majority of their interest, or the Company sells the majority of its assets.

During 2019, the Company financed $97,577 in consulting fees by entering into a note payable agreement with the Board members. The note payable is secured by certain assets of the Company and bears interest at 10% per annum beginning January 1, 2020, and will compound on any unpaid principal thereafter. The note payable shall be due in full on January 1, 2027. During 2018, the Company financed $56,250 in consulting fees by entering into a note payable agreement with a Board member. The note payable is secured by certain assets of the Company and bears interest at 10% per annum beginning January 1, 2019, and will compound on any unpaid principal thereafter. The note payable shall be due in full on January 1, 2025.

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6. Long-Term Debt

Long-term debt consists of the following:

	December 28, 2025	December 29, 2024
Notes payable to Zeus Holdings, LLC. [(a)]	**$ 487,334**	$ 521,475
Notes payable related to stockholders. [(b)]	**454,353**	571,129
Notes payable related to stockholders. [(f)]	**1,936,233**	1,988,990
Short-term notes payable to related parties, interest only payable monthly, 12% due on March 31, 2025 and EBITDA 14% related to Dream Big Holdings LLC due in Aug 2034.	**100,000**	455,000
Notes payable to related parties, interest only payable monthly from 4.00% – 12.00%, due through July 2028.	**1,400,000**	1,800,000
Notes payable to Morris Family Trust, a related party, interest only from 7.00% - 8.00%, due through July 2028, collateralized by the Company's assets.	**950,000**	950,000
Note payable to John Fogarty Living Trust, interest only payable monthly at 7.00%, due on July 1, 2028, collateralized by the Company's assets, guaranteed by certain stockholders.	**1,000,000**	1,000,000
Notes payable to stockholders, interest only payable monthly ranging from 7.00% to 10%, due through January 2028, collateralized by the Company's assets.	**953,827**	953,827
Note payable "Silverado" to Zeus Holdings, LLC, interest only payable monthly at 8.00% due, in December 2025, collateralized by the assets of Capriotti's Silverado, LLC. [(c)]	**-**	285,000
Note payable to Morris Family Trust, a related party, payable in monthly installments of $1,551, including interest at 7.00%, due on July 1, 2033, collateralized by the Company's assets.	**$ 132,242**	$ 140,530
Economic Injury Disaster Loan to the U.S. Small Business Association, payable in monthly installments of $731, including interest at 3.75%- 4%, due through June 2050, collateralized by the Company's assets.	**300,000**	300,000
Notes payable to stockholders, interest only payable monthly ranging from 8.00% to 12.00%, due through February 2028, collateralized by the Company's assets.	**2,500,000**	2,500,000
Note payable to Zeus Holdings, LP, a related party, interest only payable at 12.00%, due upon the receipt of Employee Retention Credit funds, collateralized by the Company's assets, guaranteed by certain stockholders.	**-**	600,000
Note payable "Lake Mead" to Zeus Holdings, LLC, a related party, interest only payable at 8.00%, due on January 31, 2026, collateralized by the Company's assets, guaranteed by certain stockholders. [(c)]	-	159,530
Note payable "WZ Craig" to Zeus Holdings LP, a related party, interest only payable monthly at 8.00%, due on December 31, 2025, collateralized by the Company's assets, guaranteed by certain stockholders.[(c)]	**-**	367,000

	December 28, 2025	December 29, 2024
Note payable to JLJS Holdings, LLC, a related party. (d)	**$ -**	$ 499,333
Note payable to Jesus Rubio, interest only payable monthly at 12.00%, due on March 1, 2029, collateralized by all assets of the Company, with a balloon payment of principal due at maturity. (g)	**250,000**	-
Note payable to Destiny Irrevocable Trust, interest only payable monthly at 10.00%, due on December 31, 2027, collateralized by the Company's royalty collections and secured by a first-priority security interest in such collateral. (h)	**1,000,000**	-
Note payable ("Monte Weiner Trust") to Zeus Holdings, LLC, a related party, interest only payable monthly at 10.00%, due on October 11, 2026, collateralized by the Company's assets and newly issued voting stock. (c)	**817,616**	-
Note payable to Brent Erwin, a related party, interest payable at 12.00%, due on January 1, 2026, collateralized by assets of Capriotti's Sandwich Shop, Inc. (i)	**180,000**	
Note payable to minority owner of Wing Zone, interest at 12% payable quarterly, principal balance due in December 15, 2026, unamortized discounts as of December 28, 2025 and December 29, 2024 were $0 and $64,000. (e)	**500,000**	936,000
Total Debt	**12,961,605**	14,027,814
Less: current maturities	**(1,976,219)**	(4,528,871)
Long-Term Portion of Debt	**$ 10,985,386**	$ 9,498,943

(a) To finance restaurant acquisitions and provide additional working capital, Capriotti's Craig, LLC and Capriotti's Huntridge, LLC entered into financing transactions with Zeus Holdings, LLC. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 50% of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fifth year after issuance, the lender is also entitled to an additional 25% of the borrower's EBITDA as payment of the outstanding principal until such time as the lender recovers 50% of the original loan proceeds. On the ten-year anniversary of the note, a balloon payment is due in an amount sufficient to pay the outstanding principal down to 50% of the original note proceeds. The remaining 50% of the note proceeds is due on the 15-year anniversary of the note, and the anniversary dates are February 2025 and August 2033. At any time prior to maturity, the loan can be extended for additional one-year terms with the mutual consent of the parties. Also, at any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower. During 2025, the note was amended to extend the maturity date to January 2027.

(b) To finance restaurant acquisitions and provide additional working capital, Capriotti's Sparks LLC, Capriotti's Meadows LLC, and Capriotti's Sierra, LLC entered into new financing transactions during 2019 with Zeus Holdings, LLC; Dream Big Holdings, LLC (a related-party lender); and JMS Separate Property Trust (a related-party lender), and received gross proceeds of approximately $860,000, of which $800,000 was used to purchase three new store locations, and the remaining proceeds were used for operating cash flow. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 22% and 6% (depending on the terms of the note) of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fifth year after issuance, the lender is also entitled to an additional 50% of the borrower's EBITDA as payment of the outstanding principal until such time as the lender recovers 50% of the original loan proceeds. On the ten-year anniversary of the note, a balloon payment is due in an amount sufficient to pay the outstanding principal down to 50% of the original note proceeds. The remaining 50% of the note proceeds is due on the 15-year anniversary of the note, and the anniversary date is August 2034. At any time prior to maturity, the loan can be extended for additional one-year terms with the mutual consent of the parties. Also, at any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower. One-half of the original balance of the notes is guaranteed by the Company. In the event of default, the lender is entitled to receive cash or shares of the Company's nonvoting common stock sufficient to satisfy the guaranteed portion of the note based on a value per share of $3. Should the lender exercise its option to convert a portion of the note into a 50% interest in the borrower, the Company has the right to repurchase the converted interest at an amount equal to the greater of three times the trailing 12 months' EBITDA of the borrower or 120% of the cost of the original investment used to build or acquire the store owned by the borrower plus defined renovation costs.

(c) This loan is guaranteed with up to 228,000 of newly issued shares of voting stock in Capriotti's Sandwich Shop, Inc., valued at $1.25 per share. The interest rate for the issued note was 8% with a maturity date of December 31, 2025.

The three outstanding Zeus-related loans—Lake Mead, Silverado, and WZ Craig were consolidated effective November 26, 2025 into a single new note Monte Weiner Trust with a total balance of $817,616, which includes an origination fee of $6,086, bearing 10% annual interest with monthly interest-only payments of $6,813 starting December 26, 2025, and a maturity date of October 11, 2026, at which time the full principal and any remaining accrued interest are due.

(d) To finance restaurant acquisitions, build out, and provide additional working capital, Wing Zone Craig, LLC entered into financing transactions with JLJS Holdings, LLC, a related-party lender. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 50% of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fifth year after issuance, the lender is also entitled to an additional 25% of the borrower's EBITDA as payment of the outstanding principal until such time as the lender recovers 50% of the original loan proceeds. On the ten-year anniversary of the note, a balloon payment is due in an amount sufficient to pay the outstanding principal down to 50% of the original note proceeds. The remaining 50% of the note proceeds is due on the 15-year anniversary of the note, and the anniversary date is June 2038. At any time prior to maturity, the loan can be extended for additional one-year terms with the mutual consent of the parties. Also, at any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower.

On April 1, 2025, Capriotti's Sandwich Shop, Inc. entered into an Agreement to Retire Promissory Notes and Issue Stock with JLJS Holdings LLC. Under the agreement, total outstanding principal of $499,333 was converted into equity interest. Upon conversion, the notes were deemed fully satisfied and eliminated from the Company's debt obligations.

(e) On December 28, 2020, Wing Zone entered into a subordinated promissory note agreement with a minority owner in the principal amount of $1,000,000. The note was originally due and payable on the earlier of the fifth anniversary of the agreement date or the consummation of a change in ownership. Interest accrues on the outstanding principal at an annual rate of 8% and is compounded quarterly. Interest payments are due quarterly on March 15, June 15, September 15, and December 15 of each year, commencing on March 15, 2021. The discount recognized to record the note at fair value is amortized to interest expense over the term of the note.

On December 15, 2025, the note was amended to extend the maturity date to December 15, 2026, and to increase the interest rate to 12%.

(f) To provide financing to purchase existing or develop new Capriotti's Sandwich Shop restaurants and provide additional working capital, the Company entered into new business loan agreements in 2024 with Zeus Holdings, LLC; Dream Big Holdings, LLC (a related-party lender); JMS Separate Property Trust (a related-party lender); and TEM Irrevocable Trust (a related lender), and received gross proceeds of approximately $2,008,600. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 50% of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fourth year after issuance, the Company shall withhold from distributions to Capriotti's Sandwich Ship, Inc. and pay the lender an amount equal to 50% of the 50% of the net profits distributable to CSSI for said year to pay down the principal of the note. This shall continue for a period of four years or until principal is fully paid off, whichever is sooner. On the seven-year anniversary of the note, a balloon payment is due in an amount sufficient to pay off the outstanding principal. At any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower. Half of the original balance of the notes is guaranteed by the Company. In the event of default, the lender is entitled to receive cash or shares of the Company's nonvoting common stock sufficient to satisfy the guaranteed portion of the note based on a value per share of $3. Should the lender exercise its option to convert a portion of the note into a 50% interest in the borrower, the Company has the right to repurchase the converted interest at an amount equal to the greater of six times the trailing 12 months' EBITDA of the borrower or 120% of the cost of the original investment used to build or acquire the store owned by the borrower plus defined renovation costs.

(g) Capriotti's Sandwich Shop, Inc. entered into a secured promissory note with Jesus Rubio dated February 25, 2025 for a principal amount of $250,000. The note bears interest at 12% per annum for up to 48 months, requires monthly interest-only payments of $2,500 beginning April 1, 2025, and matures on March 1, 2029, when a balloon payment for all remaining unpaid principal and interest is due. The proceeds are intended for working capital and potential corporate shop acquisitions, and the loan is secured by all non-encumbered assets of Capriotti's Sandwich Shop, Inc. The note permits prepayment without penalty at any time, with payments applied first to accrued interest and then principal.

(h) This is a Term Loan Agreement dated November 1, 2025, under which Capriotti's Sandwich Shop, Inc. raises up to $1.0 million in secured debt from accredited investors, including the Destiny Irrevocable Trust, at an annual interest rate of 10% (increasing to 12.5% upon default) with monthly interest payments and full principal due at maturity on December 31, 2027; the loan is secured by a first-priority perfected security interest in Capriotti's franchise royalty collections.

(i) Capriotti's Sandwich Shop, Inc. has entered into a related-party note payable with Brent Erwin in the amount of $200,000, bearing interest at 12% per annum, due January 1, 2026.

Economic Injury Disaster Loan

The Economic Injury Disaster Loan (EIDL) provides small business owners with funds to meet financial obligations and operating expenses that could have been met had the disaster not occurred. In June and August 2020, the Company was approved to receive $750,000 and $96,700, respectively, through the EIDL program. The Company elected to account for the loan as a financial liability in accordance with accounting standards. As of December 25, 2022, the Company has loans outstanding totaling $300,000. The loans are securitized by the Company's assets and have maturity dates of June 24, 2050 and August 10, 2050, with an annual interest rate of 3.75%.

Future maturities of long-term debt for the years ending after December 28, 2025 are as follows:

Year ending		
2026	$	1,976,219
2027		3,535,000
2028		4,000,000
2029		250,000
2030		119,967
Thereafter		3,080,419
	$	12,961,605

7. Stock Option Plan and Common Stock

During 2020, the Company adopted the 2020 Equity Incentive Plan (the Plan), which provides for the issuance of up to 5,000,000 incentive and nonqualified common stock options to eligible recipients. The term of each option will be no longer than ten years, and the options generally vest over a five-year period. As of December 28, 2025 and December 29, 2024, there were 2,862,134 shares available for issuance under the Plan.

The fair value of each option award is estimated at the date of grant using the Black-Scholes-Merton option-pricing model. The expected-term assumption reflects the period for which the Company believes the options will remain outstanding. The expected-term assumption for employee stock options is based on the average of the vesting period and contractual life of the award. The Company estimated the volatility of its stock based on the volatility of a publicly traded peer company over the expected life of the award. The risk-free rate reflects the U.S. Treasury yield curve for a similar expected life instrument in effect at the time of the grant. The assumption for dividends is based on the Company's expectation of not paying any cash dividends in the foreseeable future.

The Company awarded zero options during the years ended December 28, 2025 and December 29, 2024.

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A summary of option activity under the Plan and changes during the year are presented below:

	Shares		Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding, December 31, 2023	2,137,866	$	3.43	7.7
Granted	-		-	
Exercised	-		-	
Forfeited or expired	-		-	
Outstanding, December 29, 2024	2,137,866	$	3.43	6.7
Vested, December 29, 2024	2,137,866	$	3.43	
Outstanding, December 29, 2024	2,137,866	$	3.43	6.7
Granted	-		-	
Exercised	-		-	
Forfeited or expired	-		-	
Outstanding, December 28, 2025	2,137,866	$	3.43	5.7
Vested, December 28, 2025	2,137,866	$	3.43	5.7

8. Leases

The Company leases retail space under operating leases with terms ending in March 2041. Total operating lease cost $870,985 and $843,110, respectively, for the years ended December 28, 2025 and December 29, 2024, and is included within general and administrative expenses on the accompanying consolidated statements of operations. Total payments on operating leases totaled $849,364 and $830,778, respectively, for the years ended December 28, 2025 and December 29, 2024. Amortization of the Company's operating lease right-of-use asset was $755,444 and $687,153, respectively, for the years ended December 28, 2025 and December 29, 2024.

The right-of-use assets and lease liabilities were calculated using a weighted-average discount rate of 2.96% and 2.82%, respectively, for the years ended December 28, 2025 and December 29, 2024. The weighted-average remaining lease term as of December 28, 2025 and December 29, 2024 was 8.94 years and 9.88 years, respectively.

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The future payments due on operating leases is as follows:

Year ending	Related Parties	Nonrelated Parties	Total
2026	$ 118,620	$ 624,773	$ 743,393
2027	118,620	694,080	812,700
2028	118,620	628,350	746,970
2029	118,620	549,854	668,474
2030	118,620	446,395	565,015
Thereafter	405,285	1,974,099	2,379,384
Subtotal	998,385	4,917,551	5,915,936
Less: imputed interest	(173,170)	(538,177)	(711,347)
Lease Liabilities Recognized	825,215	4,379,374	5,204,589
Less: current portion	(118,620)	(624,773)	(743,393)
Long-Term Portion	$ 706,595	$ 3,754,601	$ 4,461,196

Included in operating lease costs above, the Company leases an office building in Las Vegas, Nevada from a related party under an agreement expiring in May 2034. Total rent expense incurred in connection with the related-party lease was $118,222 and $118,620 for the years ended December 28, 2025 and December 29, 2024, respectively.

9. Related Party Transactions

During the year ended December 28, 2025, the payments made to certain related parties for interest and principal on debt and consulting fees, not included in the consulting agreements discussed in Note 5, were $2,089,281 and $169,065, respectively. During the year ended December 29, 2024, the payments made to certain related parties for interest and principal on debt and consulting fees, not included in the consulting agreements discussed in Note 5, were $683,128 and $0, respectively.

10. Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Company is eligible for a refundable employee retention credit subject to certain criteria. During the year ended December 29, 2024, in connection with the CARES Act, the Company applied for the employee retention credit for periods during fiscal years 2020 and 2021. The receivable balances were $0 and $1,764,382 as of December 28, 2025 and December 29, 2024, respectively.

11. Subsequent Event

On May 18, 2026, the Company finalized a legal settlement relating to a class action lawsuit, in favor of the Company, which resulted in a payment to the Company of $1.1 million.

Subsequent events have been evaluated through May 27, 2026, the date the consolidated financial statements were available for issuance.

Supplementary Information

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidating Balance Sheet

December 28, 2025

	Capriotti's Sandwich Shop, Inc.	Wing Zone Holdings, LLC	Elimination	Total
Assets				
Current Assets				
Cash	$ 1,524,464	$ 9,992	$ -	$ 1,534,456
Royalties' receivable, net	1,413,108	144,744		1,557,852
Accounts and other receivables, net	3,179,201	327,649	(2,400,000)	1,106,850
Due from (to) related parties	4,111,834	(4,111,834)	-	-
Inventory	188,478	-	-	188,478
Prepaid expenses and other current assets	190,131	-	-	190,131
Total Current Assets	10,607,216	(3,629,449)	(2,400,000)	4,577,767
Other Assets				
Property and equipment, net	1,144,684	61,371	-	1,206,055
Investment in subsidiaries	7,408,526	-	(7,408,526)	-
Trademarks and franchise contracts, net	867,130	4,055,334		4,922,464
Goodwill, net	1,118,405	102,926		1,221,331
Operating lease right-of-use asset, net	5,025,719	-		5,025,719
Loans and other finance receivables	241,604	-		241,604
Deposits	53,323	-	-	53,323
Total Other Assets	15,859,391	4,219,631	(7,408,526)	12,670,496
Total Assets	$ 26,466,607	$ 590,182	$ (9,808,526)	$ 17,248,263

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidating Balance Sheet

December 28, 2025

	Capriotti's Sandwich Shops Inc.	Wing Zone Holdings, LLC	Elimination	Total
Liabilities and Stockholders' Deficit				
Current Liabilities				
Accounts payable	$ 1,436,073	$ 2,465,017	$ (2,400,000)	$ 1,501,091
Accrued expenses and other current liabilities	4,779,221	13,993	-	4,793,214
Current portion of operating lease obligations	743,393		-	743,393
Deferred revenue	1,297,278	231,000	-	1,528,278
Current maturities of long-term debt	1,476,219	500,000	-	1,976,219
Total Current Liabilities	9,732,184	3,210,011	(2,400,000)	10,542,195
Long-Term Liabilities				
Long-term debt, less current maturities	10,985,386	-	-	10,985,386
Operating lease obligations, net of current	4,461,196	-	-	4,461,196
Total Liabilities	25,178,766	3,210,011	(2,400,000)	25,988,777
Commitments and Contingencies				
Stockholders' Deficit				
Voting common stock: Authorized 45,000,000 shares ($0.001 par value), 7,130,000 shares issued and outstanding	7,130	-	-	7,130
Nonvoting common stock: Authorized 30,000,000 shares ($0.001 par value), 7,920,691 shares issued and outstanding	7,920	-	-	7,920
Additional paid-in capital	22,695,112	8,758,525	(8,758,525)	22,695,112
Less: 373,325 shares of treasury stock at cost	(823,845)			(823,845)
Accumulated deficit	(20,598,480)	(11,378,350)	2,073,162	(29,903,668)
Total Deficit	1,287,837	(2,619,825)	(6,685,363)	(8,017,351)
Noncontrolling interest	-	-	(723,163)	(723,163)
Total Stockholders' Deficit	1,287,837	(2,619,825)	(7,408,526)	(8,740,514)
Total Liabilities and Stockholders' Deficit	$ 26,466,603	$ 590,182	$ (9,808,526)	$ 17,248,263

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidating Statement of Operations

Year ended December 28, 2025

	Capriotti's Sandwich Shops, Inc.	Wing Zone Holdings, LLC	Elimination	Total
Revenues				
Franchise royalties and advertising contributions	$ 10,373,663	$ 1,056,394	$ -	$ 11,430,057
Sales by Company-owned restaurants	15,665,348	115,927	-	15,781,275
Franchise fees	464,000	220,000	-	684,000
Other revenues	3,173,944	21,864	-	3,195,808
Total Revenues	29,676,955	1,414,185	-	31,091,140
Expenses				
Cost of sales by Company-owned restaurants	5,039,052	47,691	-	5,086,743
General and administrative expenses	21,431,840	2,201,333	-	23,633,173
Total Expenses	26,470,892	2,249,024	-	28,719,916
Income (Loss), before depreciation and amortization expense	3,206,063	(834,839)	-	2,371,224
Depreciation and Amortization Expense	727,603	507,096	-	1,234,699
Operating Income (Loss)	2,478,460	(1,341,935)	-	1,136,525
Other Income (Expense)				
Interest expense	(1,888,010)	(243,334)	-	(2,131,344)
Loss on disposal of Company-owned restaurants, net	(1,765)	(350,050)	-	(351,815)
Other income	340,416	7,801	-	348,217
Total Other Expense	(1,549,359)	(585,583)	-	(2,134,942)
Net Income (Loss)	$ 929,101	$ (1,927,518)	$ -	$ (998,417)

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 29, 2024
and December 31, 2023

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Financial Statements
Years Ended December 29, 2024 and December 31, 2023

Contents

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Independent Auditor's Report

Board of Directors
Capriotti's Sandwich Shop, Inc. and Subsidiaries
Las Vegas, NV

Opinion

We have audited the consolidated financial statements of Capriotti's Sandwich Shop, Inc. and its subsidiaries (the Company), which comprise the consolidated balance sheets as of December 29, 2024 and December 31, 2023, and the related consolidated statements of operations, stockholders' deficit, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of the Company as of December 29, 2024 and December 31, 2023, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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

Responsibilities of Management for the Financial Statements

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

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

In performing an audit in accordance with GAAS, we:

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

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

BDO USA, P.C.

May 28, 2025

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Balance Sheets

	December 29, 2024	December 31, 2023
Assets		
Current Assets		
Cash	**$ 1,049,392**	$ 1,234,558
Royalties' receivable, net	**1,573,011**	1,870,643
Accounts and other receivables, net	**839,208**	692,028
Inventory	**200,874**	123,472
Prepaid expenses and other current assets	**1,927,840**	2,406,833
Total Current Assets	**5,590,325**	6,327,534
Other Assets		
Property and equipment, net	**1,751,455**	1,622,365
Trademarks and franchise contracts, net	**5,572,039**	6,221,612
Goodwill, net	**1,448,764**	556,116
Operating lease right-of-use asset, net	**6,357,175**	4,757,978
Loans and other finance receivables	**238,541**	235,478
Deposits	**51,832**	26,467
Total Other Assets	**15,419,806**	13,420,016
Total Assets	**$ 21,010,131**	$ 19,747,550

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Balance Sheets

	December 29, 2024	December 31, 2023
Liabilities and Deficit		
Current Liabilities		
Accounts payable	**$ 2,215,530**	$ 1,928,720
Accrued expenses and other current liabilities	**5,777,722**	4,093,632
Current portion of operating lease obligations	**707,855**	544,606
Deferred revenue	**1,812,247**	2,543,164
Current maturities of long-term debt	**4,528,871**	1,107,044
Total Current Liabilities	**15,042,225**	10,216,178
Long-Term Liabilities		
Long-term debt, less current maturities	**9,498,943**	8,853,735
Operating lease obligations, net of current	**5,774,405**	4,379,797
Total Liabilities	**30,315,573**	23,449,710
Commitments and Contingencies		
Stockholders' Deficit		
Voting common stock:		
Authorized 45,000,000 shares ($0.001 par value), 7,130,000 shares issued and outstanding	**7,130**	7,130
Nonvoting common stock:		
Authorized 30,000,000 shares ($0.001 par value), 7,920,691 shares issued and outstanding	**7,920**	7,920
Additional paid-in capital	**21,131,767**	21,131,767
Less: 373,325 shares of Treasury stock at cost	**(823,845)**	(823,845)
Accumulated deficit	**(29,159,105)**	(24,293,775)
Total Capriotti's Sandwich Shop, Inc.'s Deficit	**(8,836,133)**	(3,970,803)
Noncontrolling Interest	**(469,309)**	268,643
Total Deficit	**(9,305,442)**	(3,702,160)
Total Liabilities and Deficit	**$ 21,010,131**	$ 19,747,550

See accompanying notes to consolidated financial statements.

Capriotti’s Sandwich Shop, Inc. and Subsidiaries

Consolidated Statements of Operations

Year ended	**December 29, 2024**	December 31, 2023
Revenues		
Franchise royalties and advertising contributions	**$ 11,952,734**	$ 13,803,571
Sales by Company-owned restaurants	**14,277,787**	12,324,497
Franchise fees	**1,329,000**	1,947,250
Other revenues	**155,728**	144,257
Total Revenues	**27,715,249**	28,219,575
Expenses		
Cost of sales by Company-owned restaurants	**4,731,124**	3,943,071
General and administrative expenses	**25,452,423**	24,600,553
Total Expenses	**30,183,547**	28,543,624
Loss, before depreciation and amortization expense	**(2,468,298)**	(324,049)
Depreciation and Amortization Expense	**1,353,564**	1,240,579
Operating Loss	**(3,821,862)**	(1,564,628)
Other Income (Expense)		
Interest expense	**(1,565,997)**	(1,379,854)
Loss on disposal of Company-owned restaurants, net	**(191,707)**	(670)
Other income (expense)	**(23,716)**	2,207,253
Total Other Income (Expense)	**(1,781,420)**	826,729
Net Loss	**(5,603,282)**	(737,899)
Net Loss Attribute to Noncontrolling Interest	**737,952**	388,454
Net Loss Attributable to Capriotti’s Sandwich Shop, Inc.	**$ (4,865,330)**	$ (349,445)

See accompanying notes to consolidated financial statements.

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Statements of Stockholders' Deficit

	Common Stock	Additional Paid-in Capital	Treasury Stock	Accumulated Deficit	Noncontrolling Interest	Total
Balance, December 25, 2022	$ 15,050	$ 21,131,767	$ (823,845)	$ (23,777,352)	$ 657,097	$ (2,797,283)
Equity distribution	-	-	-	(166,978)	-	(166,978)
Net loss	-	-	-	(349,445)	(388,454)	(737,899)
Balance, December 31, 2023	15,050	21,131,767	(823,845)	(24,293,775)	268,643	(3,702,160)
Net loss	-	-	-	(4,865,330)	(737,952)	(5,603,282)
Balance, December 29, 2024	$ 15,050	$ 21,131,767	$ (823,845)	$ (29,159,105)	$ (469,309)	$ (9,305,442)

See accompanying notes to consolidated financial statements.

Capriotti's Sandwich Shop, Inc. and Subsidiaries

Consolidated Statements of Cash Flows

Year ended		December 29, 2024		December 31, 2023
Cash Flows from Operating Activities				
Net loss	$	**(5,603,282)**	$	(737,899)
Adjustments to reconcile net loss to net cash used in operating activities:				
Depreciation and amortization		**1,353,564**		1,240,579
Loss on disposal of assets		**191,705**		71,334
Note payable discount amortization		**64,000**		64,000
Amortization of right-of-use asset		**687,153**		612,453
Changes in working capital components:				
Accounts receivable, net		**(147,179)**		30,606
Royalties' receivable, net		**297,632**		(641,695)
Inventory		**(77,402)**		9,358
Prepaid expenses and other assets		**501,350**		(2,098,147)
Accounts payable		**287,798**		743,495
Deferred revenue		**(730,918)**		(945,334)
Operating lease obligation		**(728,493)**		(557,399)
Deposits		**(25,365)**		(2,500)
Accrued expenses and other current liabilities		**1,684,090**		492,698
Net Cash Used in Operating Activities		**(2,245,347)**		(1,718,451)
Cash Flows from Investing Activities				
Purchases of equipment and leasehold improvements		**(620,057)**		(416,578)
Increase in non-current receivables		**(3,063)**		(3,122)
Acquisition		**(1,319,733)**		-
Net Cash Used in Investing Activities		**(1,942,853)**		(419,700)
Cash Flows from Financing Activities				
Proceeds from long-term borrowings		**4,263,600**		1,275,553
Payments on long-term borrowings		**(260,566)**		(539,835)
Equity distribution		**-**		(166,978)
Net Cash Provided by Financing Activities		**4,003,034**		568,740
Net Decrease in Cash		**(185,166)**		(1,569,412)
Cash, beginning of year		**1,234,558**		2,803,970
Cash, end of year	$	**1,049,392**	$	1,234,558
Supplemental Disclosure of Cash Flow Information				
Cash paid for interest	$	**1,438,024**	$	1,270,226
Supplemental Schedule of Noncash Investing and Financing Activities				
Right-of-use assets exchanged for lease liabilities	$	**1,867,813**	$	109,014
Non-cash impact of lease modifications		**409,537**		-

See accompanying notes to consolidated financial statements.

1. Nature of Business and Summary of Significant Accounting Policies

Nature of Business

Capriotti’s Sandwich Shop, Inc. and Subsidiaries (Capriotti’s) develops, operates, and franchises quick-service restaurants that serve various submarine and deli sandwiches and related items in a casual sit-down and/or take-out format under the names Capriotti’s Sandwich Shop, Capriotti’s, and other service marks. Capriotti’s Sandwich Shop, Inc. was organized in December 2007 as the successor to a limited liability company that was formed in August 2007. Its wholly owned subsidiaries include Capriotti’s Sahara Store, LLC; Capriotti’s Horizon Store, LLC; Capriotti’s Arizona, LLC; Capriotti’s Silverado, LLC; Capriotti’s BH, LLC; Best Subs LM, LLC; Capriotti’s Craig, LLC; Capriotti’s Aliante, LLC; Capriotti’s DC, LLC; Capriotti’s Meadows, LLC; Capriotti’s Sierra, LLC; Capriotti’s Sparks, LLC; Capriotti’s Huntridge, LLC; Capriotti’s Los Altos, LLC; Capriotti’s Kennett 2, LLC; Capriotti’s Tucson LLC; Capriotti’s Plumb, LLC; Capriotti’s Carson City, LLC; Ghost Caps, LLC; and MV CAPS, LLC, a national marketing fund and advertising cooperative.

On December 16, 2020, Capriotti’s formed a subsidiary, Wing Zone Holdings, LLC (Wing Zone), a Delaware limited liability company. On December 28, 2020, Wing Zone purchased 100% of equity interests of WZ Franchise Corporation, WZ International Corp., Wing Enterprises Inc., and Zone 203 Holdings LLC, which operates a global quick-service restaurant company that develops and manages brand locations that serve various chicken wing-related items in a casual sit-down and/or take-out format under the name Wing Zone.

Capriotti’s Sandwich Shop, Inc. and its wholly owned subsidiaries, along with Wing Zone and its subsidiaries, are collectively referred to as the Company. At December 29, 2024, there are a total of 168 franchises operated in Arizona, California, Delaware, Georgia, Illinois, Indiana, Iowa, Massachusetts, Maryland, Minnesota, Nebraska, Nevada, South Dakota, Tennessee, Utah, Wisconsin, and Virginia. In addition to the franchises, the Company owned and operated 16 restaurants at December 29, 2024.

A summary of the Company’s significant accounting policies follows:

Basis of Consolidation

The consolidated financial statements include the accounts of Capriotti’s Sandwich Shop, Inc.; its wholly owned subsidiaries; and its 85% owned subsidiary, Wing Zone. All significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

Fiscal Year

The Company has a 52/53-week fiscal year that ends on the last Sunday in December. The 2024 fiscal year consisted of 52 weeks and the 2023 fiscal year consisted of 53 weeks.

Cash

The Company considers all highly liquid investments with an original maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts. The Company believes it is not exposed to any significant credit risk on cash.

Accounts and Royalties Receivable

The Company's accounts receivable mainly consist of a rebate receivable from a supplier, marketing fees, and management fees receivable from franchisees. Accounts and royalties receivable are recorded at original invoice amounts less estimated losses resulting from the inability of its customers to make required payments. Management determines the allowance for credit losses by assessing individual accounts receivable over a specific aging and amount. All other balances are pooled based on historical collection experience. The estimate of expected credit losses is based on information about past events, historical loss experience, balances past due by aging category, prior payment history with affected customers, geographic conditions, current economic conditions, and forecasts of future economic conditions that affect the collectability. Accounts and royalties receivable are written off when deemed uncollectible. Recoveries of receivables previously written off are recorded when received. The allowance for credit losses for royalties receivable and accounts receivable was approximately $994,900 and $0 as of December 29, 2024, respectively. The allowance for credit losses for royalties receivable and accounts receivable was approximately $262,491 and $0 as of December 31, 2023, respectively.

Inventory

Inventory is comprised of groceries, food stocks, and saleable paper products and is recorded at the lower of cost or net realizable value using the first-in, first-out costing method. Unsold perishables are discarded or donated daily and charged to cost of goods sold or selling expenses as appropriate.

Property and Equipment

Property and equipment, including leasehold improvements, are stated at cost. Major expenditures for additional property and those that substantially increase the useful lives or values of existing assets are capitalized. Costs incurred to repair and maintain the Company's operations and equipment are expensed as incurred. When assets are retired or otherwise disposed of, their cost and related reserves for depreciation are removed from the accounts, and any gain or loss on retirements is reflected in the consolidated statements of operations in the year of disposition.

After the asset has been placed into service, depreciation is based on the estimated useful life of the asset using the straight-line method. Computers and equipment, as well as furniture and fixtures, are depreciated over their useful lives from five to ten years. Leasehold improvements are depreciated over the lesser of the life of the lease or life of the improvements. Lease terms begin on the date the Company takes possession under the lease and include option periods where failure to exercise such options would result in an economic penalty.

In accordance with accounting standards, long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by comparison of the carrying amount of an asset to the estimated undiscounted future cash flows expected to be generated by the asset. If the carrying amount of an asset exceeds its estimated future cash flows, an impairment charge is recognized as the amount by which the carrying amount of the asset exceeds its fair value.

The Company recorded no impairment charges for the years ended December 29, 2024 and December 31, 2023.

Goodwill and Other Intangible Assets

The Company has elected the accounting alternatives provided by accounting standards. Pursuant to these elections, the Company (a) subsumed into goodwill (i.e., did not separately recognize) noncompete agreements and customer-related intangible assets acquired in the business combination that were not capable of being sold or licensed independently from other assets of the business and (b) adopted the method of accounting for goodwill as described below.

Under the goodwill accounting alternative, goodwill is amortized on a straight-line basis over a period not to exceed ten years. The Company only tests its recorded goodwill for impairment if indicators of potential impairment exist and goodwill is evaluated at the entity level versus the reporting-unit level. Factors that could trigger an impairment test include, but are not limited to, underperformance relative to historical or projected future operating results, significant changes in the manner of use of the acquired assets or the Company's overall business, and significant negative industry or economic trends. If events or circumstances are present that may indicate the fair value of the Company is less than its carrying value, the estimated fair value of the Company is compared to its carrying amount and an impairment loss is recorded for any excess of the carrying amount over fair value up to the recorded value of goodwill. The Company recorded no goodwill impairment for the years ended December 29, 2024 and December 31, 2023.

Intangible assets other than goodwill include a purchased trademark and franchise contracts stated at cost and amortized over 25 years using a method that is consistent with the assumptions used in estimating the fair values of the trademark and franchise contracts. In 2021, the Company also recognized the Wing Zone trade name and franchise agreements stated at the acquisition-date fair value and amortized over 15 years using a method that is consistent with the assumptions used in estimating the fair values of the trademark and franchise contracts as part of the business acquisition. This method results in proportionately more of the assets being amortized earlier in the life of the assets. The Company recorded no impairment for intangible assets for the years ended December 29, 2024 and December 31, 2023.

Revenue Recognition

The Company's revenue consists of sales at Company-owned restaurants, gift cards, and franchise revenue, which includes franchise royalties, advertising fund contributions, initial and renewal franchise fees, and upfront fees from development agreements. The results of operations are substantially affected by economic conditions, which can vary significantly by market and can be impacted by consumer disposable income levels and spending habits.

Sales at Company-Owned Restaurants

The Company records food and beverage revenue from Company-owned stores upon delivery of the food or beverage to the customer (the consumer), which is when the performance obligation is satisfied. The Company collects and remits sales, food and beverage, and hospitality taxes on transactions with customers and reports such amounts under the net method in the consolidated statements of operations. Accordingly, these taxes are not included in gross revenue.

Franchise Agreements

The Company's franchise agreements include (a) the right to use the Company's symbolic intellectual property over the term of each franchise agreement (Franchise Right); (b) pre-opening services, such as training; and (c) ongoing services, such as management of the advertising fund contributions, development of training materials and menu items, and restaurant monitoring.

The accounting standards created a practical expedient that simplifies the identification of performance obligations for private company franchisors for certain pre-opening services. If the practical expedient is elected, the pre-opening services provided by a franchisor to a franchisee can be accounted for as a single performance obligation, distinct from the franchise license. Pre-opening services per accounting standards are defined as follows:

1. Assistance in the selection of a site.
2. Assistance in obtaining facilities and preparing the facilities for their intended use, including related financing, architectural, and engineering services, and lease negotiation.
3. Training of the franchisee's personnel or the franchisee.
4. Preparation and distribution of manuals and similar material concerning operations, administration, and recordkeeping.
5. Bookkeeping, information technology, and advisory services, including setting up the franchisee's records and advising the franchisee about income, real estate, and other taxes or about regulations affecting the franchisee's business.
6. Inspection, testing, and other quality control programs.

The Company elected to apply the practical expedient allowed by the accounting standards and has elected to account for all qualifying pre-opening activities as a single performance obligation.

Recognition of initial franchise fees is deferred and recognized at a point in time when the pre-opening services have been provided to the franchisees and upon the store opening. In the event a franchise agreement is terminated, any remaining deferred fees are recognized in the period of termination. The Company also records sales of gift certificates as deferred revenue.

The components of the change in deferred franchise fee revenue are as follows:

Year ended	**December 29, 2024**	December 31, 2023
Balance, beginning of year	**$ 2,081,000**	$ 3,063,638
Fees received from franchise owners	**472,500**	1,000,000
Terminations	**(603,500)**	-
Franchise fee revenue recognized	**(679,000)**	(1,982,638)
Balance, end of year	**$ 1,271,000**	$ 2,081,000

Year ended	**December 29, 2024**	December 31, 2023
Deferred revenue, franchise sales	**$ 1,271,000**	$ 2,081,000
Deferred revenue, gift certificates	**541,247**	462,164
Total Deferred Revenue	**$ 1,812,247**	$ 2,543,164

Royalty Fees and Advertising Fund Contributions

Royalty fees and advertising fund contribution revenues represent sales-based royalties that are related entirely to performance obligations under the franchise agreement and are recognized in the period in which the sales occur. Sales-based royalties are variable consideration related to performance obligations to franchise owners to maintain the intellectual property being licensed. The Company collects these fees from existing franchise owners.

Area Development Agreements

Development agreements generally grant development rights for a specified number of restaurants in a defined area over a stated term. For each location opened, a separate franchise agreement is executed. The Company believes that the development rights are not distinct from franchise agreements.

Gift Cards

Sales by Company-owned restaurants include the amortization of gift card breakage and fees associated with third-party gift card sales. The Company records a liability in the period in which a gift card is sold. As gift cards are redeemed at Company-owned restaurants, the Company recognizes restaurant sales and related administrative costs and reduces the liability. When gift cards are redeemed at a franchisee-operated restaurant, the Company reimburses the franchisee for the gift card value net of any administrative costs and derecognizes the related liability. The gift card breakage is immaterial to the consolidated financial statements as of December 29, 2024 and December 31, 2023.

Revenue from restaurant sales, gift cards, and pre-opening services is recognized at a point in time, whereas substantially all other types of revenue are recognized over time. Total revenue recognized at a point in time and over time is as follows:

Year ended	**December 29, 2024**	December 31, 2023
Revenue recognized at a point in time	**$ 14,277,787**	$ 12,324,497
Revenue recognized over time	**13,437,462**	15,895,078
Total Revenue	**$ 27,715,249**	$ 28,219,575

Impact of Payment Terms

The Company believes its franchising and area development agreements do not contain a significant financing component because (a) the timing of the upfront payment does not arise for the reason of provision of financing to the Company and (b) the sales-based royalty is variable and based on factors outside the Company or the franchisee's control.

Contract Balances

The Company records accounts receivable when it has the unconditional right to issue an invoice and receive payment, regardless of whether revenue has been recognized. If revenue has not yet been recognized, a contract liability (deferred revenue) is recorded. The Company does not recognize revenue in advance of the right to invoice and, therefore, has not recorded a contract asset.

Advertising Costs

All advertising expenditures are charged to selling, general, and administrative expenses as incurred. Advertising costs were $3,498,781 and $4,452,172 for the years ended December 29, 2024 and December 31, 2023, respectively.

Acquisitions

The Company allocates the total purchase price to the fair value of assets and liabilities acquired under the acquisition method with goodwill representing the excess of purchase price over the fair value of net assets acquired. Transaction costs related to acquisitions are expensed as incurred. Any adjustments to the preliminary purchase price allocation that are identified during the measurement period are recorded in the period in which the adjustment amounts are determined as if the accounting had been completed at the acquisition date.

Operating Lease Right-of-Use Assets and Lease Liabilities

Accounting Standards Codification (ASC) Topic 842 requires entities that lease assets—referred to as "lessees"—to recognize on the balance sheet the assets and liabilities for the rights and obligations created by those leases. At lease inception, leases are classified as either finance leases or operating leases with the associated right-of-use asset and lease liability measured at the net present value of future lease payments. Operating leases are expensed on a straight-line basis as lease expense over the non-cancelable lease term. Expenses for finance leases are comprised of the amortization of the right-of-use asset and interest expense recognized based on the effective-interest method.

When the rate implicit in the lease is not determinable, rather than use the Company's incremental borrowing rate, the Company elected to use a risk-free discount rate for the initial and subsequent measurement of lease liabilities for all leases.

Share-Based Payment

As described in Note 7, the Company grants stock options to its employees. The Company's results of operations reflect compensation expense for all stock-based compensation. The Company accounts for stock-based compensation awards granted, modified, or settled using the fair value method for recognizing stock-based compensation in which compensation expense is measured at the grant date based on the fair value of the award and is recognized over the requisite service period, which is usually the vesting period, for those stock options that are expected to ultimately vest. Awards under the Company's plan generally vest over a period of five years from date of issue.

Income Taxes

The Company has elected to be treated as an S corporation for U.S. federal income tax purposes. As such, items of income, loss, deduction, and credits flow through to the shareholders of the Company.

The Company recognizes the tax benefit from an uncertain tax position only if it is more likely than not that the tax position will be sustained on examination by taxing authorities, based on the technical merits of the position. The tax benefits recognized in the consolidated financial statements from such a position are measured based on the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement. The amount of unrecognized tax benefits is adjusted as appropriate for changes in facts and circumstances, such as significant amendments to existing tax law, new regulations or interpretations by the taxing authorities, new information obtained during a tax examination, or resolution of an examination. Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that required adjustment to the consolidated financial statements.

Recently Adopted Accounting Pronouncements

The Company has evaluated recent accounting pronouncements issued by the Financial Accounting Standards Board (FASB) and other authoritative bodies through the date of the issuance of these consolidated financial statements. Based on this evaluation, the Company has determined that there are no new accounting pronouncements that are applicable to its consolidated financial statements for the current reporting period.

2. Business Combinations

Throughout 2024, the Company acquired assets of three franchisees and converted them into corporate-owned stores. These acquisitions are accounted for as business combination. The following table summarizes the considerations paid, types of assets acquired, and goodwill recorded:

	Reno Plumb	Carson City	Kennet Square	Total
Acquisition date	February 2024	February 2024	August 2024	
Operates in	Yerington, Nevada	Carson City, Nevada	Kennet Square, Pennsylvania	
Acquisition Purchase Price	$ 562,341	$ 709,191	$ 50,000	$ 1,321,532
Cash	$ 800	$ 1,000	$ -	$ 1,800
Leasehold improvement	13,379	17,015	-	30,394
Furniture and equipment	54,191	96,238	-	150,429
Other assets	12,541	9,816	-	22,357
Goodwill	481,430	585,122	50,000	1,116,552
Total Net Assets	$ 562,341	$ 709,191	$ 50,000	$ 1,321,532

3. Goodwill and Intangible Assets

The following table summarizes the balances of intangible assets:

	December 29, 2024	December 31, 2023
Franchise contracts	**$ 7,310,000**	$ 7,310,000
Less: franchise contracts accumulated amortization	**(4,469,014)**	(4,086,110)
Franchise Contracts, Net	**$ 2,840,986**	$ 3,223,890
Trade name	**$ 4,158,000**	$ 4,158,000
Less: trade name accumulated amortization	**(1,426,947)**	(1,160,278)
Trade Name, Net	**$ 2,731,053**	$ 2,997,722

Goodwill consists of the following:

	December 29, 2024	December 31, 2023
Goodwill	**$ 6,521,294**	$ 6,521,294
Additions	**1,116,552**	-
Less: goodwill accumulated amortization	**(6,189,082)**	(5,965,178)
Goodwill	**$ 1,448,764**	$ 556,116

The following table aggregates amortization expense of the Company's intangible assets:

Year ended		December 29, 2024		December 31, 2023
Goodwill assets amortization	$	**223,904**	$	163,912
Franchise contracts amortization		**385,013**		384,469
Trade name amortization		**264,560**		261,200
Total Amortization Expense	$	**873,477**	$	809,581

The weighted-average remaining useful lives are as follows:

	Years
Goodwill	6
Franchise contracts	10
Trademarks	10

Estimated amortization expense of goodwill and intangible assets for each of the next five years and thereafter is as follows:

Year ending		
2025	$	993,063
2026		993,063
2027		993,063
2028		993,063
2029		606,153
Thereafter		2,442,398
	$	7,020,803

4. Property and Equipment, Net

Property and equipment are comprised of the following:

		December 29, 2024		December 31, 2023
Computers and software	$	**547,188**	$	547,188
Furniture and fixtures		**2,045,920**		1,805,810
Leasehold Improvements		**880,128**		843,819
Machinery and equipment		**565,281**		579,445
Automobiles		**24,704**		24,704
Construction-in-process		**542,086**		36,500
Total Cost		**4,605,307**		3,837,466
Less: accumulated depreciation and amortization		**(2,853,852)**		(2,215,101)
Property and Equipment, Net	$	**1,751,455**	$	1,622,365

Property and equipment depreciation and amortization expense totaled $480,085 and $439,130 for the years ended December 29, 2024 and December 31, 2023, respectively.

5. Commitments and Contingencies

Litigation

The Company is subject to lawsuits and claims that arise out of the normal course of business. It is the opinion of management, based on consultation with legal counsel, the disposition of any actions of which they are aware will not have a material effect on the financial position, results of operations, or liquidity of the Company.

Future Sale Contingency

Under the terms of an agreement entered between Capriotti's Sandwich Shop, Inc. and Wing Zone on December 28, 2020, Capriotti's Sandwich Shop, Inc. will pay Wing Zone $1,393,250 and any accrued interest, which is de minimis at year-end, on the unpaid amount upon the sale of Wing Zone. Interest shall accrue on the unpaid principal amount of this note at the then-applicable long-term adjusted federal rate per annum.

Consulting Agreements

During 2016, the Company entered into agreements for consulting services from three members of its Board of Directors (the Board). The Company incurred $394,065 in consulting fees for the years ended December 29, 2024 and December 31, 2023. These expenses are included in general and administrative expenses in the consolidated statements of operation. These agreements expire when the parties sell a majority of their interest, or the Company sells the majority of its assets.

During 2019, the Company financed $97,577 in consulting fees by entering into a note payable agreement with the Board members. The note payable is secured by certain assets of the Company and bears interest at 10% per annum beginning January 1, 2020, and will compound on any unpaid principal thereafter. The note payable shall be due in full on January 1, 2026. During 2018, the Company financed $56,250 in consulting fees by entering into a note payable agreement with a Board member. The note payable is secured by certain assets of the Company and bears interest at 10% per annum beginning January 1, 2019, and will compound on any unpaid principal thereafter. The note payable shall be due in full on January 1, 2025.

6. Long-Term Debt

Long-term debt consists of the following:

		December 29, 2024		December 31, 2023
Notes payable to Zeus Holdings, LLC.[(a)]	$	**521,475**	$	569,019
Notes payable related to stockholders.[(b)]		**571,129**		757,496
Notes payable related to stockholders.[(f)]		**1,988,990**		-
Short-term notes payable to related parties, interest only payable monthly, 12% due on March 31, 2025.		**455,000**		-
Notes payable to related parties, interest only payable monthly from 10.00% – 12.00%, due through July 2026. [(h)]		**1,800,000**		-
Notes payable to Morris Family Trust, a related party, interest only from 7.00% - 8.00%, due through June 2027, collateralized by the Company's assets.		**950,000**		950,000
Note payable to John Fogarty Living Trust, interest only payable monthly at 7.00%, due on July 1, 2028, collateralized by the Company's assets, guaranteed by certain stockholders.		**1,000,000**		1,000,000
Notes payable to stockholders, interest only payable monthly ranging from 7.00% to 10%, due through January 2026, collateralized by the Company's assets.		**953,827**		953,827
Note payable to Zeus Holdings, LLC, interest only payable monthly at 8.00% due, in December 2025, collateralized by the assets of Capriotti's Silverado, LLC.[(c)]		**285,000**		285,000
Note payable to Morris Family Trust, a related party, payable in monthly installments of $1,551, including interest at 7.00%, due on May 1, 2025, collateralized by the Company's assets.		**140,530**		147,574
Economic Injury Disaster Loan (EIDL) to the U.S. Small Business Association, payable in monthly installments of $731, including interest at 3.75%, due through June 2050, collateralized by the Company's assets.		**300,000**		300,000
Notes payable to stockholders, interest only payable monthly ranging from 8.00% to 12.00%, due through February 2026, collateralized by the Company's assets.		**2,500,000**		2,500,000
Note payable to Zeus Holdings, LP, a related party, interest only payable at 12.00%, due upon the receipt of Employee Retention Credit funds, collateralized by the Company's assets, guaranteed by certain stockholders. [(g)]		**600,000**		600,000
Note payable to Zeus Holdings, LLC, a related party, interest only payable at 8.00%, due on January 31, 2026, collateralized by the Company's assets, guaranteed by certain stockholders.		**159,530**		159,530
Note payable to Zeus Holdings LP, a related party, interest only payable monthly at 8.00%, due on December 31, 2025, collateralized by the Company's assets, guaranteed by certain stockholders.		**367,000**		367,000
Note payable to JLJS Holdings, LLC, a related party.[(d)]		**499,333**		499,333
Note payable to minority owner of Wing Zone. Interest at 8% is payable quarterly. The principal balance is due in December 2025. Unamortized discounts as of December 29, 2024 are $64,000.[(e)]		**936,000**		872,000
Total Debt		**14,027,814**		9,960,779
Less: current maturities		**(4,528,871)**		(1,107,044)
Long-Term Portion of Debt	$	**9,498,943**	$	8,853,735

(a) To finance restaurant acquisitions and provide additional working capital, Capriotti's Craig, LLC and Capriotti's Huntridge, LLC entered into financing transactions with Zeus Holdings, LLC. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 50% of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fifth year after issuance, the lender is also entitled to an additional 25% of the borrower's EBITDA as payment of the outstanding principal until such time as the lender recovers 50% of the original loan proceeds. On the ten-year anniversary of the note, a balloon payment is due in an amount sufficient to pay the outstanding principal down to 50% of the original note proceeds. The remaining 50% of the note proceeds is due on the 15-year anniversary of the note, and the anniversary dates are February 2025 and August 2033. At any time prior to maturity, the loan can be extended for additional one-year terms with the mutual consent of the parties. Also, at any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower.

(b) To finance restaurant acquisitions and provide additional working capital, Capriotti's Sparks LLC, Capriotti's Meadows LLC, and Capriotti's Sierra, LLC entered into new financing transactions during 2019 with Zeus Holdings, LLC; Dream Big Holdings, LLC (a related-party lender); and JMS Separate Property Trust (a related-party lender), and received gross proceeds of approximately $860,000, of which $800,000 was used to purchase three new store locations, and the remaining proceeds were used for operating cash flow. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 22% and 6% (depending on the terms of the note) of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fifth year after issuance, the lender is also entitled to an additional 50% of the borrower's EBITDA as payment of the outstanding principal until such time as the lender recovers 50% of the original loan proceeds. On the ten-year anniversary of the note, a balloon payment is due in an amount sufficient to pay the outstanding principal down to 50% of the original note proceeds. The remaining 50% of the note proceeds is due on the 15-year anniversary of the note, and the anniversary date is August 2034. At any time prior to maturity, the loan can be extended for additional one-year terms with the mutual consent of the parties. Also, at any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower. ½ of the original balance of the notes is guaranteed by the Company. In the event of default, the lender is entitled to receive cash or shares of the Company's nonvoting common stock sufficient to satisfy the guaranteed portion of the note based on a value per share of $3. Should the lender exercise its option to convert a portion of the note into a 50% interest in the borrower, the Company has the right to repurchase the converted interest at an amount equal to the greater of three times the trailing 12 months' EBITDA of the borrower or 120% of the cost of the original investment used to build or acquire the store owned by the borrower plus defined renovation costs.

(c) This loan is guaranteed with up to 228,000 of newly issued shares of voting stock in Capriotti's Sandwich Shop, Inc., valued at $1.25 per share. The interest rate for the issued note was 8% with a maturity date of December 31, 2025.

(d) To finance restaurant acquisitions, build out, and provide additional working capital, Wing Zone Craig, LLC entered into financing transactions with JLJS Holdings, LLC, a related-party lender. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 50% of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fifth year after issuance, the lender is also entitled to an additional 25% of the borrower's EBITDA as payment of the outstanding principal until such time as the lender recovers 50% of the original loan proceeds. On the ten-year anniversary of the note, a balloon payment is due in an amount sufficient to pay the outstanding principal down to 50% of the original note proceeds. The remaining 50% of the note proceeds is due on the 15-year anniversary of the note, and the anniversary date is June 2038. At any time prior to maturity, the loan can be extended for additional one-year terms with the mutual consent of the parties. Also, at any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower.

(e) On December 28, 2020, Wing Zone entered into an agreement with a minority owner for a subordinated promissory note in the amount of $1,000,000, which shall be due and payable on the earlier of the fifth anniversary of the date of the agreement or the consummation of a change in ownership. Interest accrues on a quarterly basis on the unpaid principal amount at the rate of 8%, which shall be paid on a quarterly basis on the 15th of March, June, and December of each year, commencing with March 15, 2021. The discount to record the note at fair value is being amortized to interest expense over the term of the note. At December 29, 2024, the remaining note payable has a face amount of $1,000,000. The remaining unamortized discount on the note is $64,000.

(f) To provide financing to purchase existing or develop new Capriotti's Sandwich Shop restaurants and provide additional working capital, the company entered into new business loan agreements in 2024 with Zeus Holdings, LLC; Dream Big Holdings, LLC (a related-party lender); JMS Separate Property Trust (a related-party lender), and TEM Irrevocable Trust (a related lender), and received gross proceeds of approximately $2,008,600. The agreements are in the form of convertible promissory notes that provide for the quarterly period-end (period-end defined as every four weeks from the fiscal year-end) payments of 50% of the borrower's EBITDA until such time as the instrument is fully repaid or redeemed (as more fully described below), or the borrower is liquidated. Beginning in the fourth year after issuance, the company shall withhold from distributions to Capriotti's Sandwich Ship, Inc. (CSSI) and pay lender an amount equal to 50% of the 50% of the net profits distributable to CSSI for said year to pay down the principal of the Note. This shall continue for a period of four years or until principal is fully paid off, whichever is sooner. On the seven-year anniversary of the note, a balloon payment is due in an amount sufficient to pay off the outstanding principal. At any time prior to maturity, 50% of the original note proceeds is convertible into a 50% nonvoting equity interest in the borrower. Half of the original balance of the notes is guaranteed by the Company. In the event of default, the lender is entitled to receive cash or shares of the Company's nonvoting common stock sufficient to satisfy the guaranteed portion of the note based on a value per share of $3. Should the lender exercise its option to convert a portion of the note into a 50% interest in the borrower, the Company has the right to repurchase the converted interest at an amount equal to the greater of six times the trailing 12 months' EBITDA of the borrower or 120% of the cost of the original investment used to build or acquire the store owned by the borrower plus defined renovation costs.

(g) Subsequent to year end, the note payable was paid off in May 2025.

(h) Subsequent to year end, $400,000 of the outstanding balances was repaid in April and May 2025.

Economic Injury Disaster Loan

The EIDL provides small business owners with funds to meet financial obligations and operating expenses that could have been met had the disaster not occurred. In June and August 2020, the Company was approved to receive $750,000 and $96,700, respectively, through the EIDL program. The Company elected to account for the loan as a financial liability in accordance with accounting standards. As of December 25, 2022, the Company has loans outstanding totaling $300,000. The loans are securitized by the Company's assets and have maturity dates of June 24, 2050 and August 10, 2050, with an annual interest rate of 3.75%.

Future maturities of long-term debt for the years ending after December 29, 2024 are as follows:

Year ending	
2025	$ 4,528,871
2026	3,146,515
2027	807,306
2028	-
2029	-
Thereafter	5,545,122
	$ 14,027,814

7. Stock Option Plan and Common Stock

During 2020, the Company adopted the 2020 Equity Incentive Plan (the Plan), which provides for the issuance of up to 5,000,000 incentive and nonqualified common stock options to eligible recipients. The term of each option will be no longer than ten years, and the options generally vest over a five-year period. As of December 29, 2024 and December 31, 2023, there were 2,862,134 shares available for issuance under the Plan.

The fair value of each option award is estimated at the date of grant using the Black-Scholes-Merton option-pricing model. The expected-term assumption reflects the period for which the Company believes the options will remain outstanding. The expected-term assumption for employee stock options is based on the average of the vesting period and contractual life of the award. The Company estimated the volatility of its stock based on the volatility of a publicly traded peer company over the expected life of the award. The risk-free rate reflects the U.S. Treasury yield curve for a similar expected life instrument in effect at the time of the grant. The assumption for dividends is based on the Company's expectation of not paying any cash dividends in the foreseeable future.

The Company awarded zero options during the years ended December 29, 2024 and December 31, 2023.

A summary of option activity under the Plan and changes during the year are presented below:

	Shares	Weighted-Average Exercise Price per Share	Weighted-Average Remaining Contractual Term (Years)
Outstanding, December 26, 2022	2,137,866	$ 3.43	8.7
Granted	-	-	
Exercised	-	-	
Forfeited or expired	-	-	
Outstanding, December 31, 2023	2,137,866	$ 3.43	7.7
Vested, December 31, 2023	2,137,866	$ 3.43	
Outstanding, December 31, 2023	2,137,866	$ 3.43	7.7
Granted	-	-	
Exercised	-	-	
Forfeited or expired	-	-	
Outstanding, December 29, 2024	2,137,866	$ 3.43	6.7
Vested, December 29, 2024	2,137,866	$ 3.43	

8. Leases

The Company leases retail space under operating leases with terms ending in March 2041. Total operating lease cost approximated $843,110 and $658,909, respectively, for the years ended December 29, 2024 and December 31, 2023, and is included within general and administrative expenses on the accompanying consolidated statements of operations. Total payments on operating leases totaled $830,778 and $738,404, respectively, for the years ended December 29, 2024 and December 31, 2023. Amortization of the Company's operating lease right-of-use asset was $687,153 and $612,292, respectively, for the years ended December 29, 2024 and December 31, 2023.

The right-of-use assets and lease liabilities were calculated using a weighted-average discount rate of 2.82% and 1.87%, respectively, for the years ended December 29, 2024 and December 31, 2023.

The weighted-average remaining lease term as of December 29, 2024 and December 31, 2023 was 9.88 years and 10.87 years, respectively.

The future payments due on operating leases is as follows:

Year ending	Related Parties	Nonrelated Parties	Total
2025	$ 118,620	$ 735,213	$ 853,833
2026	-	862,166	862,166
2027	-	869,647	869,647
2028	-	803,917	803,917
2029	-	727,388	727,388
Thereafter	-	3,281,674	3,283,318
Subtotal			7,400,269
Less: imputed interest			(918,009)
Lease Liabilities Recognized			6,482,260
Less: current portion			707,855
Long-Term Portion			$ 5,774,405

Included in operating lease costs above, the Company leases an office building in Las Vegas, Nevada from a related party under an agreement expiring in May 2034. Total rent expense incurred in connection with the related-party lease was $118,620 and $128,505 for the years ended December 29, 2024 and December 31, 2023, respectively.

9. Related Party Transactions

During the year ended December 29, 2024, the payments made to certain related parties for interest and principal on debt and consulting fees, not included in the consulting agreements discussed in Note 5, were $683,128 and $0, respectively. During the year ended December 31, 2023, the payments made to certain related parties for interest and principal on debt and consulting fees, not included in the consulting agreements, were $233,448 and $75,000, respectively.

10. Employee Retention Credit

Under the provisions of the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Company is eligible for a refundable employee retention credit subject to certain criteria. During the year ended December 31, 2023, in connection with the CARES Act, the Company applied for the employee retention credit for periods during fiscal years 2020 and 2021. Accordingly, the Company recorded a $2,171,218 employee retention credit during the year ended December 31, 2023, which is included in other income in the consolidated statements of operations and in prepaid expenses and other current assets in the consolidated balance sheets. As of December 29, 2024, the outstanding balance of $1,746,382 is to be received.

11. Subsequent Event

Subsequent events have been evaluated through May 28, 2025, the date the consolidated financial statements were available for issuance.

UNAUDITED FINANCIAL STATEMENTS

[Unaudited, reviewed, or compiled balance sheet as of June 14, 2026, and unaudited, reviewed, or compiled profit and loss statement for the fiscal year-to-date period ending June 14, 2026]

Capriotti's Sandwich Shop, Inc. and Subsidiaries

	06/14/26
Consolidated Balance Sheet	
Assets	
Current Assets	
Cash	1,330,736
Royalties receivable, net	1,383,944
Trade and other receivables, net	549,081
Inventory	162,189
Prepaid expenses and other current assets	141,711
Total Current Assets	**3,567,661**
Other Assets	
Property and equipment, net	1,138,693
Trademarks and franchise contracts, net	4,276,684
Goodwill, net	1,479,106
Operating lease right-of-use asset, net	4,711,957
Loans and other finance receivables	243,017
Deposits	107,361
Total Other Assets	**11,956,816**
Total Assets	**15,524,477**
Liabilities and Equity (Deficit)	
Current Liabilities	
Accounts payable	1,665,227
Accrued expenses and other current liabilities	4,465,298
Current portion of operating lease obligations	734,143
Deferred revenue, current portion	1,452,452
Current maturities of long-term debt	6,011,219
Total Current Liabilities	**14,328,338**
Long-Term Liabilities	
Long-term debt, less current maturities	6,288,838
Operating lease obligations, net of current	4,119,945
Total Liabilities	**10,408,783**
Commitments and Contingencies	
Equity (Deficit)	
Voting common stock:	
Authorized 45,000,000 shares ($0.001 par value), 7,130,000 shares issued and outstanding	7,130
Nonvoting common stock:	
Authorized 30,000,000 shares ($0.001 par value), 7,920,691 shares issued and outstanding	7,920
Additional paid-in capital	22,865,162
Less: 373,325 shares of treasury stock at cost	(823,845)
Accumulated deficit	(30,542,519)
Equity	
Retained Earnings	
YTD Income	
Total Capriotti's Sandwich Shop, Inc.'s Equity (Deficit)	**(8,486,151)**
Noncontrolling interest	(726,492)
Total Equity (Deficit)	**(9,212,644)**
Total Liabilities and Equity (Deficit)	**15,524,477**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

Capriotti's Sandwich Shop, Inc. and Subsidiaries

	06/14/26
Consolidated Statement of Operations	
Revenues	
Franchise royalties and advertising contributions	5,118,357
Sales by Company-owned restaurants	7,130,211
Franchise fees	173,500
Other revenues	815,263
Total Revenues	**13,237,330**
Expenses	
Cost of sales by Company-owned restaurants	2,244,564
General and administrative expenses	10,353,587
Total Expenses	**12,598,150**
Loss before depreciation and amortization expense	**639,180**
Depreciation and Amortization Expense	525,602
Operating Income	**113,578**
Other Income (Expense)	
Interest expense	(802,927)
Loss on disposal of Company-owned restaurants, net	(9,398)
Transaction expense	-
Other income	56,567
Gain on extinguishment of Paycheck Protection Program loans	-
Total Other Expense	**(755,757)**
Loss before federal and state income tax benefit	**(642,179)**
Federal and State Income Tax Benefit	-
Net Loss	**(642,179)**
Net Loss Attributable to Noncontrolling Interest	**(3,329)**
Net Loss Attributable to Capriotti's Sandwich Shop, Inc.	**(638,850)**

THESE FINANCIAL STATEMENTS WERE PREPARED WITHOUT AN AUDIT. INVESTORS IN OR SELLERS OF FRANCHISES SHOULD BE ADVISED THAT NO CERTIFIED PUBLIC ACCOUNTANT HAS AUDITED THESE FIGURES OR EXPRESSED HIS OPINION WITH REGARD TO THEIR CONTENTS OR FORM.

EXHIBIT H

MUTUAL RELEASE

MUTUAL
RELEASE
CAPRIOTTI'S SANDWICH SHOP,
INC.

WHEREAS, ____________________, ("Franchisee") wishes to terminate its agreement with CAPRIOTTI'S SANDWICH SHOP, INC. ("Franchisor") and cease and desist operation of all business under that agreement, and as a condition of releasing Franchisee of its obligations under its franchise agreement with Franchisor, the parties agree as follows:

<u>Release – General Provisions</u>. The Franchisee and Franchisor, jointly and severally, hereby release and forever discharge each other of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, **<u>known or unknown</u>**, fixed or contingent, past or present, that they have or may hereafter have against each other by reasons of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the "Claims"), <u>it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the are hereby forever canceled and forgiven</u>.

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[NOTE: The following language in brackets and bold type applies only when the franchisee operates in California or California law is deemed to apply. Remove the language in all other circumstances.]

[Each of the parties granting a release acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party."**

Each party granting a release and its authorized signatories hereto recognize that he, she, or it may have some claim, demand, or cause of action against the released parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Addendum. Each party granting a release and its authorized signatories hereby waive and relinquish every right or benefit which he, she or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.]

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The Franchisee and Franchisor expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee and Franchisor, and it is the Franchisee and Franchisor's intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee and Franchisor are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee and Franchisor represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as they in their independent judgment, believe necessary or appropriate. The Franchisee and Franchisor have not relied on any statement, promise, or representation, whether of fact, law or otherwise, by the other party or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

<u>No Assignment or Transfer of Interest</u>. Franchisee and Franchisor represent and warrant that there have been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee and Franchisor may have against any the other, all Claims having been fully and finally extinguished. The Franchisee and Franchisor agree to forever indemnify and hold each other harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by either party as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer thereof. It is the intention of the parties that this indemnity does not require payment by either party as a condition precedent to recovery against the other party under this indemnity.

<u>Attorneys Fees</u>. If the Franchisee and Franchisor, or anyone acting for, or on behalf of, the Franchisee and Franchisor or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commences, joins in, or in any manner seeks relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder, or in any manner asserts against either of the parties any of the Claims released hereunder, each party agrees to pay its own attorneys' fees and other costs incurred in defending or otherwise responding to said suit or assertion.

<u>Date of Releases, Joint and Several Liability</u>. The releases granted hereunder shall be deemed effective as of the date hereof. The liabilities and obligations of the Franchisee and Franchisor shall be joint and several.

<u>Severability</u>. In event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

Governing Law/Jurisdiction. This Agreement shall be governed by and construed and interpreted in accordance with the laws of Nevada without reference to principles of conflict of laws.

This Mutual Release does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

[FRANCHISEE]	CAPRIOTTI'S SANDWICH SHOP, INC.
______________________________	______________________________
By:___________________________	By:___________________________

EXHIBIT I

ACH TRANSFER AGREEMENT

ELECTRONIC FUNDS TRANSFER
AUTHORIZATION TO HONOR CHARGES DRAWN BY AND PAYABLE TO

CAPRIOTTI'S SANDWICH SHOP, INC./PAYEE

	BANK NAME	ACCOUNT#	ABA#

The undersigned Depositor hereby authorizes and requests the Depository designated below to honor and to charge to the following designated account, checks, and electronic debits (collectively, "debits") drawn on such account which are payable to the above named Payee. It is agreed that Depository's rights with respect to each such debit shall be the same as if it were a check drawn and signed by the Depositor. It is further agreed that if any such debit is not honored, whether with or without cause and whether intentionally or inadvertently, Depository shall be under no liability whatsoever. This authorization shall continue in force until Depository and Payee have received at least thirty (30) days written notification from Depositor of its termination.

The Depositor agrees with respect to any action taken in reliance on the above authorization:

(1) To indemnify the Depository and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft, or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the Depository in the regular course of business for the purpose of payment, including any costs or expenses reasonably incurred in connection therewith.

(2) To indemnify Payee and the Depository for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

(3) To defend at Depositor's own cost and expense any action which might be brought by a depositor or any other persons because of any actions taken by the Depository or Payee in reliance on to the foregoing request and authorization, or in any manner arising by reason of the Depository's or Payee's participation therein.

Name on Account: ____________________
Name of Depositor & ***Signature***: ____________________
Store Location/Number & Tax ID: ____________________
Designated Bank Acct.: ____________________

(Please attach one voided check for the above account.)

MUST BE SUBMITTED WITH ALL REQUIRED INFORMATION
VIA FACSIMILE (702) 736-9878 OR EMAIL, TO BRUCE.EVANS@CAPRIOTTIS.COM

EXHIBIT J

FRANCHISE DISCLOSURE QUESTIONNAIRE

(This Franchise Disclosure Questionnaire will not be used if the franchise is to be operated in, or you are a resident of, California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, or Wisconsin)

FRANCHISE DISCLOSURE QUESTIONNAIRE

DO NOT SIGN THIS FRANCHISE DISCLOSURE QUESTIONNAIRE IF THE FRANCHISE IS TO BE OPERATED IN, OR YOU ARE A RESIDENT OF, CALIFORNIA, HAWAII, ILLINOIS, INDIANA, MARYLAND, MICHIGAN, MINNESOTA, NEW YORK, NORTH DAKOTA, RHODE ISLAND, SOUTH DAKOTA, VIRGINIA, WASHINGTON, OR WISCONSIN.

Do not sign this Questionnaire if you are a resident of Maryland or the business is to be operated in Maryland.

As you know, CAPRIOTTI'S SANDWICH SHOP, INC., and you are preparing to enter into a Franchise Agreement for the operation of a Capriotti's franchise. The purpose of this Questionnaire is to determine whether any statements or promises were made to you that CAPRIOTTI'S SANDWICH SHOP, INC., has not authorized or that may be untrue, inaccurate or misleading. Its purpose is also to be certain that you understand the limitations on claims that may be made by you by reason of the purchase and operation of your franchise. The questionnaire cannot be signed and dated the same day as the Acknowledgment of Receipt of the Franchise Disclosure Document (FDD), but must be signed and dated the same day you remit your franchise fee. Please review each of the following questions carefully and provide honest responses to each question. If you answer "NO" to any of the questions below, please explain your answer on the back of this sheet.

1. Have you received and personally reviewed the Franchise Agreement and each exhibit or schedule attached to it?

2. Have you received and personally reviewed the CAPRIOTTI'S SANDWICH SHOP, INC., Franchise Disclosure Document ("Disclosure Document") we provided you?

3. Did you sign a receipt for the Disclosure Document indicating the date you received it?

4. Do you understand all the information contained in the Disclosure Document and the Franchise Agreement?

5. A) Have you reviewed the Disclosure Document and Franchise Agreement with an attorney, accountant or other professional advisor?
   B) Have you discussed the benefits and risks of operating a Capriotti's franchise with your professional advisor?
   C) Did you discuss the benefits and risks of operating a Capriotti's franchise with an existing Capriotti's franchisee?
   D) Do you understand the risks of operating a Capriotti's franchise?

6. Do you understand the success or failure of your franchise will depend in large part upon your skills, abilities and efforts and those of the persons you employ, as well as many factors beyond your control such as competition, interest rates, the economy, inflation, labor and supply costs, lease terms and the marketplace?

7. Is it true that no employee or other person speaking on behalf of CAPRIOTTI'S

SANDWICH SHOP, INC., made any statement or promise regarding the costs involved in operating a Capriotti's franchise that is not contained in the Disclosure Document or that is contrary to, or different from, the information contained in the Disclosure Document?

8. Is it true that no employee or other person speaking on behalf of CAPRIOTTI'S SANDWICH SHOP, INC., made any statement or promise regarding the actual, average or projected profits or earnings, the likelihood of success, the amount of money you may earn, or the total amount of revenue a Capriotti's franchise will generate that is not contained in the Disclosure Document or that is contrary to or different from the information contained in the Disclosure Document?

9. Is it true that no employee or other person speaking on behalf of CAPRIOTTI'S SANDWICH SHOP, INC., made any statement or promise or agreement, other than those matters addressed in your Franchise Agreement, concerning advertising, marketing, media support, marketing penetration, training, support service or assistance that is contrary to, or different from, the information contained in the Disclosure Document?

YOU UNDERSTAND THAT YOUR ANSWERS ARE IMPORTANT TO US AND THAT WE WILL RELY ON THEM. BY SIGNING THIS QUESTIONNAIRE, YOU ARE REPRESENTING THAT YOU HAVE CONSIDERED EACH QUESTION CAREFULLY AND RESPONDED TRUTHFULLY TO THE ABOVE QUESTIONS.

______________________________ ______________________________
Signature of Franchise Applicant Date

____
Name (please print)

______________________________ ______________________________
Signature of Franchise Applicant Date

____
Name (please print)

______________________________ ______________________________
Signature of Franchise Applicant Date

____
Name (please print)

EXPLANATION OF ANY NEGATIVE RESPONSES (please refer to applicable question #) ARE AS FOLLOWS:

EXHIBIT K

RENEWAL RIDER TO FRANCHISE AGREEMENT

RENEWAL RIDER TO
CAPRIOTTI'S SANDWICH SHOP, INC.
FRANCHISE AGREEMENT

1. **Background**. This Renewal Rider to Franchise Agreement (the "Rider") is between Capriotti's Sandwich Shop, Inc. ("**Franchisor**") and *<<Insert Franchisee Name>>* ("**Franchisee**"). This Rider will be deemed effective as of *<<Insert Date>>* (**the "Effective Date"**).

Simultaneously with signing this Rider, Franchisor and Franchisee are signing a Franchise Agreement (**the "Renewal Franchise Agreement"**) to govern Franchisee's continued operation of its franchised CAPRIOTTI'S SANDWICH SHOP Restaurant located at *<<Insert Restaurant's Address>>* (the "**Franchised Restaurant**"). (All initial capitalized terms used but not defined in this Rider will have the meanings given to those terms in the Renewal Franchise Agreement). Franchisor and Franchisee acknowledge that the Renewal Franchise Agreement is the successor to the Franchise Agreement between Franchisor and Franchisee dated as of *<<Insert Effective Date of Original Franchise Agreement>>* (**the "Expiring Franchise Agreement"**), under which Franchisee has operated the Franchised Restaurant at the Approved Location during the Expiring Franchise Agreement's term. Franchisor and Franchisee are signing this Rider because the Expiring Franchise Agreement will expire shortly, and Franchisor has agreed to grant Franchisee a renewal franchise for the Franchised Restaurant by signing the Renewal Franchise Agreement. This Rider modifies certain provisions of the Renewal Franchise Agreement that do not apply to Franchisee's operation of the Franchised Restaurant during the renewal franchise term.

2. **Expiration of Expiring Franchise Agreement**. The Expiring Franchise Agreement's term expires on the day before the Effective Date. Franchisee has no further rights under the Expiring Franchise Agreement on or following the Effective Date.

3. **Term**.

(a) Section 2 of the Renewal Franchise Agreement is amended to read as follows:

> This Agreement shall be effective for a period of ten (10) years from the date of this Agreement (the "Renewal Term"). Franchisee agrees to operate the Franchised Restaurant in compliance with this Agreement for the entire Renewal Term unless this Agreement is properly terminated under Section 10. When this Agreement expires, Franchisee will have no right to acquire a successor franchise to continue operating the Franchised Restaurant as a CAPRIOTTI'S Restaurant and must immediately cease operating the Franchised Restaurant.

(b) All references in the Renewal Franchise Agreement to "Initial Term" are modified to state "Renewal Term."

4. **Franchise Fee and Royalties**. Section 4.1 of the Renewal Franchise Agreement is amended to read as follows:

> A one-time nonrefundable renewal franchisee fee of ten thousand dollars ($10,000) to be paid simultaneously with the execution of this Agreement;

5. **Obligations of Franchisor**.

(a) Section 7.2 of the Renewal Franchise Agreement is hereby amended to read as follows:

> To make available to the Franchised Restaurant the benefit of its knowledge and experience in: (i) selection and installation of equipment and furnishings; (ii) appropriate décor and restaurant layout; (iii) purchase, location and installation of signs identified with the operation of the Franchised Restaurant; and (iv) the System.

(b) Section 7.6 of the Renewal Franchise Agreement is hereby deleted in its entirety.

(c) The following sentence after Section 7.10 of the Renewal Franchise Agreement is hereby deleted in its entirety:

> In the event Franchisor is required to expend more than twelve (12) days of effort in assisting Franchisee in opening the Franchised Restaurant (other than training and pre-opening events), Franchisor reserves the right to invoice Franchisee for the additional time at Franchisor's then-current rate for additional training as set forth in the Operations Manual.

6. **Obligations of Franchisee**.

(a) Section 8.6 of the Renewal Franchise Agreement is hereby deleted in its entirety.

(b) Section 8.7 of the Renewal Franchise Agreement is hereby amended to read as follows:

> During this Agreement's term, Franchisor requires that Franchisee spend at least one and one-half percent (1.5%), and recommends that Franchisee spend up to four percent (4%), of the Franchised Restaurant's total Gross Sales each month towards local marketing efforts in the area around the Franchised Restaurant. This is in addition to all contributions due to the Cooperative Advertising and Marketing Funds. Upon request, Franchisee agrees to supply Franchisor with documented proof of its spend towards local marketing efforts.

(c) The beginning portion of Section 8.8 of the Renewal Franchise Agreement is hereby amended to read as follows:

> To obtain and maintain required insurance coverage for the Franchised Restaurant from an insurer company with an A.M. Best's Review rating of not less than A-VII, and otherwise acceptable to Franchisor, to insure the premises and cover business operations and product liability with the following minimum limits:

(d) Section 8.19 of the Renewal Franchise Agreement is hereby amended to read as follows:

That Franchisee will, within nine (9) months from the date of written notice from Franchisor, remodel or re-equip the Franchised Restaurant in accordance with the specifications provided by Franchisor. This remodeling and re-equipping may include replacing worn out, obsolete or dated equipment, fixtures, furnishings and signs; structural modifications; redecorating; or purchasing more efficient or improved equipment. Franchisor may require Franchisee to perform remodeling and to purchase equipment at those times as Franchisor deems necessary and reasonable; provided, that Franchisor may not require any remodeling or re-equipping requiring an expenditure in excess of fifty thousand dollars ($50,000.00) in any five (5) year period (although this dollar limitation does not apply to any remodeling or re-equipping that Franchisor required Franchisee to undertake as a condition of signing this Agreement or requires in connection with a Transfer, updates or changes to the Information System and Computer System, Required Software upgrades, and a relocation). FRANCHISEE ACKNOWLEDGES THAT EQUIPMENT, ALTERATIONS AND RENOVATIONS REQUIRED BY FRANCHISOR MAY INVOLVE SUBSTANTIAL ADDITIONAL INVESTMENT BY FRANCHISEE DURING THE TERM OF THIS AGREEMENT.

(d) Section 8.20 of the Renewal Franchise Agreement is hereby amended to read as follows:

At least two people must complete the full Capriotti's training program (including Franchisee's Managing Owner). The training program is a blended learning training program including internet-based, classroom and on-site training at an approved training restaurant. Each training program may include instruction on sales techniques, products orientation, accounting procedures, ordering and inventory controls, food preparation and operations management. The training shall be provided at Franchisor's headquarters or designated location(s) and shall also include uncompensated on-the-job training at an approved training restaurant. Franchisor may substitute virtual learning and "e-learning" for any training that otherwise would occur in person. Franchisee must obtain, at Franchisee's expense, access to a computer and high-speed Internet connection to access the online training portal. The training may be presented in installments and Franchisee's Managing Owner and other personnel will be required to attend all installments. Franchisee shall bear and pay all training costs and expenses, including any salary expenses of its employees and all expenses of travel, lodging, meals and other living expenses that Franchisee's Managing Owner and other personnel incur in attending the training program.

Franchisor has the right to charge the Franchisee for additional or supplemental support or refresher training, as outlined in the Manual.

In addition, Franchisor has the right to require Franchisee's Managing Owner and other managerial personnel to participate in and successfully complete an extensive onsite retraining program at the Franchised Restaurant for up to six (6) weeks after the Franchised Restaurant has opened for business. Franchisor may charge

Franchisee Ten Thousand dollars ($10,000). Franchisee must pay this amount on demand.

7. **__Termination Without Right to Cure__**. Section 10.1(j) of the Renewal Franchise Agreement is hereby deleted in its entirety.

8. **__Termination With Right to Cure__**. Section 10.2(a) of the Renewal Franchise Agreement is hereby amended to read as follows:

> Franchisee fails to construct or remodel the Franchised Restaurant in accordance with this Agreement;

9. **__Franchisee Information__.** The beginning of Section 17 of the Renewal Franchise Agreement (the language preceding clause (i)) is hereby amended to read as follows:

> Franchisee shall furnish to Franchisor the names, addresses and telephone numbers of all shareholders, members, partners, executive officers, members of the Board of Directors and managers (including the Managing Owner), as the case may be, to be included in the Franchise Agreement Summary Pages. In the event that Franchisee is an entity, Franchisee agrees and represents (and, upon Franchisor's request, will provide documents confirming) that:

10. **__Release__**. As consideration for Franchisor's granting Franchisee the rights under the Renewal Franchise Agreement, Franchisee and its affiliates, on behalf of themselves and their respective successors, heirs, executors, administrators, personal representatives, agents, assigns, partners, owners, directors, officers, principals, and employees (**collectively, the "Releasing Parties"**), hereby forever release and discharge Franchisor and its affiliates, and their respective current and former partners, owners, directors, officers, principals, employees, agents, representatives, successors, and assigns (**collectively, the "Released Parties"**), from any and all claims, damages, demands, causes of action, suits, duties, liabilities, and agreements of any nature and kind, whether known or unknown, vested or contingent (**for purposes of this Section 10, collectively, "Claims"**), that Franchisee and any of the other Releasing Parties now have, ever had, or, but for this Section 10, hereafter would or could have against any of the Released Parties (a) arising from or related to the Released Parties' performance of or failure to perform obligations under the Expiring Franchise Agreement, or (b) otherwise arising from or related in any way to Franchisee's and the other Releasing Parties' relationship, from the beginning of time to the Effective Date, with any of the Released Parties, excepting only any Claims arising exclusively from or related exclusively to the grant of the franchise under the Renewal Franchise Agreement.

The released Claims include, but are not limited to, any Claim alleging violation of any deceptive or unfair trade practices laws, franchise laws, or other local, municipal, state, federal, or other laws, statutes, rules, or regulations. Franchisee acknowledges that the Releasing Parties may after the Effective Date discover facts different from, or in addition to, those facts currently known to them, or which they now believe to be true, with respect to the Claims released by this Section. The Releasing Parties nevertheless agree that the release set forth in this Section has been negotiated and agreed on despite such acknowledgement and despite any federal or state statute or common law principle which may provide that a general release does not extend to claims which are not known to exist at the time of execution.

Franchisee, on behalf of itself and the other Releasing Parties, further covenants not to sue any Released Party on any Claim released by this Section and represents that it has not assigned any such Claim to any individual or entity that is not bound by this Section.

****

[NOTE: The following language in brackets and bold type applies only when the franchisee operates in California or California law is deemed to apply. Remove the language in all other circumstances.]

[Each of the parties granting a release acknowledges a familiarity with Section 1542 of the Civil Code of the State of California, which provides as follows:

> **"A general release does not extend to claims that the creditor or releasing party does not know or suspect to exist in his or her favor at the time of executing the release and that, if known by him or her, would have materially affected his or her settlement with the debtor or releasing party."**

Each party granting a release and its authorized signatories hereto recognize that he, she, or it may have some claim, demand, or cause of action against the released parties of which he, she, or it is unaware and unsuspecting, and which he, she, or it is giving up by signing this Addendum. Each party granting a release and its authorized signatories hereby waive and relinquish every right or benefit which he, she or it has under Section 1542 of the Civil Code of the State of California, and any similar statute under any other state or federal law, to the fullest extent that such right or benefit may lawfully be waived.]

****

11. **Rider to Control**. Except as provided in this Rider, the Renewal Franchise Agreement remains in full force and effect as originally written. If there is any inconsistency between the Renewal Franchise Agreement and this Rider, this Rider's terms will control.

The release provided in Section 10 of this Renewal Rider does not apply with respect to claims arising under the Washington Franchise Investment Protection Act, RCW 19.100, and the rules adopted thereunder.

CAPRIOTTI'S SANDWICH SHOP, INC.	**FRANCHISEE:**
	<<Insert Franchisee Name>>
By:______________________________	By:______________________________
Name: *<<Insert Name>>* Title: *<<Insert Title>>* Date: *<<Insert Date>>*	Name: *<<Insert Name>>* Title: *<<Insert Title>>* Date: *<<Insert Date>>*

EXHIBIT L

FRANCHISE AGREEMENT AMENDMENT FOR VIRTUAL KITCHEN OPERATIONS

CAPRIOTTI'S SANDWICH SHOP, INC.

FRANCHISE AGREEMENT AMENDMENT FOR
VIRTUAL KITCHEN OPERATIONS

THIS FRANCHISE AGREEMENT AMENDMENT (this "**Amendment**") is entered into by and between **CAPRIOTTI'S SANDWICH SHOP, INC.**, a Nevada corporation ("**Franchisor**"), and <<____________________>>, a <<____________________>> ("**Franchisee**").

1. **Background**. Simultaneously with signing this Amendment, Franchisor and Franchisee are signing a certain Franchise Agreement (the "**Franchise Agreement**") granting Franchisee the right to develop and operate a "CAPRIOTTI'S SANDWICH SHOP" Restaurant (the "**Franchised Restaurant**") at the Approved Location. Franchisor and Franchisee acknowledge that the Approved Location is considered to be a non-traditional location commonly known as a "ghost kitchen," "virtual kitchen," "shared kitchen," or other type of mobile kitchen (collectively, "**Mobile Kitchen**"). A Mobile Kitchen is characterized by, among other things, the preparation of diverse products under one or more brands in a common venue (which may be stationary or mobile) and the sale and delivery of such products principally or exclusively off-premises through third-party delivery systems. This Amendment reflects certain changes to the Franchise Agreement, upon which Franchisor and Franchisee have agreed, to reflect that the Approved Location is a Mobile Kitchen. (Initial-capitalized terms used but not defined in this Amendment have the meanings set forth in the Franchise Agreement.)

2. **Restrictive Covenant**.

In addition to Franchisee's obligations under Section 6 of the Franchise Agreement, Franchisee agrees to comply with the following:

(a) During the Franchise Agreement's term, neither Franchisee, its owners, nor any members of Franchisee's or its owners' Immediate Families will, directly or indirectly, through any ownership interest or in any other capacity or role, offer, prepare, or sell at or from the Approved Location any food products or beverages other than those food products and beverages that Franchisor expressly requires or authorizes Franchisee to offer, prepare, and sell at the Approved Location, even if such food products and beverages are not associated directly with the "CAPRIOTTI'S" Mark or are not encompassed within the definition of the term "Competitive Business" (such food products and beverages are referred to collectively as the "**Non-Core Products**").

(b) Upon Franchisor's termination of the Franchise Agreement for any reason, Franchisee's termination of the Franchise Agreement without cause, or expiration of the Franchise Agreement (without the grant of a renewal franchise), Franchisee and its owners agree that neither they nor any member of their Immediate Families will for one (1) year beginning on the effective date of the Franchise Agreement's termination or expiration, directly or indirectly, through any ownership interest or in any other capacity or role, offer, prepare, or sell any Non-Core Products at or from either the Approved Location or another Mobile Kitchen physically located within three (3) miles of the Approved Location.

3. **Obligations of Franchisee.** Franchisee agrees that Franchisor may require Franchisee to comply with certain operating standards at the Approved Location that differ from those that Franchisor has implemented for CAPRIOTTI'S Restaurants that are not operated at Mobile Kitchens. For example, and without limitation, Franchisor may (a) require Franchisee to offer, prepare, and sell Non-Core Products at the Approved Location, and such Non-Core Products may change rapidly in the foreseeable future, (b) set certain minimum hours of operation, and (c) require Franchisee to use vendors and pay for technologies and services that are not standard for CAPRIOTTI'S Restaurants that are not operated at Mobile Kitchens (subject in all cases to any restrictions imposed on Franchisee by the services agreement, occupancy agreement, or other agreement pursuant to which Franchisee has the right to possess and operate the Franchised Restaurant at the Approved Location).

4. **Cross-Default**. Franchisee agrees that Franchisor has the right to terminate the Franchise Agreement upon written notice to Franchisee if Franchisee (a) breaches any services agreement, occupancy agreement, or other agreement pursuant to which it has the right to possess and operate the Franchised Restaurant at the Approved Location and fails to cure the breach within any applicable cure period under such agreement or (b) loses the right (for whatever reason) to operate the Franchised Restaurant at the Approved Location.

5. **Acknowledgment of Risk**. Franchisee acknowledges that the duration of the services agreement, occupancy agreement, or other agreement pursuant to which Franchisee has the right to possess and operate the Franchised Restaurant at the Approved Location is likely to be materially shorter than the term of the Franchise Agreement and that, as a result, the profitability and continuity of operations of the Franchised Restaurant are likely to impacted adversely. Notwithstanding such risks, Franchisee desires to develop and operate the Franchised Restaurant at the Approved Location for as long as it is authorized to do so.

6. **Miscellaneous**. This Amendment is an amendment to, and forms a part of, the Franchise Agreement. Except as amended by this Amendment, the Franchise Agreement remains in full force and effect. If there is a conflict between any provision of the Franchise Agreement and a provision of this Amendment, the provision of this Amendment controls.

IN WITNESS WHEREOF, the parties have executed and delivered this Amendment as of the dates below, to be effective on the Effective Date stated in the Franchise Agreement.

CAPRIOTTI'S SANDWICH SHOP, INC., a Nevada corporation

By:________________________________
Name:__________________________
Title:___________________________
Date:__________________, 2026**

**Effective Date

FRANCHISEE

____
[Name]

By:________________________________
Name:
Title:
Date:__________________, 2026

NEW YORK REPRESENTATIONS PAGE

THE FRANCHISOR REPRESENTS THAT THIS PROSPECTUS DOES NOT KNOWINGLY OMIT ANY MATERIAL FACT OR CONTAIN ANY UNTRUE STATEMENT OF A MATERIAL FACT.

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
California	Pending
Hawaii	Pending
Illinois	July 30, 2026
Indiana	July 30, 2026
Maryland	Pending
Michigan	July 29, 2026
Minnesota	Pending
New York	Pending
North Dakota	Pending
Rhode Island	Pending
South Dakota	July 30, 2026
Virginia	Pending
Washington	Pending
Wisconsin	July 30, 2026

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

RECEIPT

This disclosure document summarizes certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If Capriotti's Sandwich Shop, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

If Capriotti's Sandwich Shop, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

The franchisor is Capriotti's Sandwich Shop, Inc. located at 6056 S. Durango Drive, Las Vegas, Nevada 89113. Its telephone number is (702) 736-3878.

The franchise sellers for this offering are George Chanos, Ashley Morris, Jason Smylie, David Bloom, Bruce Evans, and Julia Ledford at 6056 S. Durango Drive, Las Vegas, Nevada 89113, (702) 736-3878 and ________________________.

Issuance Date: July 29, 2026

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 Capriotti's Sandwich Shop, Inc. issued as of July 29, 2026, that included the following Exhibits:

A. State Franchise Regulators and Agents for Service of Process
B. Franchise Agreement
C. Development Rights Agreement
D. State-Specific Information
E. Table of Contents of the Manual
F. Information Regarding Current and Past Franchisees
G. Financial Statements
H. Mutual Release
I. ACH Transfer Agreement
J. Franchise Disclosure Questionnaire
K. Renewal Rider to Franchise Agreement
L. Franchise Agreement Amendment for Virtual Kitchen Operations

DATED: ________________________
SIGNED: ________________________, individually
as an officer or partner of ________________________ (a _____________ company, corporation, partnership)
NAME: ________________________
ADDRESS: ________________________
____
____
PHONE: ________________________

RECEIPT

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If Capriotti's Sandwich Shop, Inc. offers you a franchise, it must provide this disclosure document to you 14 calendar days before you sign a binding agreement with, or make a payment to, the franchisor or an affiliate in connection with the proposed franchise sale.

[Michigan requires that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first. Iowa requires that we give you this disclosure document at the earlier of the first personal meeting or 14 calendar days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship. New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.]

If Capriotti's Sandwich Shop, Inc. does not deliver this disclosure document on time or if it contains a false or misleading statement, or a material omission, a violation of federal law and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580 and the appropriate state agency identified on Exhibit A.

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A. State Franchise Regulators and Agents for Service of Process
B. Franchise Agreement with Exhibits
C. Development Rights Agreement
D. State-Specific Information
E. Table of Contents of the Manual
F. Information Regarding Current and Past Franchisees
G. Financial Statements
H. Mutual Release
I. ACH Transfer Agreement
J. Franchise Disclosure Questionnaire
K. Renewal Rider to Franchise Agreement
L. Franchise Agreement Amendment for Virtual Kitchen Operations

DATED: _________________________
SIGNED: _________________________, individually
as an officer or partner of _________________________ (a _____________ company, corporation, partnership)
NAME: _________________________
ADDRESS: _________________________
____
PHONE: _________________________